HSBC Bank plc

Pillar 3 Disclosures at 30 June 2026

Registered number – 00014259

HSBC

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Certain defined terms

This document comprises the 30 June 2026 Pillar 3 disclosures for HSBC Bank plc.

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group' and the 'HSBC Group' refer to HSBC Holdings together with its subsidiaries; similarly, 'HSBC Bank' and the 'bank' mean HSBC Bank plc, and the 'group', 'we', 'us' and 'our' refer to HSBC Bank together with its subsidiaries.

When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Bank ordinary shares and those preference shares and capital securities issued by HSBC Bank classified as equity. The abbreviations '£m' and '£bn' represent millions and billions (thousands of millions) of pounds sterling, respectively.

This document should be read in conjunction with the Interim Report 2026, which has been published on our website at www.hsbc.com/investors.

Disclosures and Governance

Regulatory framework for disclosure

Our Pillar 3 Disclosures at 30 June 2026 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with the United Kingdom ('UK') Prudential Regulation Authority ('PRA') Rulebook Disclosure (Capital Requirements Regulation). They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We are supervised on an individual basis in the UK by the PRA, which receives information on the capital and liquidity adequacy of, and sets capital and liquidity requirements for, the bank as a whole. Individual banking subsidiaries are directly regulated by their local banking supervisors, who set and monitor their local capital and liquidity adequacy requirements. In most jurisdictions, non-banking financial subsidiaries are also subject to the supervision and capital and liquidity requirements of local regulatory authorities.

The Basel Committee on Banking Supervision ('Basel') III framework is structured around three 'pillars', with the Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by the Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital resources, risk exposures and risk management processes, and hence their capital adequacy.

We calculate the bank's capital for prudential regulatory purposes using the Basel III framework, as implemented in the UK. We refer to the UK Capital Requirements Regulation, the PRA Rulebook and any laws, regulations, requirements, rules, guidelines, standards and policies relating to capital adequacy, leverage and liquidity adopted by the relevant regulators as applicable, and which are applicable to HSBC, as the 'Prudential rules'. Any references to European Union ('EU') regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation and/or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018 and as may be subsequently amended under UK law.

Regulatory reporting processes and controls

We have been advancing our programme aimed at strengthening our global regulatory reporting processes and making them more sustainable, including enhancing data, consistency and controls. While this programme continues, there may be further impacts on some of our regulatory ratios as we implement recommended changes and continue to enhance our controls across the process.

Business Segments and Purpose

HSBC Bank plc operates as one integrated business with two main hubs in London and Paris. The London hub consists of the UK non-ring-fenced bank, which provides overall governance and management for the Europe region as a whole and is a global centre of excellence for Corporate and Institutional Banking ('CIB') for the HSBC Group.

Comparatives and references

To give insight into movements during 2026, we provide comparative figures, commentary on variances and flow tables for capital requirements. In all tables where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of risk-weighted assets ('RWAs') by Article 92(1) of the UK Capital Requirements Regulation. Narratives are included to explain quantitative disclosures where necessary.

The regulatory numbers and ratios presented in this document were accurate as at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods. Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives. Wherever specific rows and columns in the tables prescribed are not applicable or are immaterial to our activities, we omit them and follow the same approach for comparatives.

In accordance with the PRA Rulebook table requirements, we have shaded cells where no information is required to be disclosed.

Pillar 3 requirements may be met by inclusion in other disclosure media. Where we adopt this approach, references are provided to the relevant pages of the Interim Report 2026 of HSBC Bank plc or to other documents.

Frequency and location

We publish our Pillar 3 disclosures quarterly on our website www.hsbc.com/investors.

Material risks

Pillar 3 requires all material risks to be disclosed to provide a comprehensive view of a bank's risk profile.

Governance

Our Pillar 3 Disclosures are governed by the bank's regulatory reporting policy and associated internal controls framework. This document has been approved by the HSBC Bank plc Chief Financial Officer, under delegated authority from the HSBC Bank plc Board, following recommendation by the HSBC Bank plc Disclosure Committee.

Key metrics

The table below sets out the key regulatory metrics covering HSBC Bank plc's available capital (including buffer requirements and ratios), RWAs, leverage ratio, Liquidity coverage ratio ('LCR') and Net stable funding ratio ('NSFR'). Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the UK Capital Requirements Regulation grandfathering provisions on 28 June 2025. Our capital figures are therefore the same, for both the transitional and end-point basis. LCR is reported as the average of the preceding 12 months while NSFR is reported as the average of the preceding four quarter-end values.

Table 1: Key metrics (KM1)

		At				
Ref*		**30 Jun 2026**	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
	Available capital (£m)					
1	Common equity tier 1 ('CET1') capital	**19,180**	19,113	20,063	21,274	21,840
2	Tier 1 capital	**23,783**	23,321	24,272	25,394	25,959
3	Total capital	**41,356**	41,581	41,473	40,146	40,612
	Risk-weighted assets ('RWAs') (£m)					
4	Total RWAs	**112,200**	109,459	112,340	112,286	112,707
	Capital ratios (%)					
5	CET1	**17.1**	17.5	17.9	18.9	19.4
6	Tier 1	**21.2**	21.3	21.6	22.6	23.0
7	Total capital	**36.9**	38.0	36.9	35.8	36.0
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7d	Total SREP own funds requirements	**8.0**	8.0	8.0	8.0	8.0
	Combined buffer requirement as a percentage of RWAs (%)					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer ('CCyB')	**1.0**	1.0	1.0	1.1	1.1
11	Combined buffer requirement	**3.5**	3.5	3.5	3.6	3.6
UK-11a	Overall capital requirements	**11.5**	11.5	11.5	11.6	11.6
12	CET1 available after meeting the total SREP own funds requirements	**12.6**	13.0	13.4	14.5	14.9
	Leverage ratio					
13	Total exposure measure excluding claims on central banks (£m)	**585,511**	553,333	534,474	523,489	501,586
14	Leverage ratio excluding claims on central banks (%)	**4.1**	4.2	4.5	4.9	5.2
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
14b	Leverage ratio including claims on central banks (%)	**3.5**	3.6	3.7	4.0	4.3
14c	Average leverage ratio excluding claims on central banks (%)	**4.0**	4.3	4.5	4.9	5.1
14d	Average leverage ratio including claims on central banks (%)	**3.5**	3.6	3.7	4.1	4.2
14e	Countercyclical leverage ratio buffer (%)	**0.4**	0.4	0.4	0.4	0.4
EU-14d	Leverage ratio buffer requirement (%)	**0.4**	0.4	0.4	0.4	0.4
EU-14e	Overall leverage ratio requirements (%)	**3.7**	3.7	3.7	3.7	3.7
	Liquidity coverage ratio ('LCR') (£m)					
15	Total high-quality liquid assets	**111,863**	110,395	110,242	112,087	111,421
UK-16a	Cash outflows – total weighted value	**129,783**	122,947	117,263	116,860	115,669
UK-16b	Cash inflows – total weighted value	**49,583**	45,432	42,617	43,252	43,489
16	Total net cash outflow	**80,200**	77,515	74,646	73,608	72,180
17	LCR ratio (%)	**139**	142	148	152	154
	Net stable funding ratio ('NSFR') (£m)					
18	Total available stable funding	**137,205**	131,618	131,347	132,065	132,399
19	Total required stable funding	**122,399**	117,275	114,788	113,619	113,240
20	NSFR ratio (%)	**112**	112	114	116	117

* The references in this and subsequent tables identify lines prescribed in the relevant PRA template where applicable and where there is a value.

At 30 June 2026, our common equity tier 1 ('CET1') capital ratio decreased to 17.1% from 17.5% at 31 March 2026. The key drivers of the decrease in our CET1 ratio were:

- a 0.4 percentage point decrease, driven by higher RWAs from balance sheet growth, partially offset by RWA reductions arising from methodology changes within the CIB business;
- a 0.1 percentage point decrease from FX movement, fair value reserve movement and other movements in own funds;
- a 0.1 percentage point increase mainly due to capital generation through profits net of dividends paid during the year.

Minimum capital requirements

HSBC Bank plc is subject to the basic minimum capital requirements set out in Article 92 (1) of UK Capital Requirements Regulation, namely that it maintains:

- CET1 capital at 4.5% of RWAs;
- Tier 1 ('T1') capital (CET1 capital plus additional tier 1 ('AT1') capital) at 6% of RWAs; and
- Total capital (T1 capital plus Tier 2 ('T2') capital) at 8% of RWAs.

Table 1- KM1, rows 8 to 9 set out buffer requirements to which HSBC Bank plc is also subject, and which must be satisfied by CET1. The bank's overall capital requirement in Row UK-11a, 11.5%, is the sum of these buffer requirements and the minimum capital requirements in row UK-7d.

Throughout the first half of 2026, we complied with the PRA's regulatory capital adequacy requirements.

Regulatory developments

Basel 3.1

In January 2026, the PRA published its final rules to implement the Basel Committee's reforms to the prudential framework ('Basel 3.1') in the UK. While the implementation of the overall package is scheduled for 1 January 2027, the market risk internal models approach ('IMA') has been delayed until 1 January 2028, given the uncertainty in the rules and timing in other major jurisdictions such as the EU and the US.

In June 2026, the PRA consulted on targeted updates to the IMA to improve international alignment and ensure the requirements are proportionate. The proposals include extending the monitoring period for new market risk models, providing clearer guidance, where data is limited, and updating the approach for risks that cannot be reliably modelled.

We continue to assess the impact of the final Basel 3.1 standards on our capital and the associated implementation challenges (including data provision). We expect that the impact on our CET1 ratio at 1 January 2027 will be a modest benefit.

Pillar 2A framework review

In May 2026, the PRA published near-final rules for Phase 1 of its review of the Pillar 2A framework ahead of the UK's implementation of Basel 3.1. The changes update how Pillar 2A is calculated, including credit exposures under the standardised approach, and simplifying the related reporting. In addition, the PRA has introduced firm-specific Pillar 2A adjustments for small and medium-sized enterprise and infrastructure lending to help offset the impact of removing existing Pillar 1 capital supporting factors under Basel 3.1.

UK Capital Framework Review

In July 2026, the Bank of England's Financial Policy Committee ('FPC') published initial findings from a review of the UK capital framework, proposing to improve the usability and releasability of capital buffers, outlining a longer-term ambition to transition towards a single stress-releasable buffer without automatic distribution restrictions.

On the leverage ratio, the proposals included aligning buffers to Basel's framework by removing the countercyclical leverage buffer and increasing the additional leverage buffer to 50% of the risk weighted systemic buffers, lowering the minimum leverage ratio requirement to 3%, and introducing a new general leverage ratio buffer releasable in stress.

UK liquidity framework review

In March 2026, the PRA consulted on changes to the UK liquidity framework, aiming to strengthen how firms manage liquidity under a rapid withdrawal of deposits. The proposals place greater emphasis on firms being able to convert their liquid assets into cash quickly in stressed conditions.

The PRA also proposed updating firms' internal liquidity stress tests to focus more on severe pressures in the first week of a stress event and on the practical barriers to raising cash and extending these checks to include the most liquid assets. In addition, the consultation covered how firms should reflect central bank facilities in liquidity planning and set clearer expectations for related governance and oversight.

Environmental, social and governance ('ESG') risk

During the first half of 2026, the continued focus was on the implementation and evolution of the International Sustainability Standards Board ('ISSB')-aligned sustainability reporting framework.

In April 2026, the ISSB agreed to develop a proposed IFRS Practice Statement to support companies in identifying and disclosing material nature-related risks and opportunities under IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial information. An exposure draft is expected in October 2026.

In February 2026, the UK Government endorsed the UK Sustainability Reporting Standards ('UK SRS'), based on the ISSB's Standards. The FCA consulted on proposals to introduce UK SRS reporting requirements for listed companies, with implementation expected from FY27, subject to final rules. Wider implementation of UK SRS, including any future reporting requirements under the Companies Act 2006, remains subject to the Government's legislative approach.

Linkage to the Interim Report 2026

This section demonstrates the links between HSBC Bank plc's financial balance sheet and its regulatory counterpart.

Structure of the regulatory group

The regulatory consolidation is consistent with the accounting consolidation, with the following exceptions:

- subsidiaries engaged in insurance activities are equity accounted in the regulatory consolidation and then deducted from CET1 capital, subject to thresholds;
- special purpose entities ('SPEs') are excluded where significant risk has been transferred to third parties. Exposures to these SPEs are risk weighted as securitisation positions for regulatory purposes;
- participating interests in banking associates are proportionally consolidated for regulatory purposes by including our share of assets, liabilities, profits and losses, and RWAs in accordance with the PRA's regulatory requirements; and
- non-participating significant investments are deducted from capital, subject to thresholds.

► For further details of the differences between the accounting and regulatory scope of consolidation and their definition of exposure, see table below.

The table below presents the reconciliation between the HSBC Bank plc financial balance sheet and the regulatory scope of consolidation. The regulatory balance sheet value cannot be directly reconciled to other tables showing exposure under the regulatory scope of consolidation as the basis of measurement used in the calculation of RWAs differs.

Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2)

	Ref †	Accounting balance sheet £m	Deconsolidation of insurance/ other entities £m	Consolidation of banking associates £m	Equity accounting of Insurance subsidiaries £m	Regulatory balance sheet £m
Assets						
Cash and balances at central banks		90,855	—	83	—	90,938
Trading assets		156,927	—	—	—	156,927
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		5,714	—	646	—	6,360
Derivatives		180,256	—	—	—	180,256
Loans and advances to banks		17,247	—	—	—	17,247
Loans and advances to customers		78,409	(378)	—	—	78,031
– of which: expected credit losses on IRB portfolios	h	(512)	—	—	—	(512)
Reverse repurchase agreements – non-trading		77,771	—	—	—	77,771
Financial investments	k	68,656	—	—	—	68,656
Assets held for sale		6,706	(638)	—	—	6,068
– of which: expected credit losses on IRB portfolios	h	—	—	—	—	—
– of which: deferred tax asset	f	20	—	—	—	20
Capital invested in insurance and other entities		—	25	—	21	46
Prepayments, accrued income and other assets		84,076	1	66	—	84,143
– of which: retirement benefit assets	j	130	—	—	—	130
Current tax assets		1,275	—	—	—	1,275
Interests in associates and joint ventures		763	—	(744)	—	19
Goodwill and intangible assets	e	292	—	—	—	292
Deferred tax assets	f	881	—	1	—	882
Total assets at 30 Jun 2026		769,828	(990)	52	21	768,911

Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2) (continued)

	Ref †	Accounting balance sheet	Deconsolidation of insurance/ other entities	Consolidation of banking associates	Equity accounting of Insurance subsidiaries	Regulatory balance sheet
		£m	£m	£m	£m	£m
Liabilities and equity						
Liabilities						
Deposits by banks		**35,713**	**—**	**—**	**—**	**35,713**
Customer accounts		**250,384**	**60**	**—**	**—**	**250,444**
Repurchase agreements – non-trading		**58,180**	**—**	**—**	**—**	**58,180**
Trading liabilities		**51,213**	**—**	**—**	**—**	**51,213**
Financial liabilities designated at fair value		**45,596**	**—**	**—**	**—**	**45,596**
– of which: included in tier 2	n, i	**159**	**—**	**—**	**—**	**159**
Derivatives	k	**180,464**	**3**	**—**	**—**	**180,467**
Debt securities in issue		**13,141**	**(388)**	**—**	**—**	**12,753**
Liabilities of disposal groups held for sale		**11,832**	**(633)**	**—**	**—**	**11,199**
Accruals, deferred income and other liabilities	n	**75,888**	**—**	**52**	**—**	**75,940**
Current tax liabilities		**288**	**—**	**—**	**—**	**288**
Insurance contract liabilities		**—**	**—**	**—**	**—**	**—**
Provisions		**1,165**	**—**	**—**	**—**	**1,165**
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	**54**	**—**	**—**	**—**	**54**
Deferred tax liabilities		**1**	**—**	**—**	**—**	**1**
Subordinated liabilities		**20,306**	**—**	**—**	**—**	**20,306**
– of which: included in tier 2	n	**19,700**	**—**	**—**	**—**	**19,700**
Total liabilities at 30 Jun 2026		**744,171**	**(958)**	**52**	**—**	**743,265**
Equity						
Total shareholders' equity		**25,494**	**(23)**	**—**	**21**	**25,492**
– called up share capital	a	**797**	**—**	**—**	**—**	**797**
– share premium account	a	**3,582**	**—**	**—**	**—**	**3,582**
– other equity instruments	l	**4,593**	**—**	**—**	**—**	**4,593**
– retained earnings	b, c, i	**21,976**	**(56)**	**—**	**—**	**21,920**
– other reserves	b, c, g	**(5,454)**	**33**	**—**	**21**	**(5,400)**
Non-controlling interests	d, m, o	**163**	**(9)**	**—**	**—**	**154**
Total equity at 30 Jun 2026		**25,657**	**(32)**	**—**	**21**	**25,646**
Total liabilities and equity at 30 Jun 2026		**769,828**	**(990)**	**52**	**21**	**768,911**

† The references (a)–(o) identify balance sheet components that are used in the calculation of regulatory capital in 'Table 3: Composition of regulatory own funds (UK CC1)'. This table shows such items at their accounting values, which may be subject to analysis or adjustment in the calculation of regulatory capital shown in Table 3.

Treasury Risk

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. This includes the risk of adverse impact on earnings or capital due to structural and transactional foreign exchange exposures, as well as changes in market interest rates, together with pension risk and insurance risk.

The Chief Risk and Compliance Officer ('CRCO') is the accountable risk steward for all treasury risks. The Chief Financial Officer ('CFO') is the risk owner for all treasury risks, with the exception of pension risk which is co-owned with the regional heads of Performance & Reward.

Treasury actively manages capital risk, liquidity risk, interest rate risk in the banking book, structural foreign exchange risk and transactional foreign exchange risk on an ongoing basis, supported by the Asset and Liability Management Committee ('ALCO'), overseen by Treasury Risk Management. Pension risk is overseen by a pension risk management meeting.

We use stress testing to guide the management of capital and liquidity needed to withstand internal and external shocks, such as a systems failure or an economic downturn.

▶ For further details of our approach to treasury risk management including capital, liquidity, interest rate in the banking book, non-trading foreign exchange exposure and pensions risk management, please see page 56 of the HSBC Bank plc Annual Report and Accounts 2025.

Capital risk

Our approach to capital management is shaped by our organisational needs and regulatory, economic and commercial environment. We aim to maintain a strong capital base to manage inherent business risks and invest in accordance with our strategy, meeting regulatory requirements at all times.

HSBC Holdings plc is the sole provider of equity capital to the group and provides non-equity capital where necessary. Capital generated in excess of planned dividends is returned to the shareholder in the form of special dividends. Capital securities are regularly reviewed for compliance with regulatory requirements and guidelines.

A list of the main features of our capital instruments as at 31 December 2025 is published on our website at www.hsbc.com in accordance with Article 437 of the PRA Rulebook.

Own Funds

The table below provides a detailed breakdown of the key components of our CET1, T1 and T2 capital, and the regulatory adjustments impacting our capital base. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the UK Capital Requirements Regulation grandfathering provisions on 28 June 2025. Our capital figures are therefore the same, for both the transitional and end-point basis. Additional value adjustments are calculated on assets measured at fair value. The minimum deductions for holdings of own CET1, AT1 and T2 capital instruments are set by the PRA. The threshold deduction for significant investments relates to balances recorded on numerous lines on the balance sheet and includes: investments in insurance subsidiaries and non-consolidated associates; other CET1 equity held in financial institutions; connected funding of a capital nature; and other balance sheet lines.

Table 3: Composition of regulatory own funds (UK CC1)

			At	
			30 Jun 2026	31 Dec 2025
Ref*		Ref †	**£m**	£m
	Common equity tier 1 ('CET1') capital: instruments and reserves			
1	Capital instruments and related share premium accounts		**4,379**	4,379
	– ordinary shares	a	**4,379**	4,379
2	Retained earnings	b	**21,330**	22,969
3	Accumulated other comprehensive income (and other reserves)	c	**(5,457)**	(5,155)
5	Minority interests (amount allowed in consolidated CET1)	d	**60**	62
UK-5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	b	**342**	—
6	Common equity tier 1 capital before regulatory adjustments		**20,654**	22,255
	Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		**(622)**	(536)
8	Intangible assets (net of related deferred tax liability) (negative amount)	e	**(291)**	(275)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR II are met) (negative amount)	f	**(483)**	(490)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	g	**140**	17
12	Negative amounts resulting from the calculation of expected loss amounts	h	**(98)**	(147)
14	Gains or losses on liabilities at fair value resulting from changes in own credit standing	i	**18**	86
15	Defined-benefit pension fund assets (negative amount)	j	**(130)**	(117)
UK-25a	Losses for the current financial year (negative amount)	b	**—**	(714)
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	k	**(8)**	(16)
28	Total regulatory adjustments to common equity tier 1		**(1,474)**	(2,192)
29	**Common Equity Tier 1 ('CET1') capital**		**19,180**	20,063
	Additional tier 1 ('AT1') capital: instruments			
30	Capital instruments and the related share premium accounts		**4,593**	4,197
31	– classified as equity under IFRSs	l	**4,593**	4,197
34	Qualifying tier 1 capital included in consolidated AT1 capital (including minority interests not included in CET1) issued by subsidiaries and held by third parties	m	**10**	12
36	Additional tier 1 capital before regulatory adjustments		**4,603**	4,209
	Additional tier 1 capital: regulatory adjustments			
43	Total regulatory adjustments to additional tier 1 capital		**—**	—
44	**Additional tier 1 capital**		**4,603**	4,209
45	**Tier 1 capital (T1 = CET1 + AT1)**		**23,783**	24,272
	Tier 2 capital: instruments and provisions			
46	Capital instruments and related share premium accounts	n	**17,568**	17,196

Table 3: Composition of regulatory own funds (UK CC1) (continued)

			At	
			30 Jun 2026	31 Dec 2025
Ref*		Ref †	**£m**	£m
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	o	**5**	5
51	Tier 2 capital before regulatory adjustments		**17,573**	17,201
	Tier 2 capital: regulatory adjustments			
57	Total regulatory adjustments to tier 2 capital		**—**	—
58	**Tier 2 capital**		**17,573**	17,201
59	**Total capital (TC = T1 + T2)**		**41,356**	41,473
60	**Total Risk exposure amount**		**112,200**	112,340
	Capital ratios and buffers (%)			
61	Common equity tier 1 (as a percentage of total risk exposure amount)		**17.09**	17.86
62	Tier 1 (as a percentage of total risk exposure amount)		**21.20**	21.61
63	Total capital (as a percentage of total risk exposure amount)		**36.86**	36.92
64	Institution CET1 overall capital requirement (per Art 92 (1) CRR, plus additional requirement in accordance with point (a) of Article 104(1) CRR II, and combined buffer requirement in accordance with Article 128(6) CRR II expressed as a percentage of risk exposure amount)[1]		**8.00**	8.03
65	– capital conservation buffer requirement		**2.50**	2.50
66	– countercyclical buffer requirement		**1.00**	1.03
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		**12.59**	13.36
	Amounts below the threshold for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		**1,842**	1,597
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% threshold and net of eligible short positions)		**89**	381
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR II are met)		**349**	397
	Applicable caps on the inclusion of provisions in tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		**300**	317
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		**307**	308

1 The 2025 comparative percentage has been represented in this disclosure, for consistency, to include the minimum 4.5% CET1 capital requirement.

* The references identify the lines prescribed in the template that are applicable and where there is a value.

† The references (a)–(o) identify balance sheet components in 'Table 2: Reconciliation of regulatory own funds to balance sheet in the financial statements (UK CC2)', which are used in the calculation of regulatory capital. This table shows how they contribute to the regulatory capital calculation. Their contribution may differ from their accounting value in Table 2 as a result of adjustment or analysis to apply regulatory definitions of capital.

Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided in Appendix I on page 28 of this document.

Pillar 1 minimum capital requirements and RWA flow

Pillar 1 covers the minimum capital resource requirements for credit risk, counterparty credit risk ('CCR'), equity, securitisation, market risk and operational risk. These requirements are expressed in terms of RWAs.

Risk category	Scope of permissible approaches	Our approach
Credit risk	The Basel Committee's framework applies three approaches of increasing sophistication to the calculation of Pillar 1 credit risk capital requirements. The most basic level, the standardised approach, requires banks to use external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories, and standardised risk weightings are applied to these categories. The next level, the Foundation IRB ('FIRB') approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of a counterparty's probability of default ('PD'), but subjects their quantified estimates of exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the advanced IRB ('AIRB') approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.	For consolidated reporting, we have adopted the AIRB approach for the majority of our business. Some portfolios utilise the standardised or FIRB approaches: pending the IRB model roll-out; following supervisory prescription of a non-advanced approach; or under exemption from IRB treatment.
Counterparty credit risk ('CCR')	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and securities financing transactions ('SFTs'). The potential for mark-to-market losses is known as credit valuation adjustment ('CVA') risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, Standardised Approach for Counterparty Credit Risk ('SA-CCR'), or by IMM. For SFTs either the simple or comprehensive approach is applied to recognition of collateral with SFTs or the Value at Risk ('VaR') approach. For CVA, permissible approaches are the Standardised Approach ('SA-CVA') and Advanced Approach ('AA-CVA').	We primarily use the SA-CCR and internal model method ('IMM') approaches for CCR. For CVA, we apply an approach consistent with our permissions. Details of the IMM permission we have received from the PRA can be found in the Financial Services Register on the PRA's website.
Equity	Capital requirements for non-trading book holdings of equity can be assessed under the standardised or IRB approaches. Underlying equity positions within collective investment undertakings ('CIU') must be treated using the IRB equity simple risk-weight approach.	We calculate capital requirements for: – non-trading book equity holdings using the standardised approach; and – underlying equity positions within collective investment undertakings using the IRB equity simple risk-weight approach.
Securitisation	The framework prescribes the following approaches: – internal ratings-based approach ('SEC-IRBA'); – standardised approach ('SEC-SA'); – external ratings-based approach ('SEC-ERBA'); and – internal assessment approach ('IAA').	Under the framework: – our originated positions are reported under SEC-IRBA; – our investment in third-party positions are reported under SEC-SA and SEC-ERBA; and – our sponsored positions in Regency are reported under IAA. Our IAA approach is audited annually by internal model review and is subject to review by the PRA.
Market risk	Market risk capital requirements can be determined under either the standardised rules or the internal models approach ('IMA'). The latter involves the use of internal VaR models to measure market risks and determine the appropriate capital requirement. In addition to the VaR models, other internal models permitted under IMA include stressed value at risk ('SVaR'), incremental risk charge ('IRC') and comprehensive risk measure.	The market risk capital requirement is measured using internal market risk models, where approved by the PRA, or under the standardised rules. Our internal market risk models comprise VaR, SVaR and IRC. Non-proprietary details of the scope of our IMA permissions are available in the Financial Services Register on the PRA's website.
Operational risk	The PRA allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	We use the standardised approach to determine our operational risk capital requirement. We have in place an economic capital model to assess operational risk capital requirements under Pillar 2.

Risk-weighted assets

The table below shows total RWAs including free deliveries, and the corresponding total own funds requirement split by risk type. Equities under the simple risk-weighted approach include off-balance sheet collective investment undertakings ('CIU') equity exposures, calculated as per the PRA Rulebook Article 132(c), and 'Other counterparty credit risk' includes securities financing transactions RWAs. Amounts below the thresholds for deduction are included in rows 2 and 5 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

Table 4: Overview of risk-weighted exposure amounts (OV1)

		At					
		30 Jun 2026	**30 Jun 2026**	31 Mar 2026	31 Mar 2026	31 Dec 2025	31 Dec 2025
		RWAs	**Total own funds requirement**	RWAs	Total own funds requirement	RWAs	Total own funds requirement
		£m	**£m**	£m	£m	£m	£m
1	**Credit risk (excluding counterparty credit risk)**	**52,597**	**4,208**	52,351	4,187	56,633	4,531
2	– standardised approach ('STD')	**18,565**	**1,485**	18,051	1,444	20,540	1,643
3	– foundation internal ratings-based ('FIRB') approach	**13,673**	**1,094**	12,554	1,004	14,703	1,176
4	– slotting approach	**637**	**51**	566	45	561	45
UK-4a	– equities under the simple risk weighted approach	**2,171**	**174**	2,268	181	2,208	177
5	– advanced IRB ('AIRB') approach	**17,551**	**1,404**	18,912	1,513	18,621	1,490
6	**Counterparty credit risk ('CCR')**	**23,597**	**1,887**	20,883	1,671	20,958	1,676
7	– standardised approach	**4,232**	**339**	4,092	327	4,252	340
8	– internal model method ('IMM')	**8,405**	**672**	7,829	626	7,639	611
UK-8a	– exposures to a central counterparty	**549**	**44**	457	37	414	33
UK-8b	– credit valuation adjustment ('CVA')	**705**	**56**	721	58	539	43
9	– other counterparty credit risk	**9,706**	**776**	7,784	623	8,114	649
15	**Settlement risk**	**86**	**7**	90	7	41	3
16	**Securitisation exposures in the non-trading book (after the cap)**	**3,395**	**271**	3,204	256	2,908	233
17	– internal ratings-based approach ('SEC-IRBA')	**1,010**	**81**	767	61	863	69
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	**517**	**41**	573	46	571	46
19	– standardised approach ('SEC-SA')	**1,868**	**149**	1,862	149	1,458	117
UK-19a	– 1250% deduction	**—**	**—**	2	—	16	1
20	**Position, foreign exchange and commodities risks (market risk)**	**17,599**	**1,407**	17,945	1,436	16,799	1,344
21	– standardised approach	**4,856**	**388**	5,313	425	5,030	402
22	– internal models approach ('IMA')	**12,743**	**1,019**	12,632	1,011	11,769	942
23	**Operational risk**	**14,926**	**1,194**	14,986	1,199	15,001	1,200
UK-23b	– standardised approach	**14,926**	**1,194**	14,986	1,199	15,001	1,200
29	**Total**	**112,200**	**8,974**	109,459	8,756	112,340	8,987
24	– of which: amounts below the thresholds for deduction (subject to 250% risk-weight)	**1,228**	**98**	1,298	104	1,947	156

The quarter-on-quarter RWA movements in the table above are explained by risk type in the following comments.

Credit risk, including amounts below the thresholds for deduction

Credit risk RWAs increased by £0.2bn, primarily driven by an increase in corporate loan exposures which was partially offset by methodology changes in our CIB business.

Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs increased by £2.7bn, primarily within the CIB business. This was driven by a £2.9bn increase in the derivatives and repurchase agreements portfolio and a further £0.3bn increase from FX translation, partially offset by a £0.5bn decrease due to methodology changes within our CIB business.

Securitisation

Securitisation RWAs increased by £0.2bn, mainly due to new positions.

Market risk

Market risk RWAs decreased by £0.3bn, mainly due to lower structural foreign exchange exposures partially offset by increases in value at risk ('VaR') due to changes in the trading portfolio's risk profile within our CIB business.

Operational risk

Operational Risk RWAs decreased by £0.1bn, mainly due to foreign exchange translation differences in our CIB business.

The table below shows the drivers of the quarterly changes in credit risk RWAs on the internal ratings-based ('IRB') approach. These include free deliveries but exclude exposures to counterparty credit risk, securitisation positions, equity exposures and non-credit obligation assets. Foreign exchange movements in this disclosure are computed by retranslating the RWAs into pounds sterling based on the underlying transactional currencies, and other movements in the table are presented on a constant currency basis.

Table 5: RWA flow statements of credit risk exposures under the IRB approach (CR8)

		Quarter ended			
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025
Ref		**£m**	£m	£m	£m
1	**RWAs at opening period**	**33,277**	35,318	37,380	39,837
2	Asset size	**1,472**	(221)	(554)	(2,152)
3	Asset quality	**(178)**	(115)	36	(61)
4	Model updates	**113**	—	(40)	42
5	Methodology and policy	**(1,357)**	(1,090)	(1,599)	(949)
6	Acquisitions and disposals	**—**	(630)	(27)	—
7	Foreign exchange movements	**(189)**	15	122	663
9	**RWAs at the closing period**	**33,138**	33,277	35,318	37,380

RWAs under the IRB approach decreased by £0.1bn during 2Q26. This was primarily driven by a £1.4bn reduction arising from methodology changes within the CIB business partially offset by growth in asset size mainly reflecting higher corporate lending exposures in the CIB business.

The table below shows the drivers of the quarterly movements of counterparty credit risk RWAs under the internal model method approach.

Table 6: RWA flow statements of counterparty credit risk exposures under the IMM (CCR7)

		Quarter ended			
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025
Ref		**£m**	£m	£m	£m
1	**RWAs at opening period**	**7,829**	7,639	7,260	7,331
2	Asset size	**557**	222	221	(183)
3	Credit quality of counterparties	**13**	(51)	—	—
5	Methodology and policy (IMM only)	**—**	(73)	140	(27)
7	Foreign exchange movement	**6**	92	18	139
9	**RWAs at the closing period**	**8,405**	7,829	7,639	7,260

RWAs under the IMM increased by £0.6bn in 2Q26, primarily due to an increase in asset size, driven by new trades and higher mark-to-market volatility.

The table below shows the drivers of the quarterly movements of market risk RWAs under the IMA, split by value at risk ('VaR'), stressed VaR ('SVaR'), incremental risk charge ('IRC') and other models. Rows 1a/1b and 8a/8b represent differences between RWAs reported for the period and RWAs calculated on a spot basis at the end of the reporting period, except RWAs in 'Other', which includes components that are calculated on an average basis.

Table 7: RWA flow statements of market risk exposures under IMA (MR2-B)

		VaR	**Stressed VaR**	**Incremental risk charge ('IRC')**	**Other**	**Total RWAs**	**Total own fund requirements**
Ref		**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
1	**RWAs at 1 Apr 2026**	**3,265**	**6,313**	**2,105**	**949**	**12,632**	**1,011**
1a	Regulatory adjustment	**(2,241)**	**(4,679)**	**(45)**	**—**	**(6,965)**	**(557)**
1b	RWAs at the previous quarter-end (end of day)	**1,024**	**1,634**	**2,060**	**949**	**5,667**	**454**
2	Movement in risk levels	**(57)**	**(238)**	**(187)**	**(64)**	**(546)**	**(44)**
4	Methodology and policy	**—**	**—**	**—**	**—**	**—**	**—**
6	Foreign exchange movements	**1**	**1**	**2**	**1**	**5**	**—**
8a	RWAs at the end of the disclosure period (end of day)	**968**	**1,397**	**1,875**	**886**	**5,126**	**410**
8b	Regulatory adjustment	**2,655**	**4,921**	**41**	**—**	**7,617**	**609**
8	**RWAs at 30 Jun 2026**	**3,623**	**6,318**	**1,916**	**886**	**12,743**	**1,019**
1	RWAs at 1 Jan 2026	**3,258**	**5,476**	**2,074**	**960**	**11,769**	**942**
1a	Regulatory adjustment	**(2,256)**	**(3,922)**	**(175)**	**—**	**(6,353)**	**(508)**
1b	RWAs at the previous quarter-end (end of day)	**1,003**	**1,554**	**1,899**	**960**	**5,416**	**433**
2	Movement in risk levels	**9**	**62**	**138**	**126**	**335**	**27**
4	Methodology and policy	**—**	**—**	**—**	**(149)**	**(149)**	**(12)**
6	Foreign exchange movements	**12**	**18**	**23**	**12**	**65**	**5**
8a	RWAs at the end of the reporting period (end of day)	**1,024**	**1,634**	**2,060**	**949**	**5,667**	**454**
8b	Regulatory adjustment	**2,241**	**4,679**	**45**	**—**	**6,965**	**557**
8	RWAs at 31 Mar 2026	**3,265**	**6,313**	**2,105**	**949**	**12,632**	**1,011**

RWAs under the IMA increased by £0.1bn in 2Q26, mainly reflecting an increase in VaR as a result of changes in the interest rate risk profile.

Leverage ratio

We manage our leverage ratio in order to maintain appropriate levels of leverage to support our business strategy, and meet our regulatory and stress testing-related requirements.

▶ For further details of our Treasury risk management framework see page 15 of the Annual Report and Accounts 2025.

The table below provides a detailed breakdown of the components of our leverage exposure, including the split of the on- and off-balance sheet exposures, leverage ratios, minimum requirements and buffers. The components of the leverage ratio on an average basis are included below in accordance with the UK's leverage ratio framework.

Table 8: Leverage ratio common disclosure (UK LR2 – LRCom)

		At	
		30 Jun 2026	31 Dec 2025
Ref		**£m**	£m
	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**466,869**	443,269
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**6,045**	7,525
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(33,912)**	(33,816)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(1,011)**	(1,040)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**437,991**	415,938
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**16,466**	13,224
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**76,937**	68,678
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(12,021)**	(10,779)
11	Adjusted effective notional amount of written credit derivatives	**75,633**	43,753
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(71,659)**	(40,057)
13	**Total derivative exposures**	**85,356**	74,819
	SFT exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**309,770**	237,480
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(210,443)**	(142,939)
16	Counterparty credit risk exposure for SFT assets	**8,190**	9,701
18	**Total securities financing transaction exposures**	**107,517**	104,242
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**126,407**	125,591
20	(Adjustments for conversion to credit equivalent amounts)	**(73,821)**	(72,912)
22	**Total off-balance sheet exposures**	**52,586**	52,679
	Capital and total exposures measure		
23	**Tier 1 capital (leverage)**	**23,783**	24,272
24	Total exposure measure including claims on central banks	**683,450**	647,678
UK-24a	(-) Claims on central banks excluded	**(97,939)**	(113,204)
UK-24b	**Total exposure measure excluding claims on central banks**	**585,511**	534,474
	Leverage ratios		
25	**Leverage ratio excluding claims on central banks (%)**	**4.06**	4.54
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**4.06**	4.54
UK-25c	Leverage ratio including claims on central banks (%)	**3.48**	3.75
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**0.40**	0.40
UK-27b	– of which: countercyclical leverage ratio buffer (%)	**0.40**	0.40
	Additional leverage ratio disclosure requirements – disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**113,781**	101,260
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**99,327**	94,541
UK-31	Average total exposure measure including claims on central banks	**669,853**	661,965
UK-32	Average total exposure measure excluding claims on central banks	**582,486**	555,718
UK-33	Average leverage ratio including claims on central banks (%)	**3.50**	3.74
UK-34	Average leverage ratio excluding claims on central banks (%)	**4.03**	4.45

The table below provides a reconciliation of the total assets in our published balance sheet under IFRS and the total leverage exposure.

Table 9: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1 – LRSum)

		At	
		30 Jun 2026	31 Dec 2025
Ref		**£m**	£m
1	Total assets as per published financial statements	**769,828**	707,696
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(915)**	(5,554)
4	(Adjustment for exemption of exposures to central banks)	**(97,939)**	(113,204)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(25,062)**	(3,515)
7	Adjustment for eligible cash pooling transactions	**(5,861)**	(7,033)
8	Adjustment for derivative financial instruments	**(122,768)**	(120,065)
9	Adjustment for securities financing transactions ('SFTs')	**9,207**	16,915
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**52,586**	52,679
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(1,011)**	(1,040)
12	Other adjustments	**7,446**	7,595
13	**Total leverage ratio exposure**	**585,511**	534,474

The table below provides a breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures by asset class.

Table 10: Leverage ratio – split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3 – LRSpl)

		At	
		30 Jun 2026	31 Dec 2025
Ref		**£m**	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) of which:	**335,018**	296,249
UK-2	Trading book exposures	**141,445**	116,443
UK-3	Banking book exposures, of which:	**193,573**	179,806
UK-4	– Covered bonds	**1,271**	927
UK-5	– Exposures treated as sovereigns	**66,353**	60,953
UK-6	– Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	**1,258**	303
UK-7	– Institutions	**14,029**	13,112
UK-8	– Secured by mortgages of immovable properties	**7,535**	7,652
UK-9	– Retail exposures	**2,602**	2,899
UK-10	– Corporates	**63,958**	59,965
UK-11	– Exposures in default	**1,141**	1,117
UK-12	– Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	**35,426**	32,878

Our leverage ratio was 4.06% at 30 June 2026, down from 4.54% at 31 December 2025. The increase in leverage exposure driven by balance sheet growth led to a fall of 0.40 percentage points in leverage ratio. This was compounded by a fall of 0.08 percentage points due to decrease in Tier1 capital.

Balance sheet growth was mainly due to higher trading assets, investments in debt securities, and increased derivative transactions in our CIB business.

At 30 June 2026, our UK minimum leverage ratio requirement of 3.25% was supplemented by a countercyclical leverage ratio buffer of 0.40%. The leverage ratio is expressed in terms of Tier1 capital but this buffer translated to CET1 capital values of £2.3bn. We exceeded these leverage requirements throughout the first half of 2026.

At 30 June 2026, our average leverage ratio excluding central bank claims was 4.03%, down from 4.45% at 31 December 2025. This is mainly due to a fall of 0.23 percentage points driven by decrease in Tier1 capital. This was compounded by a fall of 0.19 percentage points in the average leverage exposure, which was driven by balance sheet growth.

Liquidity

Management of liquidity and funding risk

We manage liquidity and funding risk at an operating entity level, in accordance with globally consistent policies, procedures and reporting standards.

Liquidity coverage ratio

The Liquidity coverage ratio ('LCR') aims to ensure that a bank has sufficient unencumbered high-quality liquid assets ('HQLA') to meet its liquidity needs in a 30 calendar day liquidity stress scenario. For the disclosure of the LCR, we follow Article 451a of the PRA Rulebook.

The average LCR for the 12 months to 30 June 2026 was 139% or £32bn (31 December 2025: 148% or £36bn), above the regulatory requirement. The average LCR HQLA of £112bn (31 December 2025: £110bn) was held in a range of asset classes and currencies.

Cross-currency management

The Group's internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currency positions. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the foreign exchange swap markets. This continuous monitoring helps with the overall management of currency exposures, in line with our internal framework.

Net stable funding ratio

We use the Net stable funding ratio ('NSFR') or other appropriate metrics as a basis to raise sufficient stable funding to support business activities. The NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required.

The average NSFR over the previous four quarters was 112% at 30 June 2026 and 114% at 31 December 2025.

Source of funding

Our primary sources of funding are customer deposits, secured wholesale funding and wholesale securities.

- For further details of our approach to treasury risk management, see page 15 of the Annual Report and Accounts 2025.
- More details on the concentration of funding and liquidity sources may be found on page 61 of the Annual Report and Accounts 2025.

The table below sets out the granular split of cash outflows and cash inflows, as well as the available HQLA on both an unweighted and weighted basis, which are used to derive the LCR. All figures are based on the average over the preceding 12 months. Amounts in the table relate to HSBC Bank plc as a single entity and are not produced on a consolidated basis.

Table 11: Quantitative information of LCR (LIQ1)

		Quarter ended							
		30 Jun 2026		31 Mar 2026		31 Dec 2025		30 Sep 2025	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
UK-1a		**£m**	**£m**	£m	£m	£m	£m	£m	£m
UK-1b	Number of data points used in the calculation of averages		**12**		12		12		12
High-quality liquid assets									
1	Total high-quality liquid assets ('HQLA')		**111,863**		110,395		110,242		112,087
Cash outflows									
2	Retail deposits and small business funding	**19,080**	**3,142**	18,726	3,088	18,632	3,081	18,500	3,063
	– of which:								
3	stable deposits	**1,965**	**98**	1,913	96	1,862	93	1,847	92
4	less stable deposits	**17,115**	**3,044**	16,813	2,992	16,770	2,988	16,653	2,971
5	Unsecured wholesale funding	**123,143**	**71,823**	120,851	69,748	121,474	68,769	126,256	70,634
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**32,289**	**8,019**	34,292	8,524	36,724	9,135	40,151	9,993
7	– non-operational deposits (all counterparties)	**87,541**	**60,491**	83,496	58,161	81,454	56,338	82,386	56,922
8	– unsecured debt	**3,313**	**3,313**	3,063	3,063	3,296	3,296	3,719	3,719
9	Secured wholesale funding		**21,492**		18,056		14,889		12,691
10	Additional requirements	**46,427**	**23,608**	44,157	22,119	42,137	20,383	41,784	20,204
11	– outflows related to derivative exposures and other collateral requirements	**23,130**	**17,342**	21,355	15,994	19,597	14,425	19,457	14,325
13	– credit and liquidity facilities	**23,297**	**6,266**	22,802	6,125	22,540	5,958	22,327	5,879
14	Other contractual funding obligations	**23,460**	**7,157**	22,844	7,565	22,069	7,920	21,100	8,349
15	Other contingent funding obligations	**38,086**	**2,561**	37,606	2,371	37,563	2,221	36,801	1,919
16	**Total cash outflows**		**129,783**		122,947		117,263		116,860
Cash inflows									
17	Secured lending transactions (including reverse repos)	**183,687**	**27,224**	168,200	24,288	152,566	22,044	140,791	20,607
18	Inflows from fully performing exposures	**7,048**	**6,786**	7,059	6,758	7,639	7,277	7,749	7,387
19	Other cash inflows	**17,161**	**15,573**	16,140	14,386	15,199	13,296	20,176	15,258
20	**Total cash inflows**	**207,896**	**49,583**	191,399	45,432	175,404	42,617	168,716	43,252
UK-20c	Inflows subject to 75% cap	**207,896**	**49,583**	191,399	45,432	175,404	42,617	168,716	43,252
Liquidity coverage ratio (Adjusted value)									
UK-21	Liquidity buffer		**111,863**		110,395		110,242		112,087
22	Total net cash outflows		**80,200**		77,515		74,646		73,608
23	Liquidity coverage ratio (%)		**139**		142		148		152

The table below shows the components of the NSFR for unweighted values by residual maturity and the resultant weighted amounts. These amounts relate to HSBC Bank plc as a single entity and are not produced on a consolidated basis. The NSFR is the average of the preceding four quarters.

Table 12: Net Stable Funding Ratio (LIQ2)

		30 Jun 2026				
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	23,993	169	871	16,659	40,900
2	– Own funds	23,993	169	871	16,659	40,900
3	– Other capital instruments		—	—	—	—
4	Retail deposits		20,229	1,183	1,626	20,996
5	– Stable deposits		1,980	—	—	1,881
6	– Less stable deposits		18,249	1,183	1,626	19,115
7	Wholesale funding:		208,230	8,797	15,862	75,309
8	– Operational deposits		40,807	—	—	20,404
9	– Other wholesale funding		167,423	8,797	15,862	54,905
10	Interdependent liabilities		7,950	—	—	—
11	Other liabilities:	—	36,491	—	—	—
12	– NSFR derivative liabilities	—				
13	– All other liabilities and capital instruments not included in the above categories		36,491	—	—	—
14	**Total available stable funding ('ASF')**					137,205
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					24,517
17	Performing loans and securities:		81,706	6,889	53,528	60,379
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		34,136	1,755	457	2,067
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		21,881	1,285	1,894	4,088
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		8,851	1,258	6,592	10,559
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		62	17	494	360
22	– Performing residential mortgages		49	52	2,314	1,718
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		39	41	1,497	1,013
24	– Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		16,789	2,539	42,271	41,947
25	Interdependent assets		—	—	8,769	—
26	Other assets:	—	56,776	—	20,118	34,709
27	– Physical traded commodities				4,503	3,827
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		13,533	—	—	11,503
29	– NSFR derivative assets		1,703	—	—	1,703
30	– NSFR derivative liabilities before deduction of variation margin posted		26,012	—	—	1,301
31	– All other assets not included in the above categories		15,528	—	15,615	16,375
32	Off-balance sheet items		26,582	11,889	21,859	2,794
33	**Total RSF**					122,399
34	Net Stable Funding Ratio (%)					112

Table 12: Net Stable Funding Ratio (LIQ2) (continued)

		31 Dec 2025				
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	24,027	337	945	15,012	39,231
2	– Own funds	24,027	337	945	14,931	39,150
3	– Other capital instruments		—	—	81	81
4	Retail deposits		19,599	938	1,760	20,338
5	– Stable deposits		1,874	—	—	1,780
6	– Less stable deposits		17,725	938	1,760	18,558
7	Wholesale funding:		198,965	9,297	12,909	71,778
8	– Operational deposits		43,885	—	—	21,942
9	– Other wholesale funding		155,080	9,297	12,909	49,836
10	Interdependent liabilities		6,699	—	—	—
11	Other liabilities:	74	33,247	—	—	—
12	– NSFR derivative liabilities	74				
13	– All other liabilities and capital instruments not included in the above categories		33,247	—	—	—
14	Total available stable funding ('ASF')					131,347
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					21,790
17	Performing loans and securities:		76,372	7,444	49,952	57,944
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		31,977	2,426	274	2,440
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		17,352	767	2,082	3,794
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		10,186	919	6,531	10,834
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		163	57	1,353	989
22	– Performing residential mortgages		49	50	2,341	1,740
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		39	40	1,501	1,015
24	– Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		16,808	3,282	38,724	39,136
25	Interdependent assets		—	—	7,451	—
26	Other assets:		53,907	—	19,420	32,174
27	– Physical traded commodities				4,601	3,911
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		12,289	—	—	10,446
29	– NSFR derivative assets		1,156	—	—	1,156
30	– NSFR derivative liabilities before deduction of variation margin posted		26,036	—	—	1,302
31	– All other assets not included in the above categories		14,426	—	14,819	15,359
32	Off-balance sheet items		26,319	11,770	21,019	2,880
33	Total RSF					114,788
34	Net Stable Funding Ratio (%)					114

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from other products, such as guarantees and credit derivatives or from holding assets in the form of debt securities.

▶ Further details of our approach to credit risk may be found in 'Credit Risk' section on page 23 of the Annual Report and Accounts 2025.

Credit quality of assets

Our credit risk is diversified across a number of asset classes and geographies with a credit quality profile mainly concentrated in the higher quality bands.

The IFRS 9 stages have the following characteristics:

- Stage 1: These financial assets are unimpaired and without a significant increase in credit risk. A 12-month allowance for ECL is recognised.
- Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition. A lifetime ECL is recognised.
- Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired. A lifetime ECL is recognised.
- Purchased or originated credit-impaired ('POCI'): Financial assets purchased or originated at a deep discount are seen to reflect incurred credit losses and a lifetime ECL is recognised. These exposures are included in stage 3 in the table below.

▶ For further details of credit-impaired (stage 3) exposures, see page 11 of the Interim Report 2026.

The table below breaks down the gross carrying amount of the performing and non-performing exposures and related impairments, and details of the collateral and financial guarantees received within each of the FINREP categories and definitions. Gross carrying amount includes reverse repos and settlement accounts, and the on-balance sheet exposures exclude assets held for sale. The staging analysis is non-additive as totals contain instruments not eligible for staging, such as those held at fair value through profit and loss.

Table 13: Performing and non-performing exposures and related provisions (CR1)

		Gross carrying amount/ nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures			Non-performing exposures				
			of which: stage 1	of which: stage 2		of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 30 Jun 2026													
005	Cash balances at central banks and other demand deposits	105,053	104,998	55	—	—	(1)	—	(1)	—	—	—	—	—
010	**Loans and advances**	191,693	181,820	5,548	2,115	2,115	(135)	(51)	(84)	(951)	(951)	(275)	117,770	717
020	Central banks	2,821	2,821	—	—	—	—	—	—	—	—	—	1,732	—
030	General governments	1,350	1,350	—	24	24	(1)	(1)	—	(2)	(2)	—	69	—
040	Credit institutions	39,416	39,373	19	—	—	—	—	—	—	—	—	27,209	—
050	Other financial corporations	92,313	87,158	1,061	555	555	(13)	(8)	(5)	(385)	(384)	(110)	58,743	75
060	Non-financial corporations	43,695	39,349	4,139	1,280	1,280	(104)	(31)	(73)	(492)	(492)	(165)	18,148	459
070	– of which: SMEs	264	179	85	37	37	(3)	(1)	(2)	(14)	(14)	—	181	17
080	Households	12,098	11,769	329	256	256	(17)	(11)	(6)	(72)	(73)	—	11,869	183
090	**Debt securities**	68,833	68,152	47	—	—	(1)	(1)	—	—	—	—	5,943	—
100	Central banks	1,034	1,034	—	—	—	—	—	—	—	—	—	—	—
110	General governments	57,148	57,148	—	—	—	(1)	(1)	—	—	—	—	5,299	—
120	Credit institutions	9,292	9,002	41	—	—	—	—	—	—	—	—	628	—
130	Other financial corporations	982	912	—	—	—	—	—	—	—	—	—	16	—
140	Non-financial corporations	377	56	6	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	217,351	184,760	4,484	521	292	(35)	(17)	(15)	(30)	(16)	—	1,334	1
160	Central banks	1,456	1,456	—	—	—	—	—	—	—	—	—	—	—
170	General governments	2,309	2,015	66	173	173	—	—	—	—	—	—	—	—
180	Credit institutions	65,564	62,977	1	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	57,946	54,913	1,220	1	—	(4)	(4)	—	—	—	—	456	—
200	Non-financial corporations	88,737	62,084	3,180	347	119	(31)	(13)	(15)	(30)	(16)	—	878	1
210	Households	1,339	1,315	17	—	—	—	—	—	—	—	—	—	—
220	**Total**	582,930	539,730	10,134	2,636	2,407	(172)	(69)	(100)	(981)	(967)	(275)	125,047	718

Table 13: Performing and non-performing exposures and related provisions (CR1) (continued)

		Gross carrying amount/ nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures		Performing exposures			Non-performing exposures				
			of which: stage 1	of which: stage 2		of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
	At 31 Dec 2025													
005	Cash balances at central banks and other demand deposits	117,862	117,817	45	—	—	(1)	—	(1)	—	—	—	—	—
010	Loans and advances	158,147	149,426	4,919	1,615	1,615	(144)	(63)	(81)	(557)	(557)	(285)	109,190	611
020	Central banks	3,438	3,438	—	—	—	—	—	—	—	—	—	3,210	—
030	General governments	1,591	1,535	56	29	29	(1)	(1)	—	(2)	(2)	—	200	—
040	Credit institutions	26,987	26,950	6	—	—	—	—	—	—	—	—	23,013	—
050	Other financial corporations	68,973	64,561	724	64	64	(12)	(8)	(4)	(43)	(43)	(110)	50,835	—
060	Non-financial corporations	43,346	39,932	3,331	1,250	1,250	(108)	(42)	(66)	(432)	(432)	(175)	18,616	422
070	– of which: SMEs	576	485	91	63	63	(7)	(3)	(4)	(25)	(25)	(10)	388	34
080	Households	13,812	13,010	802	272	272	(23)	(12)	(11)	(80)	(80)	—	13,316	189
090	Debt securities	66,777	66,115	43	—	—	(3)	(3)	—	—	—	—	5,518	—
100	Central banks	1,080	1,080	—	—	—	—	—	—	—	—	—	—	—
110	General governments	54,395	54,395	—	—	—	(3)	(3)	—	—	—	—	4,696	—
120	Credit institutions	9,817	9,525	42	—	—	—	—	—	—	—	—	805	—
130	Other financial corporations	902	874	—	—	—	—	—	—	—	—	—	17	—
140	Non-financial corporations	583	241	1	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	171,722	139,952	3,837	342	143	(44)	(22)	(17)	(30)	(12)	—	1,398	4
160	Central banks	732	732	—	—	—	—	—	—	—	—	—	—	—
170	General governments	2,168	2,084	68	10	10	—	—	—	—	—	—	—	—
180	Credit institutions	44,661	41,882	—	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	34,161	31,203	982	—	—	(6)	(3)	(1)	—	—	—	386	—
200	Non-financial corporations	88,616	62,695	2,766	332	133	(38)	(19)	(16)	(30)	(12)	—	963	4
210	Households	1,384	1,356	21	—	—	—	—	—	—	—	—	49	—
220	Total	514,508	473,310	8,844	1,957	1,758	(192)	(88)	(99)	(587)	(569)	(285)	116,106	615

The table below presents the residual maturity breakdown of on-balance sheet loans and debt securities. This table excludes on-balance sheet assets held for sale, cash balances with central banks, other demand deposits, and off-balance sheet exposures.

Table 14: Maturity of exposures (CR1-A)

		Net exposure value					
		On demand	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity**	**Total**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
1	Loans and advances	**19,771**	**118,200**	**32,485**	**10,278**	**11,988**	**192,722**
2	Debt securities	**84**	**10,856**	**40,363**	**17,255**	**274**	**68,832**
3	**Total at 30 Jun 2026**	**19,855**	**129,056**	**72,848**	**27,533**	**12,262**	**261,554**
1	Loans and advances	20,766	86,820	33,259	12,349	5,867	159,061
2	Debt securities	17	10,432	38,413	17,624	288	66,774
3	Total at 31 Dec 2025	20,783	97,252	71,672	29,973	6,155	225,835

The table below shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the six months to 30 June 2026. 'Outflow due to other situations' include foreign exchange movements, repayments and assets held for sale in default.

Table 15: Changes in the stock of non-performing loans and advances (CR2)

		Half-Year to 30 Jun 2026
		Gross carrying value
		£m
010	**Initial stock of non-performing loans and advances**	**1,615**
020	Inflows to non-performing portfolios	**814**
030	Outflows from non-performing portfolios	**(59)**
040	Outflows due to write-offs	**(19)**
050	Outflow due to other situations	**(236)**
060	**Final stock of non-performing loans and advances**	**2,115**

Non-performing and forborne exposures

Tables 16 to 19 below are presented in accordance with the European Banking Authority's ('EBA') 'Guidelines on disclosure of non-performing and forborne exposures'. The PRA has acknowledged that, while the EBA's guidelines relating to the management of non-performing exposures and forborne exposures are not applicable in the UK, the prudential aspects of these guidelines broadly represent good credit risk management standards.

The EBA defines non-performing exposures as exposures with material amounts that are more than 90 days past due or exposures where the debtor is assessed as unlikely to pay its credit obligations in full without the realisation of collateral, regardless of the existence of any past due amounts or number of days past due. For our retail portfolios a past due credit obligation is recognised where any amount of principal, interest or fees has not been paid at the date it was due (or the cycle date). Any debtors that are in default for regulatory purposes or impaired under the applicable accounting framework are always considered as non-performing exposures. The Annual Report and Accounts 2025 definition of stage 3 credit-impaired is aligned to the EBA's definition of non-performing exposures. Under the IFRS 9 accounting standard, ECL are classified as regulatory specific credit risk adjustments.

Forborne exposures are defined by the EBA as exposures where the bank has made concessions to a debtor that is experiencing or about to experience financial difficulties in meeting its financial commitments. Our definition of forborne captures non-payment related concessions.

In the Annual Report and Accounts 2025, forborne exposures are reported within the table 'Forborne loans and advances to customers at amortised cost by stage allocation'.

Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties').

Under the EBA's definition, exposures cease to be reported as forborne if they pass three tests:

– the forborne exposure must have been considered to be performing for a 'probation period' of at least two years;
– regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period; and
– no exposure to the debtor is more than 30 days past due during, or at the end, of the probation period.

The table below breaks down performing and non-performing forborne exposures by FINREP counterparty sector and shows the gross carrying amount, accumulated impairments, collateral and financial guarantees received against these exposures. The on-balance sheet exposures exclude assets held for sale.

Table 16: Credit quality of forborne exposures (CQ1)

		Gross carrying amount/ nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	of which: defaulted	of which: impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: forborne non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m
010	**Loans and advances**	**625**	**973**	**973**	**973**	**(10)**	**(311)**	**847**	**337**
050	– Other financial corporations	**15**	**22**	**22**	**22**	**—**	**(15)**	**—**	**—**
060	– Non-financial corporations	**584**	**777**	**777**	**777**	**(8)**	**(254)**	**692**	**205**
070	– Households	**26**	**174**	**174**	**174**	**(2)**	**(42)**	**155**	**132**
090	**Loan commitments given**	**151**	**32**	**32**	**32**	**1**	**—**	**—**	**—**
100	**Total at 30 Jun 2026**	**776**	**1,005**	**1,005**	**1,005**	**(9)**	**(311)**	**847**	**337**
010	Loans and advances	874	892	892	892	(26)	(267)	407	185
050	– Other financial corporations	17	3	3	3	—	—	2	—
060	– Non-financial corporations	792	756	756	756	(24)	(244)	234	75
070	– Households	65	133	133	133	(2)	(23)	171	110
090	Loan commitments given	172	41	41	41	3	—	—	—
100	Total at 31 Dec 2025	1,046	933	933	933	(23)	(267)	407	185

The table below provides information on the instruments that were cancelled in exchange for collateral obtained by taking possession and on the value of the collateral. The value at initial recognition represents the gross carrying amount of the collateral obtained by taking possession at initial recognition on the balance sheet. The accumulated negative changes represent the accumulated impairment or negative change in the value of the collateral since initial recognition, including amortisation in the case of property, plant and equipment and investment properties.

Table 17: Collateral obtained by taking possession and execution processes (CQ7)

		At 30 Jun 2026[1]		At 31 Dec 2025	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**	Value at initial recognition	Accumulated negative changes
		£m	**£m**	£m	£m
020	Other than property, plant and equipment ('PP&E')	—	—	2.0	(0.4)
030	– Residential immovable property	—	—	0.6	(0.3)
040	– Commercial immovable property	—	—	1.4	(0.1)
080	**Total**	—	—	2.0	(0.4)

1 Current period amounts are nil due to the reclassification of our business in Malta as held for sale during the period.

Concentration risk

Concentration of credit risk occurs when multiple counterparties share similar economic traits or operate in the same sectors or regions, making them collectively vulnerable to changes in economic or political conditions. To mitigate this risk, the bank uses various controls such as portfolio and counterparty limits, approval and review processes, and stress testing across industries, countries and businesses.

The table below shows the credit quality of on- and off-balance sheet exposures by geography. The geographical breakdown is based on the country or territory of residence of the immediate counterparty. The table presents the countries that are contributing 10% or more of the total on-balance sheet and off-balance sheet exposures separately, with the remaining exposures aggregated within 'other countries'. The on-balance sheet exposures exclude cash and balances at central banks and assets held for sale.

Table 18: Quality of non-performing exposures by geography (CQ4)

		Gross carrying/ nominal amount					
			of which: non-performing		**of which: subject to impairment**	**Accumulated impairment**	**Provisions on off-balance sheet commitments and financial guarantee given**
		Total		**of which: defaulted**			
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
010	**On balance sheet exposures**	**262,641**	**2,115**	**2,115**	**257,682**	**(1,086)**	
020	United Kingdom	**61,558**	**618**	**618**	**60,734**	**(423)**	
030	France	**36,099**	**565**	**565**	**36,074**	**(276)**	
040	United States	**48,682**	**21**	**21**	**46,636**	**(16)**	
070	Other countries/territories	**116,302**	**911**	**911**	**114,238**	**(371)**	
080	**Off balance sheet exposures**	**217,872**	**521**	**521**			**64**
090	France	**36,065**	**78**	**78**			**29**
100	United Kingdom	**27,995**	**7**	**7**			**3**
110	Germany	**27,866**	**55**	**55**			**11**
140	Other countries/territories	**125,946**	**381**	**381**			**21**
150	**Total at 30 Jun 2026**	**480,513**	**2,636**	**2,636**	**257,682**	**(1,086)**	**64**
010	On balance sheet exposures	226,539	1,615	1,615	222,118	(704)	
020	United Kingdom	49,336	99	99	48,655	(72)	
030	France	28,985	565	565	28,953	(251)	
040	United States	38,328	20	20	36,958	(14)	
070	Other countries/territories	109,890	931	931	107,552	(367)	
080	Off balance sheet exposures	172,064	342	342			74
090	France	32,087	103	103			36
100	United Kingdom	22,614	5	5			4
110	Germany	24,454	82	82			13
140	Other countries/territories	92,909	152	152			21
150	Total at 31 Dec 2025	398,603	1,957	1,957	222,118	(704)	74

The table below shows the gross carrying amount of loans and advances to non-financial corporations, the related accumulated impairment and the accumulated changes in fair value to credit risk by industry types. The on-balance sheet exposures exclude assets held for sale.

Table 19: Credit quality of loans and advances to non-financial corporations by industry (CQ5)

		Gross carrying amount				
			of which: non-performing			
		Total		of which: defaulted	of which: subject to impairment	Accumulated impairment
		£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	**356**	**15**	**15**	**356**	**(5)**
020	Mining and quarrying	**555**	**—**	**—**	**555**	**—**
030	Manufacturing	**10,956**	**378**	**378**	**10,871**	**(116)**
040	Electricity, gas, steam and air conditioning supply	**1,686**	**58**	**58**	**1,617**	**(9)**
050	Water supply	**140**	**32**	**32**	**140**	**(8)**
060	Construction	**1,067**	**6**	**6**	**1,067**	**(6)**
070	Wholesale and retail trade	**8,340**	**188**	**188**	**8,340**	**(134)**
080	Transport and storage	**2,878**	**22**	**22**	**2,878**	**(22)**
090	Accommodation and food service activities	**328**	**7**	**7**	**327**	**(3)**
100	Information and communication	**4,109**	**16**	**16**	**4,109**	**(21)**
110	Real estate activities	**3,827**	**269**	**269**	**3,827**	**(100)**
120	Financial and insurance activities	**—**	**—**	**—**	**—**	**—**
130	Professional, scientific and technical activities	**5,462**	**205**	**205**	**5,462**	**(102)**
140	Administrative and support service activities	**3,654**	**72**	**72**	**3,602**	**(65)**
150	Public administration and defense, compulsory social security	**1**	**—**	**—**	**1**	**—**
160	Education	**23**	**—**	**—**	**23**	**—**
170	Human health services and social work activities	**214**	**2**	**2**	**214**	**—**
180	Arts, entertainment and recreation	**100**	**1**	**1**	**100**	**(1)**
190	Other services	**1,279**	**9**	**9**	**1,279**	**(4)**
200	**Total at 30 Jun 2026**	**44,975**	**1,280**	**1,280**	**44,768**	**(596)**
010	Agriculture, forestry and fishing	206	15	15	206	(2)
020	Mining and quarrying	457	—	—	457	—
030	Manufacturing	9,687	190	190	9,608	(107)
040	Electricity, gas, steam and air conditioning supply	1,590	59	59	1,590	(9)
050	Water supply	122	35	35	122	(7)
060	Construction	798	62	62	798	(14)
070	Wholesale and retail trade	8,344	209	209	8,343	(114)
080	Transport and storage	2,974	21	21	2,974	(16)
090	Accommodation and food service activities	400	11	11	397	(7)
100	Information and communication	4,003	15	15	4,003	(16)
110	Real estate activities	4,313	322	322	4,313	(89)
120	Financial and insurance activities	37	1	1	37	(1)
130	Professional, scientific and technical activities	5,557	174	174	5,557	(61)
140	Administrative and support service activities	3,992	75	75	3,992	(63)
150	Public administration and defense, compulsory social security	2	—	—	2	—
160	Education	29	—	—	29	—
170	Human health services and social work activities	276	4	4	276	(1)
180	Arts, entertainment and recreation	104	1	1	104	(1)
190	Other services	1,705	56	56	1,705	(32)
200	Total at 31 Dec 2025	44,596	1,250	1,250	44,513	(540)

Risk mitigation

Our approach to granting credit facilities is on the basis of capacity to repay, rather than placing primary reliance on credit risk mitigants. Depending on a customer's standing and the type of product, facilities may be provided unsecured.

Mitigation of credit risk is a key aspect of effective risk management and takes many forms. Our general policy is to promote the use of credit risk mitigation, justified by commercial prudence and capital efficiency. Detailed policies cover the acceptability, structuring and terms relating to the availability of credit risk mitigation such as in the form of collateral security. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

The table below provides a breakdown of loans and advances and debt securities by different CRM techniques. The on-balance sheet exposures exclude assets held for sale.

Table 20: Credit risk mitigation techniques – overview (CR3)

		Total Exposures: secured and unsecured	Exposures unsecured: carrying amount	Exposures secured: carrying amount	of which: Exposures secured by collateral	of which: Exposures secured by financial guarantees
		£m	£m	£m	£m	£m
1	Loans and advances	**297,774**	**179,287**	**118,487**	**108,278**	**10,209**
2	Debt securities	**68,832**	**62,889**	**5,943**	**—**	**5,943**
3	**Total at 30 Jun 2026**	**366,606**	**242,176**	**124,430**	**108,278**	**16,152**
4	– of which: non-performing exposures	**1,164**	**447**	**717**	**395**	**322**
5	– of which: defaulted	**1,164**	**447**	**717**		
1	Loans and advances	276,922	167,121	109,801	99,328	10,473
2	Debt securities	66,774	61,256	5,518	—	5,518
3	Total at 31 Dec 2025	343,696	228,377	115,319	99,328	15,991
4	– of which: non-performing exposures	1,058	447	611	472	139
5	– of which: defaulted	1,058	447	611		

The table below shows the split of credit risk exposures under the standardised approach, reflecting the EAD before and after the impact of CRM techniques and credit conversion factors ('CCF'). Securitisation positions are not included in this table.

Table 21: Standardised approach – credit conversion factor ('CCF') and credit risk mitigation ('CRM') effects (CR4)

		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWAs density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWAs density
		£m	£m	£m	£m	£m	%
	Asset classes						
1	Central governments or central banks	**117,064**	**224**	**124,724**	**1,576**	**816**	**0.6**
2	Regional governments or local authorities	**2,705**	**113**	**4,532**	**61**	**307**	**6.7**
3	Public sector entities	**5,440**	**1,288**	**277**	**342**	**269**	**43.4**
4	Multilateral development banks	**4,740**	**342**	**5,307**	**213**	**105**	**—**
5	International organisations	**5,807**	**—**	**5,807**	**—**	**—**	**—**
6	Institutions	**5,001**	**1,935**	**5,290**	**1,921**	**1,761**	**24.4**
7	Corporates[1]	**15,389**	**10,604**	**9,266**	**2,809**	**10,113**	**83.2**
8	Retail	**474**	**470**	**416**	**44**	**330**	**71.8**
9	Secured by mortgages on immovable property	**5,493**	**28**	**5,493**	**7**	**2,464**	**44.8**
10	Exposures in default	**434**	**29**	**408**	**9**	**523**	**125.5**
11	Exposures associated with particularly high risk	**29**	**—**	**29**	**—**	**44**	**150.0**
14	Collective investment undertakings	**374**	**—**	**374**	**—**	**371**	**99.1**
15	Equity	**713**	**—**	**713**	**—**	**845**	**118.5**
16	Other items	**820**	**—**	**820**	**—**	**617**	**75.3**
17	**Total at 30 Jun 2026**	**164,483**	**15,033**	**163,456**	**6,982**	**18,565**	**10.9**
1	Central governments or central banks	127,276	352	134,363	1,290	968	0.7
2	Regional governments or local authorities	2,078	88	3,767	49	1	—
3	Public sector entities	6,101	1,206	1,144	260	673	48.0
4	Multilateral development banks	4,738	336	5,213	204	25	—
5	International organisations	4,822	—	4,822	—	—	—
6	Institutions	5,557	2,130	5,723	2,202	1,906	24.1
7	Corporates	14,813	9,421	10,661	2,488	10,866	82.6
8	Retail	505	442	414	42	339	74.4
9	Secured by mortgages on immovable property	5,595	33	5,595	7	2,540	45.3
10	Exposures in default	524	21	391	2	487	123.8
11	Exposures associated with particularly high risk	53	1	53	—	79	150.0
14	Collective investment undertakings	355	—	355	—	351	98.9
15	Equity	1,022	—	1,022	—	1,594	156.0
16	Other items	803	—	803	—	711	88.5
17	Total at 31 Dec 2025	174,242	14,030	174,326	6,544	20,540	11.4

1 We moved a portfolio from the internal ratings-based approach to the standardised approach.

The table below provides a breakdown of IRB credit risk RWAs before and after credit derivatives CRM effects. The table excludes securitisation positions, equity, corporate slotting exposures and non-credit obligation assets.

Table 22: IRB – Effect on the RWA of credit derivatives used as CRM techniques (CR7)

		At 30 Jun 2026		At 31 Dec 2025	
		Pre-credit derivatives RWAs	Actual RWAs	Pre-credit derivatives RWAs	Actual RWAs
		£m	£m	£m	£m
1	**Exposures under FIRB**	**14,135**	**13,673**	15,161	14,703
2	Central governments and central banks	**4**	**4**	4	4
3	Institutions	**—**	**—**	—	—
4	Corporates	**14,131**	**13,669**	15,157	14,699
4.1	– of which: SMEs	**54**	**54**	69	69
4.3	– of which: Others	**14,077**	**13,615**	15,088	14,630
5	**Exposures under AIRB**	**16,695**	**16,658**	17,909	17,848
6	Central governments and central banks	**2,795**	**2,795**	3,653	3,653
7	Institutions	**2,263**	**2,263**	2,093	2,092
8	Corporates	**11,090**	**11,053**	11,542	11,482
8.1	– of which: SMEs	**2**	**2**	4	4
8.2	– of which: specialised lending	**597**	**597**	600	600
8.3	– of which: Others	**10,491**	**10,454**	10,939	10,878
9	Retail	**547**	**547**	621	621
9.1	– of which: Retail – SMEs – Secured by immovable property collateral	**42**	**42**	46	46
9.2	– of which: Retail – Non-SMEs – Secured by immovable property collateral	**211**	**211**	207	207
9.3	– of which: Retail – Qualifying revolving	**63**	**63**	63	63
9.4	– of which: Retail – SMEs – Other	**149**	**149**	209	209
9.5	– of which: Retail – Non-SMEs – Other	**82**	**82**	96	96
10	**Total**	**30,830**	**30,331**	33,070	32,550

The table below discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches. Specialised lending exposures under the slotting approach are disclosed separately in the table.

Table 23: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

			Credit risk Mitigation techniques						Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection ('FCP')					Unfunded credit Protection ('UFCP')		
				Part of exposures covered by Other eligible collaterals (%)						
		Total exposures	Part of exposures covered by financial collaterals	Total	Part of exposures covered by Immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
AIRB		**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**£m**	**£m**
1	Central governments and central banks	**29,633**	**—**	**—**	**—**	**—**	**—**	**—**	**2,702**	**2,795**
2	Institutions	**12,023**	**0.5**	**—**	**—**	**—**	**—**	**—**	**2,362**	**2,264**
3	Corporates	**35,804**	**8.9**	**7.1**	**5.6**	**1.0**	**0.5**	**2.4**	**10,957**	**11,053**
3.1	– of which: Corporates – SMEs	**7**	**—**	**6.3**	**6.3**	**—**	**—**	**—**	**2**	**2**
3.2	Corporates – Specialised lending	**1,295**	**3.9**	**—**	**—**	**—**	**—**	**1.6**	**609**	**597**
3.3	Corporates – Other	**34,502**	**9.1**	**7.4**	**5.8**	**1.1**	**0.5**	**2.4**	**10,346**	**10,454**
4	Retail	**4,673**	**37.0**	**45.6**	**45.5**	**0.1**	**—**	**—**	**546**	**546**
4.1	– of which: Retail – immovable property SMEs	**96**	**0.2**	**99.8**	**95.8**	**4.0**	**—**	**—**	**42**	**42**
4.2	Retail – immovable property non-SMEs	**2,035**	**—**	**100.0**	**100.0**	**—**	**—**	**—**	**211**	**211**
4.3	Retail – qualifying revolving	**232**	**—**	**—**	**—**	**—**	**—**	**—**	**62**	**62**
4.4	Retail – other SMEs	**306**	**3.9**	**—**	**—**	**—**	**—**	**0.5**	**149**	**149**
4.5	Retail – other non-SMEs	**2,004**	**85.6**	**—**	**—**	**—**	**—**	**—**	**82**	**82**
5	**Total at 30 Jun 2026**	**82,133**	**5.9**	**5.5**	**4.9**	**0.5**	**0.2**	**1.0**	**16,567**	**16,658**
FIRB										
1	Central governments and central banks	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4**
2	Institutions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**0**
3	Corporates	**54,202**	**36.8**	**3.5**	**—**	**3.5**	**—**	**—**	**13,789**	**13,669**
3.1	– of which: Corporates – SMEs	**66**	**—**	**—**	**—**	**—**	**—**	**—**	**54**	**54**
3.3	Corporates – Other	**54,137**	**36.9**	**3.5**	**—**	**3.5**	**—**	**—**	**13,735**	**13,615**
4	**Total at 30 Jun 2026**	**54,202**	**36.8**	**3.5**	**—**	**3.5**	**—**	**—**	**13,789**	**13,673**
IRB										
	Specialised lending under the slotting approach	**1,075**	**—**	**—**	**—**	**—**	**—**	**—**	**637**	**637**
	Equity Exposures	**1,112**	**—**	**—**	**—**	**—**	**—**	**—**	**2,171**	**2,171**

Table 23: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

			Credit risk Mitigation techniques						Credit risk mitigation methods in the calculation of RWAs	
			Funded credit protection ('FCP')					Unfunded credit Protection ('UFCP')		
				Part of exposures covered by Other eligible collaterals (%)						
		Total exposures	Part of exposures covered by financial collaterals	Total	Part of exposures covered by Immovable property collaterals	Part of exposures covered by receivables	Part of exposures covered by Other physical collateral	Part of exposures covered by guarantees	RWA post-all CRM assigned to the obligor exposure class	RWA with substitution effects
AIRB		£m	%	%	%	%	%	%	£m	£m
1	Central governments and central banks	29,770	—	—	—	—	—	—	3,553	3,653
2	Institutions	10,199	0.2	—	—	—	—	—	2,105	2,092
3	Corporates	36,087	10.1	6.7	5.4	1.0	0.4	1.0	11,475	11,482
3.1	– of which: Corporates – SMEs	7	—	10.1	10.1	—	—	—	4	4
3.2	Corporates – Specialised lending	1,478	5.6	—	—	—	—	2.4	613	600
3.3	Corporates – Other	34,602	10.3	7.0	5.6	1.0	0.4	1.0	10,858	10,878
4	Retail	4,995	34.0	42.8	42.7	0.1	—	0.1	621	621
4.1	– of which: Retail – immovable property SMEs	108	0.1	100.1	96.6	3.5	—	—	46	46
4.2	Retail – immovable property non-SMEs	2,028	—	100.0	100.0	—	—	—	207	207
4.3	Retail – qualifying revolving	230	—	—	—	—	—	—	63	63
4.4	Retail – other SMEs	654	1.6	0.1	—	—	0.1	0.3	210	210
4.5	Retail – other non-SMEs	1,975	85.3	—	—	—	—	0.2	95	95
5	Total at 31 Dec 2025	81,051	6.5	5.5	4.9	0.4	0.2	0.5	17,754	17,848
FIRB										
1	Central governments and central banks	—	—	—	—	—			—	4
2	Institutions	—	—	—	—	—			—	0
3	Corporates	53,357	37.6	3.6	—	3.5			14,826	14,699
3.1	– of which: Corporates – SMEs	67	—	—	—	—			69	69
3.3	Corporates – Other	53,290	37.7	3.6	—	3.5			14,757	14,630
4	Total at 31 Dec 2025	53,357	37.6	3.6	—	3.5			14,826	14,703
IRB										
	Specialised lending under the slotting approach	1,026	—	—	—	—	—	—	561	561
	Equity Exposures	1,115	—	—	—	—	—	—	2,208	2,208

The table below sets out the specialised lending exposures by different regulatory slotting categories split by remaining maturity. It also includes a separate disclosure of equity exposures under the simple risk-weighted approach. Off-balance sheet CIU equity exposures are calculated as per the PRA Rulebook Article 132(c).

Table 24: Specialised lending and equity exposures under the simple risk-weighted approach (CR10)

Specialised lending: Project finance (Slotting approach)		**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected loss**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
Category 1	Less than 2.5 years	**7**	**2**	**50**	**7**	**3**	**—**
	Equal to or more than 2.5 years	**64**	**78**	**70**	**80**	**50**	**—**
Category 2	Less than 2.5 years	**14**	**—**	**70**	**15**	**10**	**—**
	Equal to or more than 2.5 years	**117**	**9**	**90**	**119**	**90**	**1**
Category 3	Less than 2.5 years	**30**	**8**	**115**	**37**	**41**	**1**
	Equal to or more than 2.5 years	**50**	**16**	**115**	**61**	**66**	**2**
Category 4	Less than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
Total at 30 Jun 2026	Less than 2.5 years	**51**	**10**		**59**	**54**	**1**
	Equal to or more than 2.5 years	**231**	**103**		**260**	**206**	**3**
Category 1	Less than 2.5 years	7	—	50	7	3	—
	Equal to or more than 2.5 years	57	89	70	77	53	—
Category 2	Less than 2.5 years	14	—	70	14	10	—
	Equal to or more than 2.5 years	84	—	90	84	65	1
Category 3	Less than 2.5 years	6	—	115	6	5	—
	Equal to or more than 2.5 years	17	7	115	19	17	1
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 31 Dec 2025	Less than 2.5 years	27	—		27	18	—
	Equal to or more than 2.5 years	158	96		180	135	2

Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)		**On-balance sheet amount**	**Off-balance sheet amount**	**Risk weight**	**Exposure amount**	**RWAs**	**Expected loss**
Regulatory categories	**Remaining maturity**	**£m**	**£m**	**%**	**£m**	**£m**	**£m**
Category 1	Less than 2.5 years	**435**	**25**	**50**	**459**	**229**	**—**
	Equal to or more than 2.5 years	**69**	**26**	**70**	**74**	**52**	**—**
Category 2	Less than 2.5 years	**121**	**—**	**70**	**121**	**85**	**—**
	Equal to or more than 2.5 years	**5**	**33**	**90**	**12**	**11**	**—**
Category 3	Less than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
Category 4	Less than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**—**	**—**	**250**	**—**	**—**	**—**
Category 5	Less than 2.5 years	**89**	**—**	**—**	**89**	**—**	**45**
	Equal to or more than 2.5 years	**—**	**—**	**—**	**—**	**—**	**—**
Total at 30 Jun 2026	Less than 2.5 years	**645**	**25**		**669**	**314**	**45**
	Equal to or more than 2.5 years	**74**	**59**		**86**	**63**	**—**
Category 1	Less than 2.5 years	517	11	50	528	260	—
	Equal to or more than 2.5 years	64	32	70	72	50	1
Category 2	Less than 2.5 years	99	3	70	101	71	—
	Equal to or more than 2.5 years	22	36	90	29	27	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	89	—	—	89	—	45
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 31 Dec 2025	Less than 2.5 years	705	14		718	331	45
	Equal to or more than 2.5 years	86	68		101	77	1

Table 24: Specialised lending and equity exposures under the simple risk-weighted approach (CR10) (continued)

Specialised lending: Object finance (Slotting approach) Regulatory categories	Remaining maturity	On-balance sheet amount £m	Off-balance sheet amount £m	Risk weight %	Exposure amount £m	RWAs £m	Expected loss £m
Category 1	Less than 2.5 years	—	—	50	—	—	—
	Equal to or more than 2.5 years	—	—	70	—	—	—
Category 2	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
	Less than 2.5 years	—	—		—	—	—
Total at 30 Jun 2026	Equal to or more than 2.5 years	—	—		—	—	—
Category 1	Less than 2.5 years	—	—	50	—	—	—
	Equal to or more than 2.5 years	—	—	70	—	—	—
Category 2	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	1	—	—	1	—	—
	Less than 2.5 years	—	—		—	—	—
Total at 31 Dec 2025	Equal to or more than 2.5 years	1	—		1	—	—

Table 24.i: Equity exposures under simple risk-weighted approach (CR10)

Equity exposures under simple risk weighted approach Regulatory categories	On-balance sheet amount £m	Off-balance sheet amount £m	Risk weight %	Exposure amount £m	RWAs £m	Expected losses £m
Private equity exposures	833	—	190	833	1,582	7
Exchange-traded equity exposures	84	—	290	84	245	1
Other equity exposures	5	—	370	5	19	—
Off balance sheet CIU equity exposures	—	378	—	190	325	1
Total at 30 Jun 2026	922	378	—	1,112	2,171	9
Private equity exposures	788	—	190	788	1,498	6
Exchange-traded equity exposures	91	—	290	91	264	1
Other equity exposures	5	—	370	5	19	—
Off balance sheet CIU equity exposures	—	461	—	231	427	2
Total at 31 Dec 2025	885	461	—	1,115	2,208	10

Appendix I

Countercyclical capital buffer

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer ('CCyB') under Article 440 of the PRA Rulebook. Exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions are excluded and therefore differ from those presented in the credit and counterparty credit risk sections.

Countries or territories that have a CCyB requirement, or have an own funds requirement of greater than 0.7%, or that are otherwise material in nature are disclosed below. Countries or territories that do not meet these criteria are disclosed in the 'Other countries' category in the table.

Table 25: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCyB1)

	General credit exposures		Relevant credit exposures Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/short positions for SA	Internal models	Total Exposure value for non trading book	Total exposure value	Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Securitisation positions in the non trading book	Total	Risk weighted exposure amounts	Share of total own funds requirements weights	CCyB rate
Country	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**
Albania	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Armenia	—	4	—	—	—	4	—	—	—	—	2	—	1.75
Australia	4	101	—	31	—	136	2	1	—	3	36	0.06	1.00
Belgium	57	929	—	27	—	1,013	49	2	—	51	632	0.98	1.00
Bermuda	1,009	146	—	—	—	1,155	50	—	—	50	630	0.98	—
Bulgaria	—	7	—	2	—	9	—	—	—	—	1	—	2.00
Chile	13	290	—	188	—	491	9	4	—	13	156	0.24	0.50
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
Cyprus	5	63	—	—	—	68	1	—	—	1	8	0.01	1.50
Czech Republic	48	244	—	14	—	306	11	1	—	12	141	0.22	1.25
Denmark	7	903	—	13	—	923	24	1	—	25	313	0.49	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
France	2,653	14,885	53	64	6,674	24,329	592	5	91	688	8,610	13.42	1.00
Germany	483	10,918	5	55	995	12,456	392	5	10	407	5,085	7.92	0.75
Greece	39	841	—	11	—	891	27	—	—	27	340	0.53	0.25
Hong Kong	25	284	—	1	—	310	6	—	—	6	76	0.12	0.50
Hungary	7	401	—	1	—	409	11	—	—	11	140	0.22	1.00
Iceland	—	1	—	—	—	1	—	—	—	—	—	—	2.50
Ireland	653	2,889	1,127	6	1,191	5,866	88	44	14	146	1,842	2.87	1.50
Israel	316	1,396	—	2	164	1,878	64	1	20	85	1,049	1.63	—
Italy	240	1,564	154	93	470	2,521	57	5	5	67	843	1.31	—
Japan	4	793	—	43	—	840	41	2	—	43	531	0.83	—
Korea, Republic Of	19	3	—	15	—	37	1	2	—	3	34	0.05	1.00
Latvia	1	—	—	2	—	3	—	—	—	—	1	—	1.00
Lithuania	—	—	—	—	—	—	—	—	—	—	—	—	1.00
Luxembourg	1,365	5,987	217	2	43	7,614	261	6	1	268	3,341	5.21	0.50
Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	1.75
Malta	2,391	320	—	—	—	2,711	105	—	—	105	1,314	2.05	—
Montenegro	—	2	—	—	—	2	—	—	—	—	—	—	1.00
Netherlands	677	4,111	412	50	312	5,562	176	7	3	186	2,327	3.63	2.00
Norway	10	146	—	25	—	181	4	1	—	5	64	0.10	2.50
Poland	377	591	—	1	157	1,126	49	—	2	51	634	0.99	1.00
Portugal	11	46	80	22	—	159	2	3	—	5	55	0.09	0.75
Romania	3	8	—	2	—	13	1	—	—	1	12	0.02	1.00
Russian Federation	—	6	—	1	—	7	—	—	—	—	2	—	0.50
Saudi Arabia	57	544	—	104	—	705	7	10	—	17	212	0.33	1.00
Slovakia	33	12	—	2	—	47	1	—	—	1	12	0.02	1.50
Slovenia	—	2	—	12	—	14	—	—	—	—	3	—	1.00
South Africa	24	134	—	25	—	183	8	1	—	9	116	0.18	1.00
Spain	473	1,816	77	33	526	2,925	96	2	5	103	1,288	2.01	0.50
Sweden	50	548	—	14	—	612	17	2	—	19	232	0.36	2.00
Switzerland	2,942	9,934	—	64	—	12,940	322	5	—	327	4,083	6.36	—
United Arab Emirates	1,921	773	—	2	—	2,696	105	—	—	105	1,320	2.06	—
United Kingdom	5,001	59,593	595	431	5,383	71,003	1,414	22	104	1,540	19,265	30.02	2.00
United States	1,138	17,188	—	49	1,111	19,486	517	4	13	534	6,672	10.40	—
Uruguay	—	2	—	—	—	2	—	—	—	—	1	—	1.00
Other countries	1,243	6,703	20	399	176	8,541	196	22	2	220	2,751	4.29	—
Total at 30 Jun 2026	23,299	145,128	2,740	1,806	17,202	190,175	4,706	158	270	5,134	64,174	100.00	

Table 25: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCyB1) (continued)

	General credit exposures		Relevant credit exposures Market risk		Securiti-sation exposures		Own funds requirements						
	SA	IRB	Sum of long/ short positions for SA	Internal models	Total Exposure value for non trading book	Total exposure value	Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Securiti-sation positions in the non trading book	Total	Risk weighted exposure amounts	Share of total own funds require-ments weights	CCyB rate
Country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Albania	—	—	—	—	—	—	—	—	—	—	—	—	1.00
Armenia	—	—	—	—	—	—	—	—	—	—	—	—	2.00
Australia	3	269	—	33	—	304	4	1	—	5	62	—	1.00
Belgium	55	924	—	7	—	986	50	1	—	51	636	1.00	1.00
Bermuda	1,067	152	—	1	—	1,220	55	—	—	55	690	1.00	—
Bulgaria	—	7	—	2	—	10	—	—	—	—	1	—	2.00
Chile	21	319	—	123	—	463	14	4	—	17	216	—	1.00
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	2.00
Cyprus	11	78	—	—	—	88	2	—	—	2	26	—	1.00
Czech Republic	25	313	—	8	—	347	12	1	—	13	158	—	1.00
Denmark	25	1,373	—	14	—	1,412	34	—	—	34	425	1.00	3.00
Estonia	—	—	—	—	—	—	—	—	—	—	1	—	2.00
France	2,856	14,454	134	109	6,249	23,803	612	7	83	702	8,781	13.00	1.00
Germany	562	11,204	19	28	826	12,640	463	5	10	478	5,974	9.00	1.00
Greece	35	412	2	10	—	458	16	—	—	17	207	—	—
Hong Kong	27	461	—	3	—	490	9	—	—	9	114	—	1.00
Hungary	7	365	—	1	—	373	7	—	—	7	88	—	1.00
Iceland	—	—	—	—	—	1	—	—	—	—	—	—	3.00
Ireland	744	2,842	962	27	1,159	5,734	98	35	14	148	1,848	3.00	2.00
Israel	285	1,716	—	3	92	2,096	71	—	7	79	986	2.00	—
Italy	285	1,508	226	9	523	2,552	61	7	6	73	917	1.00	—
Korea, Republic Of	19	7	—	11	—	38	1	2	—	3	32	—	1.00
Latvia	1	—	—	6	—	7	—	—	—	—	1	—	1.00
Lithuania	—	1	—	1	—	1	—	—	—	—	2	—	1.00
Luxembourg	1,079	5,652	213	4	42	6,990	242	4	1	247	3,092	5.00	1.00
Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	2.00
Malta	2,484	179	—	—	—	2,662	112	—	—	112	1,397	2.00	—
Montenegro	—	2	—	—	—	2	—	—	—	—	1	—	1.00
Netherlands	807	4,002	329	7	619	5,764	185	5	7	197	2,460	4.00	2.00
Norway	14	154	—	17	—	185	4	1	—	5	68	—	3.00
Poland	318	785	—	3	159	1,265	52	—	2	55	682	1.00	1.00
Romania	4	10	—	7	—	20	1	—	—	1	16	—	1.00
Russian Federation	—	4	—	1	—	5	—	—	—	—	2	—	1.00
Slovakia	29	9	—	1	—	39	1	—	—	1	12	—	2.00
Slovenia	—	4	—	3	—	7	—	1	—	1	11	—	1.00
Spain	457	1,921	107	26	495	3,006	100	3	5	109	1,359	2.00	1.00
Sweden	71	753	—	31	—	855	16	2	—	18	228	—	2.00
Switzerland	2,873	8,901	—	28	178	11,981	310	3	1	314	3,928	6.00	—
United Arab Emirates	2,072	659	—	31	—	2,763	102	5	—	107	1,338	2.00	—
United Kingdom	5,918	52,830	721	467	5,760	65,696	1,489	41	79	1,609	20,114	31.00	2.00
United States	1,073	14,053	—	272	1,100	16,499	441	4	12	457	5,712	9.00	—
Other countries	1,266	8,456	72	431	184	10,406	260	46	4	307	3,832	6.00	—
Total at 31 Dec 2025	24,493	134,779	2,785	1,725	17,386	181,168	4,824	178	231	5,233	65,417	100.00	

The table below shows the total RWAs calculated in accordance with Article 92(3) of the PRA Rulebook and provides an overview of institution-specific countercyclical capital exposure and buffer requirement.

Table 26: Amount of Institution specific countercyclical capital buffer (CCyB2)

	30 Jun 2026	31 Dec 2025
Total risk exposure amount (£m)	**112,200**	112,340
Institution specific countercyclical capital buffer rate (%)	**1.00**	1.03
Institution specific countercyclical capital buffer requirement (£m)	**1,122**	1,152

Other Information

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
£	British pound
A	
AIRB[1]	Advanced internal ratings-based approach
ALCO	Asset, Liability and Capital Management Committee
AT1 capital	Additional tier 1 capital
ASF	Available stable funding
B	
Basel	Basel Committee on Banking Supervision
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
Board	Board of directors
BoE	Bank of England
C	
CCF	Credit Conversion Factor
CCP[1]	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CET1[1]	Common equity tier 1
CFO	Chief Financial Officer
CIB	Corporate and Institutional Banking, a business segment
CIU	Collective investment undertakings
CRCO	Chief Risk and Compliance Officer
CRM[1]	Credit risk mitigation/mitigant
CRR II	The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876)
CVA[1]	Credit valuation adjustment
D	
Dec	December
E	
EAD[1]	Exposure at default
EBA	European Banking Authority
ECL[1]	Expected credit losses
EL[1]	Expected loss
ESG	Environmental, social and governance
EU	European Union
F	
FCA	Financial Conduct Authority
FCP	Funded Credit Protection
FINREP	Financial Reporting templates submitted to BoE
FIRB[1]	Foundation internal-ratings based approach
FPC	Financial Policy Committee
FRTB	Fundamental Review of the Trading Book
Free deliveries[1]	Where the institution paid for securities, foreign currencies or commodities before receiving them or delivered securities, foreign currencies or commodities before receiving payment
FVOCI[1]	Fair value through other comprehensive income
FX	Foreign Exchange
G	
Group	HSBC Holdings together with its subsidiary undertakings
H	
HQLA	High-quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
I	
IAA	Internal Assessment Approach
IFRS	International Financial Reporting Standards
IMA	Internal Models Approach
IMM[1]	Internal Model Method
IRB[1]	Internal ratings based approach
IRC	Incremental risk charge
IRRBB	Interest rate risk in the banking book
ISSB	International Sustainability Standards Board
J	
Jul	July
Jun	June
L	
LCR[1]	Liquidity Coverage Ratio
LGD[1]	Loss given default
M	
Mar	March
N	
NSFR[1]	Net Stable Funding Ratio
O	
OCI	Other Comprehensive Income
P	
PD[1]	Probability of default
POCI	Purchased or originated credit-impaired
PP&E	Property, Plant and Equipment
PSE	Public Sector Entity
PRA[1]	Prudential Regulation Authority (UK)
Prudential Rules	Refers to the UK Capital Requirements Regulation, the PRA Rulebook and any laws, regulations, requirements, rules, guidelines, standards and policies relating to capital adequacy, leverage and liquidity adopted by the relevant regulators, as applicable, and which are applicable to HSBC
R	
RSF	Required Stable Funding
RWA	Risk-weighted asset
S	
SA/STD[1]	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SEC-ERBA	Securitisation external rating-based approach
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach
Sep	September
SFT	Securities Financing Transactions
SME	Small and medium-sized enterprise
SPE[1]	Special Purpose Entity
SREP	Supervisory Review and Evaluation Process
SRS	Sustainability reporting standards
SVaR	Stressed Value at Risk
T	
T1 capital[1]	Tier 1 capital
T2 capital[1]	Tier 2 capital
U	
UFCP	Unfunded credit protection
UK	United Kingdom
UK Capital Requirements Regulation	Refers to Regulation (EU) No. 575/2013, as amended or supplemented, as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended
UK SRS	UK Sustainability Reporting Standards
US	United States of America
V	
VaR[1]	Value at risk

1 Full definition included in Glossary on the HSBC website www.hsbc.com.

Cautionary statement regarding forward-looking statements

These Pillar 3 Disclosures at 30 June 2026 contain certain forward-looking statements with respect to the group's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ability to contribute to the HSBC Group's environmental, social and governance ('ESG') ambitions, targets and commitments.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'may', 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', or the negative thereof, other variations of these words or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, forecasts, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the group. The group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Forward-looking statements can be made in writing but may also be made verbally by the directors, officers and employees of the group (including during management presentations) in connection with this document.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG-related factors, could cause actual results, performance or other future events to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. This may be due to a variety of risks, uncertainties and other factors including, without limitation, those which relate to general market or economic conditions, regulatory and government policy changes, continued volatility in trade and tariff policies, increased volatility in interest rates and inflation levels and other macroeconomic risks, geopolitical tensions such as the Russia-Ukraine war, the conflict in the Middle East, or any potential military action or conflict elsewhere, the efficacy of the company's and the HSBC Group's actions in managing and mitigating ESG-related risks, and in progressing towards the HSBC Group's ESG ambitions, targets and commitments, technology and cybersecurity risks (including risks relating to deployment of artificial intelligence), sanctions compliance risks, and regulatory enforcement actions.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, any forward-looking statements.

This document should be read in conjunction with our Interim Report 2026, which has been published on the HSBC Group website at www.hsbc.com/investors.

Additional risks and factors which may impact the group's future financial condition and performance are identified in 'Risk – Risk overview', 'Risk – Managing risk' and 'Risk – Top and emerging risks' on pages 7 to 9 of the Interim Report 2026.

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