HSBC Holdings plc

Pillar 3 Disclosures at 30 June 2024

HSBC

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Certain defined terms

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group', 'we', 'us' and 'our' refer to HSBC Holdings together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Holdings ordinary shares and those preference shares and capital securities issued by HSBC Holdings classified as equity. The abbreviations '\$m', '\$bn' and '\$tn' represent millions, billions (thousands of millions) and trillions (millions of millions) of US dollars, respectively.

This document should be read in conjunction with the Interim Report 2024, which has been published on our website at www.hsbc.com/investors.

Introduction

Pillar 3 disclosures and governance

Regulatory framework for disclosures

Our Pillar 3 Disclosures at 30 June 2024 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with the Prudential Regulation Authority ('PRA') Rulebook Disclosure (CRR). They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part.

We are supervised on a consolidated basis in the United Kingdom ('UK') by the PRA, which receives information on the capital and liquidity adequacy of, and sets capital and liquidity requirements for, the Group 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 Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by 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.

At the consolidated Group level, capital is calculated for prudential regulatory purposes using the Basel III framework as implemented in the UK. 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 regulations and/or directives, as onshored into UK law under the European Union (Withdrawal) Act 2018, and may be subsequently amended under UK law. We refer to the regulatory requirements of the Capital Requirements Regulation and Directive, the CRR II regulation and the PRA Rulebook as 'CRR II'.

The regulators of the Group's banking entities outside the UK are at varying stages of implementation of Basel's framework, so local regulation may have been on the basis of Basel I, II, III or Basel 3.1.

While the frameworks may vary for some of our banking subsidiaries they do not impact the Group's disclosures. However, the changes to local regulatory frameworks may impact distributions from our subsidiaries.

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

Comparatives and references

To give insight into movements during the year, 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 ('RWA') by Article 92(1) of CRR II. 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 immaterial to our activities, we omit them and follow the same approach for comparatives.

In alignment 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 2024 of HSBC Holdings plc or to other documents.

The table below references where comparatives have been restated.

Page ref	Table Reference	Activity
4 and 20	Table 1- KM1/ IFRS9-FL Table 12- UK LIQ2	Updated net stable funding ratio ('NSFR') based on enhanced calculation during 1Q24

The table below references where disclosures have been enhanced.

Page ref	Table Reference	Activity
4, 18 and 19	Table 1- KM1/ IFRS9-FL Table 11- UK LIQ1 Table 12 - UK LIQ2	Enhanced liquidity consolidation process in 2Q24.
9	Table 3- UK CC1	Updated the classification between components of shareholders' equity
14	Table 7- MR2-B	Enhanced to present the RWA movements on a spot basis
21	Table 13 - IRRBB1	Enhanced our pass-on assumptions applied to our NII sensitivity
29	Table 18- TLAC2 (HSBC Bank Plc)	Enhanced disclosures for subordinated notes and loans owned by the resolution entity.
32	Table 24- CR1-A	Enhanced disclosures to align to CR1
34	Table 28- CQ4	Disclosure of our materiality threshold applied to this table.
40	Table 33 - CR6	Enhanced to include value adjustment and provision disclosure split by PD bands
61	Table 41- CCR5	Enhanced disclosures to align to EBA Q&A guidelines
62	Table 43- CCR8	Enhanced disclosure for pre-funded and unfunded default fund contributions

Governance

Our Pillar 3 disclosures are governed by the Group's disclosure policy framework approved by the Group Audit Committee. This document has been approved by the Group Disclosure and Controls Committee as delegated by the Group Audit Committee.

Regulatory reporting processes and controls

We are advancing a comprehensive initiative aimed at strengthening our global processes, enhancing consistency, and improving controls across our regulatory reporting. This remains a top priority for both HSBC management and regulatory authorities. This multifaceted programme includes data enhancement, transformation of the reporting systems, and an uplift to the control environment over the report production process.

While this programme continues, there may be further impacts on some of our regulatory ratios, such as the common equity tier 1 ratio ('CET1'), liquidity coverage ratio ('LCR') and NSFR, as we implement recommended changes and continue to enhance our controls across the process.

Highlights

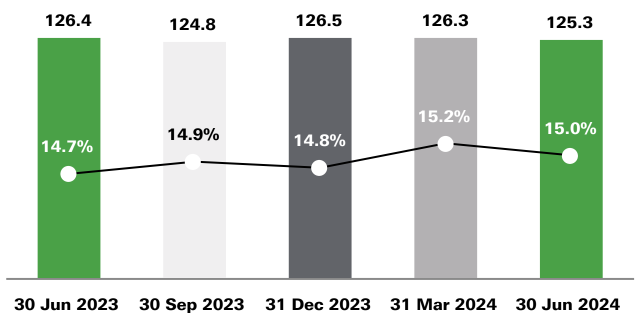
CET1 Capital and ratio

Our CET1 capital was $125.3bn and our ratio was 15.0%, up 0.2 percentage points compared with 31 December 2023, driven by a decrease in RWAs of $19.0bn, mainly driven by our strategic transactions and a decline in CET1 capital of $1.2bn.

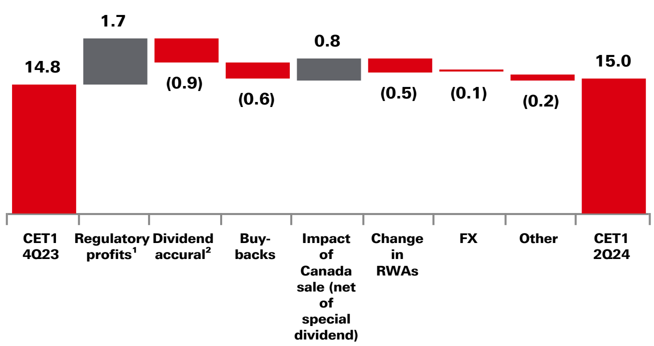
The Board has approved a second interim dividend of $0.10 per share. We have now announced with our 2Q24 results a share buy-back of up to $3bn, which we expect to complete within three months.

We intend to manage our CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target basis of 50% for 2024, which excludes material notable items and related impacts.

CET1 capital and ratio



CET1 ratio movement



1 Includes profit and movement in reserves, excluding the impact of the sale of our banking business in Canada and the loss on classification to held for sale of our banking business in Argentina, which is presented in 'others'.
2 Includes additional tier 1 ('AT1') coupon payments.

RWAs

During the first half of the year, **RWAs decreased by $19.0bn,** mainly due to strategic disposals of $36.3bn and foreign currency translation differences of $12.8bn, which were partially offset by asset size movements of $21.2bn.

RWAs by risk type

Risk-weighted assets	30 Jun 2024 $bn	31 Dec 2023 $bn
Credit risk	**664.1**	683.9
Counterparty credit risk	**36.8**	35.5
Market risk	**37.9**	37.5
Operational risk	**96.3**	97.2
Total RWAs	**835.1**	854.1

Leverage

Our leverage ratio was 5.7%, an increase of 0.1 percentage point during the first half of the year. This was mainly driven by the reduction in the leverage exposures.

Leverage

	30 Jun 2024	31 Dec 2023
Leverage ratio (%)	**5.7**	5.6

Liquidity

The average **Group LCR was 137%** or $174bn above the regulatory requirement and the average high-quality liquid assets ('HQLA') was $646bn. The average **Group 'NSFR' was 138%.** At 30 June 2024, all of the Group's material operating entities were above regulatory minimum levels and throughout 1H24.

During 1H24, we enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations. Our Group LCR and NSFR are reported on an average basis and the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

Liquidity

	30 Jun 2024	31 Dec 2023
LCR (%)	**137**	136
NSFR (%)*	**138**	138

* We enhanced our calculation processes during 1Q24 and the Group NSFR comparative has been restated.

Key metrics

The table below sets out the key regulatory metrics covering the Group's available capital (including buffer requirements and ratios), RWAs, leverage ratio, LCR and NSFR. Unless stated otherwise, figures have been prepared on an IFRS 9 transitional basis. Capital figures and ratios are reported on a CRR II transitional basis for capital instruments and the leverage ratio is calculated using the CRR II end point basis for capital. The calculation for LCR is the average of the preceding 12 months for each quarter and NSFR is the average of the preceding four quarters.

Table 1: Key metrics (KM1/IFRS9-FL)

		At				
		30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
Ref		**2024**	2024	2023	2023	2023
	Available capital ($bn)					
1	Common equity tier 1 ('CET1') capital	**125.3**	126.3	126.5	124.8	126.4
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	**125.3**	126.3	126.4	124.8	126.4
2	Tier 1 capital	**144.3**	144.1	144.2	142.5	145.8
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**144.3**	144.1	144.1	142.5	145.8
3	Total capital	**172.1**	172.5	171.2	165.5	170.0
	Total capital as if IFRS 9 transitional arrangements had not been applied	**172.1**	172.5	171.1	165.5	170.0
	Risk-weighted assets ($bn)					
4	Total RWAs	**835.1**	832.6	854.1	840.0	859.5
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	**835.1**	832.6	854.0	840.0	859.5
	Capital ratios (%)					
5	CET1	**15.0**	15.2	14.8	14.9	14.7
	CET1 as if IFRS 9 transitional arrangements had not been applied	**15.0**	15.2	14.8	14.9	14.7
6	Tier 1	**17.3**	17.3	16.9	17.0	17.0
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	**17.3**	17.3	16.9	17.0	17.0
7	Total capital	**20.6**	20.7	20.0	19.7	19.8
	Total capital as if IFRS 9 transitional arrangements had not been applied	**20.6**	20.7	20.0	19.7	19.8
	Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7a	Additional CET1 SREP requirements	**1.5**	1.5	1.5	1.5	1.5
UK-7b	Additional AT1 SREP requirements	**0.5**	0.5	0.5	0.5	0.5
UK-7c	Additional T2 SREP requirements	**0.6**	0.6	0.6	0.6	0.6
UK-7d	Total SREP own funds requirements	**10.6**	10.6	10.6	10.6	10.6
	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	**0.7**	0.7	0.7	0.7	0.5
10	Global systemically important institution buffer	**2.0**	2.0	2.0	2.0	2.0
11	Combined buffer requirement	**5.2**	5.2	5.2	5.2	5.0
UK-11a	Overall capital requirements	**15.8**	15.8	15.8	15.8	15.6
12	CET1 available after meeting the total SREP own funds requirements	**9.0**	9.2	8.8	8.9	8.7
	Leverage ratio					
13	Total exposure measure excluding claims on central banks ($bn)	**2,514.5**	2,528.0	2,574.8	2,478.3	2,497.9
14	Leverage ratio excluding claims on central banks (%)	**5.7**	5.7	5.6	5.7	5.8
	Average exposure measure excluding claims on central banks ($bn)	**2,501.2**	2,563.8	2,498.6	2,491.1	2,506.5
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.7**	5.7	5.6	5.7	5.8
14b	Leverage ratio including claims on central banks (%)	**5.0**	5.0	4.8	4.9	5.0
14c	Average leverage ratio excluding claims on central banks (%)	**5.7**	5.6	5.7	5.8	5.8
14d	Average leverage ratio including claims on central banks (%)	**5.0**	4.9	4.9	5.0	5.0
14e	Countercyclical leverage ratio buffer (%)	**0.3**	0.3	0.2	0.2	0.2
EU-14d	Leverage ratio buffer requirement (%)	**1.0**	1.0	0.9	0.9	0.9
EU-14e	Overall leverage ratio requirements (%)	**4.3**	4.3	4.2	4.2	4.2
	Liquidity coverage ratio ('LCR')[1]					
15	Total high-quality liquid assets ($bn)	**646.1**	645.8	647.5	641.1	631.2
UK-16a	Cash outflows – total weighted value ($bn)	**660.1**	666.6	672.3	673.8	672.2
UK-16b	Cash inflows – total weighted value ($bn)	**187.8**	192.8	195.2	197.0	194.5
16	Total net cash outflow ($bn)	**472.3**	473.8	477.1	476.8	477.7
17	LCR (%)	**137**	136	136	134	132
	Net stable funding ratio ('NSFR')[1,2]					
18	Total available stable funding ($bn)	**1,544.1**	1,571.9	1,601.9	1,599.2	1,575.2
19	Total required stable funding ($bn)	**1,115.1**	1,151.1	1,162.3	1,157.0	1,132.9
20	NSFR (%)	**138**	137	138	138	139

1 We enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations during 2Q24. As our Group LCR and NSFR are reported on an average basis, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

2 We enhanced our calculation processes during 1Q24 and our comparatives have been restated.

The Group is subject to the basic minimum capital requirements set out in Article 92(1) of CRR II, namely that it maintains:

- CET1 capital of 4.5% of RWAs;
- tier 1 capital (CET1 capital plus AT1 capital) of 6% of RWAs; and
- total capital (Tier 1 capital plus Tier 2 capital) of 8% of RWAs.

Rows UK-7a to UK-7c in the table above show how the Group's additional capital requirement (set by the PRA at 2.6% of RWAs) is allocated to each of these tiers of capital. Row UK-7d adds the total of these additional requirements to the CRR minimum requirements to give a total capital SREP requirement of 10.6%.

Rows 8 to 11 set out buffer requirements to which the Group is also subject (and which must be satisfied by CET1). The Group's overall capital requirement in row UK-11a, 15.8%, is the sum of these buffer requirements and the minimum capital requirements calculated above (in row UK-7d).

IFRS 9 transitional arrangements

We have adopted the regulatory transitional arrangements in CRR II for IFRS 9 'Financial Instruments', including paragraph four of article 473a. These allow banks to add back to their capital base a proportion of the impact that IFRS 9 has upon their loan loss allowances. Our capital and ratios are presented under these arrangements throughout the tables in this disclosure, including the end point figures.

Regulatory developments

Basel 3.1

In the UK, near-final rules in relation to the market risk, credit valuation adjustments, counterparty risk and operational risk elements of the Basel 3.1 package were published by the PRA in December 2023, together with information on the planned review of the Pillar 2 framework. Near final rules for the credit risk, the output floor and reporting and disclosure elements have yet to be published. The implementation date remains 1 July 2025, with an output floor transitional period of four-and-a-half years.

We continue to assess the impact of the near final rules and the potential changes in our ratios. We are assessing the impact of the associated implementation challenges (including data provision) on our RWAs upon initial implementation. The RWA output floor impact is likely to be towards the end of the transition period.

Across the other major jurisdictions that are key to HSBC, the progress of implementation varies:

- EU: In June 2024, the EU enacted the final amendments to the Capital Requirements Regulation to implement Basel 3.1. The majority of the provisions are expected to apply from 1 January 2025; however, the market risk rules have been delayed until 1 January 2026.
- US: Final rules have yet to be published. The implementation date remains 1 July 2025.
- Hong Kong: The implementation date remains 1 January 2025, with reporting for market risk and credit valuation adjustment ('CVA') having commenced on 1 July 2024.

Globally systemically important bank ('G-SIB') reporting

The Basel Committee on Banking Supervision ('Basel') published a consultation in March 2024 aimed at limiting window dressing in G-SIBs by increasing the reporting frequency. In some instances, this includes proposals to move to daily averages, instead of indicators calculated on quarterly or annual numbers.

Counterparty credit risk management

In April 2024, Basel published a consultation paper on proposed guidelines for counterparty credit risk management. These require firms to conduct comprehensive counterparty due diligence; have credit risk mitigation strategies to effectively manage the risk; and to measure, control and limit the risk using a range of complementary metrics.

Securitisation general requirements

In April 2024, the PRA published new rules on securitisation. While these are largely a transposition into the PRA's rulebook of the rules onshored into UK law following the UK's departure from the EU, there have been some adjustments to the retention rules and the due diligence and transparency requirements. The rules are scheduled to go live on 1 November 2024.

Environmental, social and governance risk

Globally, regulators and standard setters continue to publish multiple proposals and discussion papers on environmental, social and governance ('ESG') topics. In recent years, this included multiple consultations on sustainability-related disclosure across jurisdictions including the UK, the EU, the US, Hong Kong and globally through Basel and the International Sustainability Standards Board.

The work by Basel on climate-related financial risks across all three pillars of regulation, supervision and disclosure is ongoing. The initial work concluded that climate risk drivers, including physical and transition risks, can be captured in traditional financial risk categories such as credit, market, operational and liquidity risks. As part of its wider efforts to improve ESG risk coverage, Basel consulted in November 2023 on a Pillar 3 disclosure framework for climate-related financial risks with a proposed effective date of 1 January 2026.

Strategic transactions

Sale of our banking business in Canada

HSBC completed the sale of HSBC Bank Canada to the Royal Bank of Canada in 1Q24. The associated gain on sale of $4.8bn added approximately 0.8 percentage points to the CET1 ratio as of 30 March 2024, after the payment of the $0.21 per share special dividend. Leverage exposures were reduced by $85.4bn and Group RWAs reduced by $32.7bn, including the impact from the foreign exchange hedges for the Canada sale proceeds.

Sale of our retail banking operations in France

On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France, with no material incremental impact on CET1. Our leverage exposures decreased by $15.4bn.

Sale of our banking business in Argentina

On 9 April 2024, HSBC entered into a binding agreement to sell its business in Argentina to Grupo Financiero Galicia. The transaction is subject to conditions, including regulatory approval, and is anticipated to have an insignificant impact on the Group's CET1 ratio by closing.

For further details of disposal groups and business acquisitions, see page 3 and Note 15 on page 15 of the financial statements in the Interim Report 2024.

Linkage to the Interim Report 2024

This section demonstrates the links between the Group's financial balance sheet and its regulatory counterpart. In addition to this reconciliation, presented here in Table 2, our Pillar 3 Disclosures at 31 December 2023 also provide:

- an analysis of the regulatory reporting balance sheet by risk type; and
- a reconciliation between accounting valuation and the regulatory measure of exposure.

Structure of the regulatory group

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

- The subsidiaries engaged in insurance activities are equity accounted in the regulatory consolidation and then deducted from CET1 capital, subject to thresholds.
- The 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.
- The 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.
- The 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 pages 8 to 11 of the Pillar 3 Disclosures at 31 December 2023.

The table below presents the reconciliation between the Group's financial balance sheet and the regulatory scope of consolidation. The regulatory balance sheet value cannot be directly reconciled to other tables within the regulatory scope of consolidation as it is not a measure of RWAs, but rather, it is derived from an accounting measure.

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		277,112	(18)	396	—	277,490
Items in the course of collection from other banks		9,977	—	—	—	9,977
Hong Kong Government certificates of indebtedness		43,026	—	—	—	43,026
Trading assets		331,307	(8,017)	—	—	323,290
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		117,014	(106,515)	872	—	11,371
– of which: debt securities eligible as tier 2 issued by Group financial sector entities ('FSEs') that are outside the regulatory scope of consolidation	q	—	136	—	—	136
Derivatives		219,269	(38)	219	—	219,450
Loans and advances to banks	k	102,057	(746)	1,928	—	103,239
Loans and advances to customers	k	938,257	(94)	18,967		957,130
– of which: lending eligible as tier 2 to Group FSEs outside the regulatory scope of consolidation	q	—	333	—	—	333
– expected credit losses on IRB portfolios	h	(8,115)	—	—	—	(8,115)
Reverse repurchase agreements – non-trading		230,189	1,044	105	—	231,338
Financial investments		467,356	(15,019)	7,522	—	459,859
– of which: lending eligible as tier 2 to Group FSEs outside the regulatory scope of consolidation	q	—	538	—	—	538
Assets held for sale		5,821	(450)	—	—	5,371
– of which: goodwill and intangible assets	e	1	—	—	—	1
– of which: expected credit losses on IRB portfolios	h	(2)	—	—	—	(2)
Capital invested in insurance and other entities		—	3,721	—	3,943	7,664
– of which positive goodwill on acquisition	e	—	232	—	—	232
Prepayments, accrued income and other assets		184,303	(7,074)	865	—	178,094
– of which: retirement benefit assets	j	7,909	—	—	—	7,909
Current tax assets		1,308	20	—	—	1,328
Interests in associates and joint ventures		28,465	(471)	(5,847)	—	22,147
– of which: positive goodwill on acquisition	e	465	(11)	—	—	454
Goodwill and intangible assets	e	12,161	(426)	915	—	12,650
Deferred tax assets	f	7,381	(1,050)	74	—	6,405
Total assets at 30 Jun 2024		2,975,003	(135,133)	26,016	3,943	2,869,829
Liabilities and equity						
Liabilities						
Hong Kong currency notes in circulation		43,026	—	—	—	43,026
Deposits by banks		82,435	—	2,097	—	84,532
Customer accounts		1,593,834	4,178	20,803	—	1,618,815
Repurchase agreements – non-trading		202,770	(173)	558	—	203,155
Items in the course of transmission to other banks		10,482	—	—	—	10,482
Trading liabilities		77,455	—	—	—	77,455

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

	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
Financial liabilities designated at fair value		140,800	(4,520)	—	—	136,280
– of which:						
– of which: included in tier 2	n,p,i	10,308	—	—	—	10,308
Derivatives		217,096	57	205	—	217,358
– of which: debit valuation adjustment	k	26	—	—	—	26
Debt securities in issue		98,158	(934)	—	—	97,224
Liabilities of disposals group held for sale		5,041	(358)	—	—	4,683
Accruals, deferred income and other liabilities		157,171	(3,906)	1,835		155,100
Current tax liabilities		2,837	(495)	55	—	2,397
Insurance contract liabilities		125,252	(125,252)	—		—
Provisions		1,536	(31)	85	—	1,590
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	461	—	—	—	461
Deferred tax liabilities		1,186	8	—	—	1,194
Subordinated liabilities		25,510	—	419	—	25,929
– of which: included in tier 2	n,o,p	23,649	—	—	—	23,649
Total liabilities at 30 Jun 2024		**2,784,589**	**(131,426)**	**26,057**	**—**	**2,679,220**
Equity						
Called up share capital	a	9,310	—	—	—	9,310
Share premium account	a	14,808	—	—	—	14,808
Other equity instruments	l	18,825	—	—	—	18,825
Other reserves	b,c,g	(14,930)	2,257	(148)	6,098	(6,723)
Retained earnings	b,c,i	155,280	(5,775)	148	(2,155)	147,498
Total shareholders' equity		**183,293**	**(3,518)**	**—**	**3,943**	**183,718**
Non-controlling interests	d,m,p	7,121	(189)	(41)	—	6,891
Total equity at 30 Jun 2024		**190,414**	**(3,707)**	**(41)**	**3,943**	**190,609**
Total liabilities and equity at 30 Jun 2024		**2,975,003**	**(135,133)**	**26,016**	**3,943**	**2,869,829**

† The references (a)–(q) 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 management

Within the risk framework, 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 an 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 and insurance risk.

The Global Head of Traded and Treasury Risk Management and Risk Analytics is the accountable risk steward for all treasury risks. The Group Treasurer is the risk owner for all treasury risks, with the exception of pension risk and insurance risk. The Group Treasurer co-owns pension risk with the Group Head of Performance, Reward and Employee Relations. Insurance risk is owned by the Chief Executive Officer for Global Insurance.

The Global Treasury function actively manages capital risk, liquidity risk, interest rate risk in the banking book and non-trading book foreign exchange risk on an ongoing basis, supported by the Holdings Asset and Liability Management Committee ('ALCO') and local ALCOs, overseen by Treasury Risk Management and the risk management meeting ('RMM'). Pension risk is overseen by a network of local and regional pension risk management meetings.

The Group uses stress testing to inform management of the capital and liquidity needed to withstand internal and external shocks, including a global economic downturn or a systems failure.

Outside the stress testing framework, other risks may be identified that have the potential to affect our RWAs, capital and/or liquidity position. Downside and Upside scenarios are assessed against our management objectives, and mitigating actions are assigned as necessary.

Our approach to capital management is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory capital requirements at all times.

As at 30 June 2024, capital securities included in the capital base of HSBC have been issued on a fully compliant or grandfathered basis in accordance with the Capital Requirements Regulation. Capital securities are regularly reviewed for compliance with guidelines. A list of the main features of our capital instruments and eligible liabilities, in accordance with Article 437 and 437a of CRR II is also published on our website at www.hsbc.com. The full terms and conditions of our securities are also available at www.hsbc.com.

HSBC has no current or foreseen practical or legal impediment envisaged with regard to planned dividends or payments from material subsidiaries to the parent. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance. None of our subsidiaries that are excluded from the regulatory consolidation have capital resources below their minimum regulatory requirement as at 30 June 2024.

For further details of our approach to treasury risk management including capital risk, liquidity risk, interest rate risk in the banking book, non-trading foreign exchange exposure and pension risk, see page 203 of the Annual Report and Accounts 2023.

Own funds

The table below provides a detailed breakdown of the key components of our CET1, tier 1 and tier 2 capital, and the regulatory adjustments impacting our capital base on a transitional basis. Additional value adjustments are calculated on assets measured at fair value. The minimum deductions for holdings of own CET1, AT1 and tier 2 capital ('T2') 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 2024	31 Dec 2023
		Ref †	**$m**	$m
	Common equity tier 1 ('CET1') capital: instruments and reserves			
1	Capital instruments and the related share premium accounts		**22,713**	22,964
	– ordinary shares	*a*	**22,713**	22,964
2	Retained earnings[1]	*b*	**144,507**	135,614
3	Accumulated other comprehensive income (and other reserves)[1]	*c*	**(13,094)**	(7,195)
5	Minority interests (amount allowed in consolidated CET1)	*d*	**4,148**	3,917
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	*b*	**6,271**	10,568
6	**Common equity tier 1 capital before regulatory adjustments**		**164,545**	165,868
	Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		**(1,147)**	(1,238)
8	Intangible assets (net of related deferred tax liability) (negative amount)	*e*	**(12,748)**	(13,378)
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 are met) (negative amount)	*f*	**(3,902)**	(4,308)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	*g*	**1,659**	992
12	Negative amounts resulting from the calculation of expected loss amounts	*h*	**(3,050)**	(2,304)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	*i*	**1,130**	932
15	Defined-benefit pension fund assets (negative amount)	*j*	**(5,905)**	(5,773)
16	Direct and indirect holdings of own CET1 instruments (negative amount)		**(40)**	(40)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions)		**(15,235)**	(14,309)
UK-27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	*k*	**(14)**	59
28	**Total regulatory adjustments to common equity tier 1**		**(39,252)**	(39,367)
29	**Common equity tier 1 ('CET1') capital**		**125,293**	126,501
	Additional tier 1 ('AT1') capital: instruments			
30	Capital instruments and the related share premium accounts		**18,825**	17,719
31	– classified as equity under IFRSs	*l*	**18,825**	17,719
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*	**210**	13
36	**Additional tier 1 capital before regulatory adjustments**		**19,035**	17,732
	Additional tier 1 capital: regulatory adjustments			
37	Direct and indirect holdings of own AT1 instruments (negative amount)		**(70)**	(70)
43	**Total regulatory adjustments to additional tier 1 capital**		**(70)**	(70)
44	**Additional tier 1 capital**		**18,965**	17,662
45	**Tier 1 capital (T1 = CET1 + AT1)**		**144,258**	144,163
	Tier 2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	*n*	**23,832**	22,848
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	*o*	**3,915**	4,112
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	*p*	**1,167**	1,188
51	**Tier 2 capital before regulatory adjustments**		**28,914**	28,148
	Tier 2 capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		**(80)**	(80)
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	*q*	**(1,008)**	(1,027)
57	**Total regulatory adjustments to tier 2 capital**		**(1,088)**	(1,107)
58	**Tier 2 capital**		**27,826**	27,041
59	**Total capital (TC = T1 + T2)**		**172,084**	171,204
60	**Total risk exposure amount**		**835,118**	854,114

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

		Ref †	At 30 Jun 2024 $m	At 31 Dec 2023 $m
	Capital ratios and buffers (%)			
61	Common equity tier 1 (as a percentage of total risk exposure amount)		**15.0**	14.8
62	Tier 1 (as a percentage of total risk exposure amount)		**17.3**	16.9
63	Total capital (as a percentage of total risk exposure amount)		**20.6**	20.0
64	Institution CET1 overall capital requirement (per Article 92 (1) CRR, plus additional requirement in accordance with point (a) of Article 104(1) CRD, and combined buffer requirement in accordance with Article 128(6) CRD as a percentage of risk exposure amount)		**11.2**	11.2
65	– capital conservation buffer requirement		**2.5**	2.5
66	– countercyclical buffer requirement		**0.7**	0.7
67a	– Global systemically important institution ('G-SII') buffer		**2.0**	2.0
68	Common equity tier 1 available to meet buffers (as a percentage of risk-exposure amount)		**9.0**	8.8
	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)		**3,750**	3,965
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% thresholds and net of eligible short positions)		**14,050**	14,069
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 are met)		**4,314**	4,694
	Applicable caps on the inclusion of provisions in tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		**2,246**	2,128
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		**3,054**	3,226

† The references (a)–(q) 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.

1 We have updated the classification between components of shareholders' equity to present 'Retailed Earnings' in Row 2 and 'Accumulated other comprehensive income (and other reserves) in Row 3. The comparatives have been realigned accordingly.

At 30 June 2024, our common equity tier 1 ('CET1') capital ratio increased to 15.0% from 14.8% at 31 December 2023, driven by a decrease in RWAs of $19bn, and a decline in CET1 capital of $1.2bn. The overall rise in our CET1 ratio during the period was contributed by:

- a 0.7 percentage point net increase from strategic transactions, including the gain on disposal of our Canada banking business adjusted for the $0.21 per share special dividend, the RWA reduction from our disposals in France and Canada, which was partly offset by the impairment loss following the held for sale classification of our business in Argentina;
- a 0.2 percentage point increase from capital generation, mainly through regulatory profits less dividends, adjusted for the share buy-backs announced along with our 4Q23 and 1Q24 results;
- a 0.5 percentage point decrease driven by higher RWAs mainly from asset size movements and model updates, excluding the reduction from our disposals in France and Canada; and
- a 0.2 percentage point decrease from the adverse impact of foreign exchange fluctuations and an increase in regulatory deductions.

At 30 June 2024, our Pillar 2A requirement, set by the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 2.6% of RWAs, of which 1.5% was met by CET1 capital. Throughout the first half of 2024, we complied with the PRA's regulatory capital adequacy requirements.

Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided on page 72 of this document. The global systemically important bank ('G-SIB') indicators disclosure is published annually on our website, www.hsbc.com/investors.

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 exposures 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 Group reporting, we have adopted the AIRB approach for the majority of our business. Some portfolios remain on the standardised or FIRB approaches: – pending the issuance of local regulations or model approval; – following supervisory prescription of a non-advanced approach; or – under exemptions from internal ratings-based approach ('IRB') treatment. Details of the internal model method ('IMM') permission we have received from the PRA can be found in the Financial Services Register on the PRA's website.
Counterparty credit risk	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and securities financing transactions ('SFT's). The potential for mark-to-market losses is known as CVA risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, standardised approach for counterparty 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 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 investments 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 positions in the sponsored Solitaire programme and 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. For definitions of Solitaire and Regency securities, see page 63.
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 value at risk ('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 VaR, 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, stressed VaR 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 Basel Committee allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	We currently use the standardised approach in determining our operational risk capital requirement. We have in place an operational risk model that is used for economic capital calculation purposes.

Risk-weighted assets

The table below shows total RWAs including free deliveries, and the corresponding total own funds requirement split by risk type, and represents the minimum capital charge set at 8% of RWAs by Article 92(1) of CRR II. Equities under the simple risk-weighted approach include off-balance sheet CIU equity exposures, calculated as per the PRA Rulebook Article 132(c) and 'Other counterparty credit risk' includes securities financing transactions RWAs.

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

		At		
		30 Jun 2024	31 Mar 2024	**30 Jun 2024**
		RWAs	RWAs	**Total own funds requirement**
		$m	$m	**$m**
1	**Credit risk (excluding counterparty credit risk)**	**655,014**	654,538	**52,402**
2	– standardised approach	**176,384**	170,725	**14,111**
3	– foundation IRB approach	**79,729**	79,330	**6,379**
4	– slotting approach	**22,737**	24,883	**1,819**
UK 4a	– equities under the simple risk weighted approach	**5,631**	5,570	**451**
5	– advanced IRB approach	**370,533**	374,030	**29,642**
6	**Counterparty credit risk**	**36,592**	36,613	**2,927**
7	– standardised approach	**9,638**	9,135	**771**
8	– internal model method	**12,682**	11,312	**1,015**
UK-8a	– exposures to a central counterparty	**2,122**	1,817	**170**
UK-8b	– credit valuation adjustment	**1,903**	2,042	**152**
9	– other counterparty credit risk	**10,247**	12,307	**820**
15	**Settlement risk**	**159**	95	**13**
16	**Securitisation exposures in the non-trading book (after the cap)**	**9,164**	9,038	**733**
17	– internal ratings-based approach ('SEC-IRBA')	**2,520**	2,754	**202**
18	– external ratings-based approach ('SEC-ERBA') including internal assessment approach ('IAA')	**2,238**	2,321	**179**
19	– standardised approach ('SEC-SA')	**4,242**	3,799	**339**
UK-19a	– 1250%/deduction	**164**	164	**13**
20	**Position, foreign exchange and commodities risks (market risk)**	**37,871**	36,641	**3,030**
21	– standardised approach	**10,344**	9,983	**828**
22	– internal models approach	**27,527**	26,658	**2,202**
23	**Operational risk**	**96,318**	95,708	**7,705**
UK-23b	– standardised approach	**96,318**	95,708	**7,705**
29	**Total**	**835,118**	832,633	**66,811**
24	– of which: Amounts below the thresholds for deduction (subject to 250% risk weight)[1]	**45,824**	46,756	**3,666**

1 These balances are included in rows 2 and 5 of the table and include thresholds for the recognition of significant investments and deferred tax assets.

Credit risk, including amounts below the thresholds for deduction

Credit risk RWAs rose by $0.5bn during the second quarter of the year. Excluding a decrease of $3.2bn from foreign currency translation differences, RWAs increased by $3.6bn, driven by:

- a $6.3bn rise in RWAs due to asset size movements, mainly from increased corporate lending, notably in SAB*, HSBC UK Bank plc and HSBC Bank plc, and higher sovereign exposures, mainly in Argentina;
- a $4.9bn increase in RWAs due to the revision of the definition of default in our PD models for exposures to financial institutions was the credit risk RWAs impact of the total $6.6bn increase.

These were partly offset by:

- a $6.7bn decrease in RWAs due to asset quality movements predominantly reflecting portfolio mix changes in Asia, and favourable credit risk migrations in Asia, Argentina and Sri Lanka;
- a $1.4bn fall in RWAs due to methodology changes and credit risk parameter refinements, notably in Asia, partly offset by HSBC UK Bank plc.

* SAB is proportionately consolidated in our results.

Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs broadly remained unchanged, mainly due to a $1.7bn increase due to the revision to the definition of default in our PD models for exposures to financial institutions, mostly offset by lower securities financing exposures in Argentina and risk parameter refinements, notably in Asia.

Securitisation

Securitisation RWAs increased by $0.1bn, primarily due to risk parameter refinements in North America.

Market risk

The $1.2bn increase in market risk RWAs was mainly attributed to the incremental risk charge from increased positions, notably in Asia and HSBC Bank plc, partly offset by a decrease in value at risk.

Operational risk

Operational risk RWAs increased by $0.6bn, primarily due to methodology and risk parameter refinements, partly offset by a decrease from foreign exchange translation differences.

The table below shows the drivers of the quarterly movements of credit risk RWAs, excluding counterparty credit risk and including free deliveries under the IRB approach. The table also excludes securitisation positions, equity exposures and non-credit obligation assets.

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

		Quarter ended			
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
		$m	$m	$m	$m
1	**RWAs at the opening period**	**466,154**	489,736	486,371	497,817
2	Asset size	**4,030**	4,772	(814)	919
3	Asset quality	**(6,052)**	7,623	1,779	1,409
4	Model updates	**(1,773)**	—	(120)	(902)
5	Methodology and policy	**(472)**	(750)	(4,208)	(3,058)
6	Acquisitions and disposals	**62**	(28,933)	(123)	(1,785)
7	Foreign exchange movements[1]	**(1,008)**	(6,294)	6,851	(8,029)
9	**RWAs at the closing period**	**460,941**	466,154	489,736	486,371

1 Foreign exchange movements in this disclosure are computed by retranslating the RWAs into US dollars based on the underlying transactional currencies and other movements in the table are presented on a constant currency basis.

Excluding foreign currency translation differences, RWAs under the IRB approach fell by $4.2bn during the second quarter of the year, mostly driven by:

– The $6.1bn decrease in RWAs from asset quality movements was due to portfolio mix changes in Asia, and credit risk migrations in Asia, Argentina and Sri Lanka;

– The $1.8bn decrease in RWAs due to model updates, largely driven by reclassification of mortgage and credit card exposures to the standardised approach in North America post PRA approval, offset by a revision to the definition of default in our PD models for exposures to financial institutions;

– Methodology changes and credit risk parameter refinements, notably in Asia, offset by HSBC UK Bank plc, which led to the RWAs decrease of $0.5bn; and

– The $4.0bn RWA increase in asset size movements was mainly from increased corporate lending, notably in HSBC UK Bank plc and HSBC Bank plc, and higher sovereign exposures, mainly in Argentina.

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

Table 6: RWA flow statements of CCR exposures under IMM (CCR7)

		Quarter ended			
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
		$m	$m	$m	$m
1	**RWAs at the opening period**	**11,312**	11,208	11,819	12,029
2	Asset size	**27**	163	(589)	(266)
3	Credit quality of counterparties	**1,343**	(59)	(22)	56
9	**RWAs at the closing period**	**12,682**	11,312	11,208	11,819

Internal model method RWAs rose by $1.4bn in 2Q24, predominantly due to a revision of the definition of default in our PD models for exposures to financial institutions.

The table below shows the drivers of the quarterly movements of market risk RWAs under the internal model approach, split by VaR, SVaR, IRC and other models.

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

		Value at risk('VaR')	Stressed VaR ('SVaR')	Incremental risk charge ('IRC')	Others	Total RWA's	Capital requirement
		$m	$m	$m	$m	$m	$m
Ref							
1	**RWAs at 1 Apr 2024**	**8,395**	**11,596**	**4,926**	**1,741**	**26,658**	**2,132**
2	Movement in risk levels	**(222)**	**(410)**	**1,492**	**9**	**869**	**70**
3	Model updates/changes	**—**	**—**	**—**	**—**	**—**	**—**
8	**RWAs at 30 Jun 2024**	**8,173**	**11,186**	**6,418**	**1,750**	**27,527**	**2,202**
1	RWAs at 1 Jan 2024	7,164	8,297	5,163	1,694	22,318	1,785
2	Movement in risk levels	1,231	3,299	(237)	47	4,340	347
3	Model updates/changes	—	—	—	—	—	—
8	RWAs at 31 Mar 2024	8,395	11,596	4,926	1,741	26,658	2,132
1	RWAs at 1 Oct 2023	9,402	10,406	6,446	1,035	27,289	2,183
2	Movement in risk levels	(2,238)	(2,109)	(403)	570	(4,180)	(335)
3	Model updates/changes	—	—	(880)	89	(791)	(63)
8	RWAs at 31 Dec 2023	7,164	8,297	5,163	1,694	22,318	1,785
1	RWAs at 1 Jul 2023	9,322	9,614	5,839	1,221	25,996	2,080
2	Movement in risk levels	80	792	607	(186)	1,293	103
3	Model updates/changes	—	—	—	—	—	—
8	RWAs at 30 Sep 2023	9,402	10,406	6,446	1,035	27,289	2,183

RWAs under the internal models approach increased by $0.9bn, mainly attributed to incremental risk charge driven by increased positions, partly offset by a fall in value at risk and stressed value at risk.

The table below shows the drivers of the quarterly movements of market risk RWAs under the internal model approach, split by VaR, SVaR, IRC and other models. Rows 1a/1b and 8a/8b represent differences between RWAs reported for the period and RWAs includes components that are 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 7a: RWA flow statements of market risk exposures under IMA (MR2-B)

		VaR	Stressed VaR	IRC	Other	Total RWAs	Total own funds requirements
		$m	$m	$m	$m	$m	$m
1	**RWAs at 1 Apr 2024**	**8,395**	**11,596**	**4,926**	**1,741**	**26,658**	**2,132**
1a	Regulatory adjustment	**(6,030)**	**(8,851)**	**(284)**	**—**	**(15,165)**	**(1,213)**
1b	RWAs at the previous quarter end (end of day)	**2,365**	**2,745**	**4,642**	**1,741**	**11,493**	**919**
2	Movement in risk levels	**(244)**	**788**	**1,776**	**9**	**2,329**	**187**
8a	**RWAs at the end of the reporting period (end of day)**	**2,121**	**3,533**	**6,418**	**1,750**	**13,822**	**1,106**
8b	Regulatory adjustment	**6,052**	**7,653**	**—**	**—**	**13,705**	**1,096**
8	**RWAs at 30 Jun 2024**	**8,173**	**11,186**	**6,418**	**1,750**	**27,527**	**2,202**

Leverage ratio

The risk of excessive leverage is managed as part of HSBC's global risk appetite framework and monitored using a leverage ratio metric within our risk appetite statement ('RAS'). The RAS articulates the aggregate level and types of risk that HSBC is willing to accept in its business activities in order to achieve its strategic business objectives.

The RAS is monitored via the risk appetite profile report, which includes comparisons of actual performance against the risk appetite and tolerance thresholds assigned to each metric. This is to ensure that any excessive risk is highlighted, assessed and mitigated appropriately. The risk appetite profile report is presented monthly to the RMM of the Group Executive Committee ('GEC') and the Group Risk Committee ('GRC').

Our approach to risk appetite is described on page 136 of the Annual Report and Accounts 2023.

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 on an IFRS 9 transitional basis. The components of the leverage ratio on an average basis are also included as per the UK's leverage ratio framework.

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

		At	
		30 Jun 2024	31 Dec 2023
		$m	$m
	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**2,342,349**	2,383,204
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**9,207**	7,142
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(52,208)**	(51,809)
6	(Asset amounts deducted in determining tier 1 capital)(leverage)	**(40,944)**	(40,082)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**2,258,404**	2,298,455
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**43,289**	44,436
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**115,614**	119,122
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**(33,153)**	(42,102)
11	Adjusted effective notional amount of written credit derivatives	**56,206**	61,514
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(53,587)**	(58,144)
13	**Total derivative exposures**	**128,369**	124,826
	SFT exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**465,831**	495,337
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(195,014)**	(182,197)
16	Counterparty credit risk exposure for SFT assets	**13,650**	12,056
18	**Total securities financing transaction exposures**	**284,467**	325,196
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**921,736**	952,086
20	(Adjustments for conversion to credit equivalent amounts)	**(693,198)**	(716,681)
22	**Total off-balance sheet exposures**	**228,538**	235,405
	Capital and total exposures measure		
23	**Tier 1 capital (leverage)**	**144,258**	144,163
24	Total exposure measure including claims on central banks	**2,899,777**	2,983,882
UK-24a	(–) Claims on central banks excluded	**(385,241)**	(409,127)
UK-24b	**Total exposure measure excluding claims on central banks**	**2,514,536**	2,574,755
	Leverage ratios		
25	**Leverage ratio excluding claims on central banks (%)**	**5.74**	5.60
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.74**	5.59
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 (%)	**5.74**	5.60
UK-25c	Leverage ratio including claims on central banks (%)	**4.97**	4.83
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**1.00**	0.90
UK-27a	– of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.70**	0.70
UK-27b	– of which: countercyclical leverage ratio buffer (%)	**0.30**	0.20
	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 receivables	**279,127**	292,203
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	**270,816**	313,140
UK-31	Average total exposure measure including claims on central banks	**2,868,703**	2,903,001
UK-32	Average total exposure measure excluding claims on central banks	**2,501,151**	2,498,618
UK-33	Average leverage ratio including claims on central banks (%)	**4.96**	4.89
UK-34	Average leverage ratio excluding claims on central banks (%)	**5.69**	5.69

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

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

		At	
		30 Jun 2024	31 Dec 2023
		$m	$m
1	Total assets as per published financial statements	**2,975,003**	3,038,677
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(105,174)**	(104,083)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**(1,125)**	(1,246)
4	(Adjustment for exemption of exposures to central banks)	**(385,241)**	(409,127)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(44,610)**	(22,762)
7	Adjustment for eligible cash pooling transactions	**(6,055)**	(7,140)
8	Adjustment for derivative financial instruments	**(134,085)**	(150,385)
9	Adjustment for securities financing transactions ('SFTs')	**28,011**	37,533
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**228,538**	235,405
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(40,944)**	(40,082)
12	Other adjustments	**218**	(2,035)
13	**Total leverage ratio exposure**	**2,514,536**	2,574,755

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 2024	31 Dec 2023
		$m	$m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	**1,904,900**	1,922,268
UK-2	Trading book exposures	**296,351**	249,958
UK-3	Banking book exposures, of which:	**1,608,549**	1,672,310
UK-4	Covered bonds	**1,745**	1,912
UK-5	Exposures treated as sovereigns	**384,923**	381,804
UK-6	Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	**3,088**	3,415
UK-7	Institutions	**68,990**	73,556
UK-8	Secured by mortgages of immovable properties	**363,160**	408,834
UK-9	Retail exposures	**72,210**	69,368
UK-10	Corporates	**505,360**	532,056
UK-11	Exposures in default	**16,504**	12,632
UK-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	**192,569**	188,733

Our leverage ratio was 5.7% at 30 June 2024, up from 5.6% at 31 December 2023. The reduction in the leverage exposures led to a rise of 0.1 percentage point in the leverage ratio. This was primarily due to the reduction of the balance sheet, driven by the disposal of our banking business in Canada and the sale of our retail banking operations in France.

At 30 June 2024, our UK minimum leverage ratio requirement of 3.25% was supplemented by a leverage ratio buffer of 1.0%, which consisted of an additional leverage ratio buffer of 0.7% and a countercyclical leverage ratio buffer of 0.3%. These buffers translated to capital values of $17.6bn and $7.5bn respectively. We exceeded these leverage requirements throughout 1H24.

The average leverage ratio was 5.7% at 30 June 2024, unchanged from 5.7% at 31 December 2023, primarily due to an increase of 0.1 percentage point in average tier 1 capital, offset by a rise of 0.1 percentage point in the average leverage exposure, which was primarily due to a decrease in claims on central banks.

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 LCR aims to ensure that a bank has sufficient unencumbered 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 CRR II. The Group consolidation methodology includes a deduction to reflect the impact of limitations in the transferability of entity liquidity around the Group. The result was an adjustment of $134bn to LCR HQLA and $7bn to LCR inflows on an average basis. During 1H24, we enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations. As Group LCR is reported as a 12-month average, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

At 30 June 2024, all of the Group's material operating entities exceeded their minimum required regulatory levels. The average Group LCR for the 12 months to 30 June 2024 was 137% or $174 bn above the regulatory requirement.

The average Group LCR HQLA of $646bn (31 December 2023: $648bn) was held in a range of asset classes and currencies.

The Group and its entities actively manage liquidity and funding drivers within their balance sheet, including derivatives and collateral management.

Net stable funding ratio

We use the NSFR or other appropriate metrics as a basis for ensuring operating entities raise sufficient stable funding to support their 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 Group NSFR over the previous four quarters was 138% at 30 June 2024 and 138% at 31 December 2023.

As highlighted in the LCR section, we enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations in 1H24. As Group NSFR is reported on an average basis, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

Currency mismatch in the LCR

The Group's internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currencies. Limits are set to ensure that outflows can be met, given assumptions on the 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.

Source of funding

Our primary sources of funding are customer current accounts and savings deposits payable on demand or at short notice. We issue secured and unsecured wholesale securities to supplement customer deposits, meet regulatory obligations and to change the currency mix, maturity profile or location of our liabilities.

- For details on our approach to managing liquidity risk, see the Treasury Risk management section page 8.
- More details on the concentration of funding and liquidity sources may be found on page 211 of the Annual Report and Accounts 2023.

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. The LCR, HQLA and net outflows are based on the average over the preceding 12 months.

Table 11: Quantitative information of LCR[1] (UK LIQ1)

		Quarter ended							
		30 Jun 2024		31 Mar 2024		31 Dec 2023		30 Sep 2023	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
		$m	**$m**	$m	$m	$m	$m	$m	$m
UK 1b	Number of data points used in the calculation of averages	**12**	**12**	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets ('HQLA')		**646,052**		645,789		647,505		641,068
	Cash outflows								
2	Retail deposits and small business funding	**844,777**	**90,817**	857,463	91,303	863,872	91,250	860,071	90,418
	– of which:								
3	stable deposits	**348,761**	**17,438**	356,599	17,830	361,335	18,067	360,587	18,029
4	less stable deposits	**496,016**	**73,379**	500,864	73,473	502,537	73,183	499,484	72,389
5	Unsecured wholesale funding	**788,146**	**355,493**	796,520	358,589	800,916	360,317	801,147	360,801
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**249,673**	**61,012**	251,419	61,449	252,460	61,719	253,059	61,888
7	– non-operational deposits (all counterparties)	**527,745**	**283,753**	534,794	286,833	538,682	288,824	539,000	289,825
8	– unsecured debt	**10,728**	**10,728**	10,307	10,307	9,774	9,774	9,088	9,088
9	Secured wholesale funding		**29,527**		29,355		31,011		31,452
10	Additional requirements	**333,111**	**99,137**	326,390	100,330	321,004	102,152	320,392	104,158
11	– outflows related to derivative exposures and other collateral requirements	**50,552**	**43,503**	51,512	45,129	53,412	47,645	55,499	50,484
13	– credit and liquidity facilities	**282,559**	**55,634**	274,878	55,201	267,592	54,507	264,893	53,674
14	Other contractual funding obligations	**99,966**	**63,366**	101,135	65,088	101,018	65,818	100,799	65,931
15	Other contingent funding obligations	**654,775**	**21,788**	663,448	21,888	664,049	21,774	657,492	21,075
16	**Total cash outflows**		**660,128**		666,553		672,322		673,835
	Cash inflows								
17	Secured lending transactions (including reverse repos)	**347,607**	**46,365**	343,819	47,931	335,246	48,630	324,746	47,187
18	Inflows from fully performing exposures	**108,691**	**82,418**	109,992	83,145	110,597	83,435	109,814	82,705
19	Other cash inflows	**116,281**	**59,012**	119,703	61,690	121,553	63,206	124,722	67,171
20	**Total cash inflows**	**572,579**	**187,795**	573,514	192,766	567,396	195,271	559,282	197,063
UK-20c	Inflows subject to 75% cap	**572,579**	**187,795**	573,514	192,766	567,396	195,271	559,282	197,063
	Liquidity coverage ratio (adjusted value)								
UK-21	Liquidity buffer		**646,052**		645,789		647,505		641,068
22	Total net cash outflows		**472,333**		473,787		477,051		476,772
23	Liquidity coverage ratio (%)		**137**		136		136		134

1 We enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations during 2Q24. As our Group LCR are reported on an average basis, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.

The table below shows the components of the NSFR for unweighted values by residual maturity and the resultant weighted amounts. The NSFR is the average of the preceding four quarters.

Table 12: Net stable funding ratio[1,2] (UK LIQ2)

		30 June 2024				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		$m	$m	$m	$m	$m
Available stable funding ('ASF') items						
1	Capital items and instruments	182,751	42	81	27,629	210,380
2	– Own funds	182,751	42	81	27,629	210,380
4	Retail deposits		844,434	1,586	727	779,458
5	– Stable deposits		348,079	386	105	331,112
6	– Less stable deposits		496,355	1,200	622	448,346
7	Wholesale funding:		1,144,200	42,333	153,663	530,930
8	– Operational deposits		234,960	33	—	117,496
9	– Other wholesale funding		909,240	42,300	153,663	413,434
10	Interdependent liabilities		3,333	—	—	—
11	Other liabilities:	2,952	268,796	348	23,169	23,343
12	– NSFR derivative liabilities	2,952				
13	– All other liabilities and capital instruments not included in the above categories		268,796	348	23,169	23,343
14	**Total available stable funding ('ASF')**					1,544,111
Required stable funding ('RSF') items						
15	Total high-quality liquid assets ('HQLA')					61,423
16	Deposits held at other financial institutions for operational purposes		528	—	—	264
17	Performing loans and securities:		558,760	103,229	854,570	872,508
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		189,766	8,257	2,810	12,882
19	– Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		94,792	5,951	6,520	19,007
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		144,550	56,103	272,209	589,433
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		1,870	1,836	23,494	234,220
22	– Performing residential mortgages		9,525	8,677	359,835	—
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		6,673	7,108	309,878	—
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		120,127	24,241	213,196	251,186
25	Interdependent assets		2,066	—	3,679	—
26	Other assets:		200,262	137	105,439	143,340
27	– Physical traded commodities				12,717	10,809
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		27,931	—	—	23,735
30	– NSFR derivative liabilities before deduction of variation margin posted		101,226	—	—	5,205
31	– All other assets not included in the above categories		71,105	137	92,722	103,591
32	Off-balance sheet items		190,996	87,659	647,707	37,555
33	**Total RSF**					1,115,090
34	Net stable funding ratio (%)					138

Table 12: Net stable funding ratio[1,2] (UK LIQ2)

		31 December 2023				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		$m	$m	$m	$m	$m
Available stable funding ('ASF') items						
1	Capital items and instruments	183,605	44	159	25,838	209,442
2	– Own funds	183,605	44	159	25,838	209,442
4	Retail deposits		866,634	2,838	939	801,557
5	– Stable deposits		363,232	707	181	345,888
6	– Less stable deposits		503,402	2,131	758	455,669
7	Wholesale funding:		1,128,068	39,491	166,065	546,468
8	– Operational deposits		241,680	50	66	120,931
9	– Other wholesale funding		886,388	39,441	165,999	425,537
10	Interdependent liabilities		2,499	—	—	—
11	Other liabilities:	2,512	258,120	341	44,298	44,468
12	– NSFR derivative liabilities	2,512				
13	– All other liabilities and capital instruments not included in the above categories		258,120	341	44,298	44,468
14	Total available stable funding ('ASF')					1,601,935
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					52,025
16	Deposits held at other financial institutions for operational purposes		419	—	—	209
17	Performing loans and securities:		577,617	102,617	895,827	909,816
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		204,888	8,349	2,097	11,585
19	– Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		97,576	5,064	5,256	17,059
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		146,922	56,183	292,913	621,460
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		1,763	1,737	27,078	241,815
22	– Performing residential mortgages		10,921	9,643	373,004	—
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		7,672	7,736	313,687	—
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		117,310	23,378	222,557	259,712
25	Interdependent assets		4,348	—	3,110	—
26	Other assets:		194,499	137	129,514	162,990
27	– Physical traded commodities				12,741	10,830
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		22,615	—	—	19,217
30	– NSFR derivative liabilities before deduction of variation margin posted		107,198	—	—	5,564
31	– All other assets not included in the above categories		64,686	137	116,773	127,379
32	Off-balance sheet items		184,909	73,254	655,060	37,305
33	Total RSF					1,162,345
34	Net stable funding ratio (%)					138

1 We enhanced our liquidity consolidation process and revised the associated provisions originally recognised to address historical limitations during 2Q24. As our Group NSFR are reported on an average basis, the benefit of these changes will be recognised incrementally over the coming year starting from 30 June 2024.
2 We enhanced our calculation processes during 1Q24 and our comparatives have been restated.

Interest rate risk in the banking book

Interest rate risk in the banking book ('IRRBB') is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent.

Risk management and governance

Global Treasury measures, monitors and manages interest rate risk in the banking book. This includes reviewing and challenging the interest rate risk management impacts of proposed new products and the related behavioural assumptions used for hedging activities. Global Treasury is also responsible for maintaining and updating the transfer pricing framework and informing the Holdings Asset and Liability Committee of the Group's overall banking book interest rate risk exposure.

All material interest rate risks must be identified, measured, monitored, managed and controlled by metrics within limits, at an entity level. Key measures used to monitor IRRBB include: projected net interest income ('NII') and economic value of equity ('EVE') sensitivities under varying interest rate scenarios as prescribed by the regulators as well as internally calibrated shocks. Amongst other risk measures, SVaR is used to measure and control the exposure of the portfolio of liquid securities, that are accounted for at FVOCI and held by Markets Treasury.

We monitor EVE and NII sensitivities against thresholds at both entity and consolidated levels. Global Treasury is subject to independent oversight and challenge from Treasury Risk, Internal Audit and model governance. The sensitivity calculations exclude pensions, insurance exposures and our interest in associates.

At HSBC, stress testing forms a key part of our risk management framework. HSBC runs various internal and regulatory stress tests during the year both at a Group and individual entity level. These help to identify the Group's exposure to key economic risks and how they impact on its financial and capital position in the event of a severe economic shock. Identifying these risks allows the Group to actively assess and implement effective risk management strategies to help mitigate risks before they occur. This also helps to ensure that the Group has adequate capital and liquidity to withstand severe but plausible hypothetical economic shocks, as defined in the stress scenarios, and helps determine our capital requirements under the internal capital adequacy process ('ICAAP').

Economic value of equity sensitivity and net interest income sensitivity

Economic Value of Equity ('EVE') measures the present value of the Banking Book Assets and Liabilities excluding equity, based on a run-off balance sheet. Economic Value of Equity Sensitivity measures the impact to EVE from a movement in interest rates, including the assumed term profile of non-maturing deposits having adjusted for stability and price sensitivity. It is measured and reported as part of HSBC's internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosures. The Group and operating entities monitor EVE sensitivities as a percentage of their capital resources, and this is currently calculated on a quarterly basis.

NII sensitivities apply varying interest rate scenarios (i.e. simulation modelling) under a static balance sheet whilst all other economic variables are held constant. This metric reflects the Group's sensitivity of NII due to changes in market interest rates, and is assessed over both one-year and three-year horizons.

Active management of IRRBB

Interest rate risk that can be economically hedged is transferred to Markets Treasury, with some exceptions. Hedging is generally executed through interest rate derivatives or fixed-rate bonds. Any interest rate risk that Markets Treasury cannot economically hedge is not transferred and will remain within the global businesses from where the risks originate.

Markets Treasury safeguards the entities by ensuring that risk remains within our risk appetite and seeks to generate sustainable returns through management of those risks within the risk appetite set by the Treasury Risk function (second line of defence). Markets Treasury manages a variety of risks including duration, spread, cross-currency basis, inflation and convexity utilising products including liquid fixed income securities, interest rate swaps, cross currency swaps, and money markets loans and deposits. The Treasury Risk function measures and monitors (against limits) the Markets Treasury exposures, using metrics including present value of one basis point, credit spread of one basis point and VaR on a daily basis.

The majority of Markets Treasury activity is capitalised on a banking book basis. The only Markets Treasury trading book activity is the use of FX swaps to manage cash. Markets Treasury operates in all of the banking entities within the Group and is managed at an entity level. All returns generated by Markets Treasury are transferred to the global businesses.

Interest rate shocks and stress scenarios applied

The NII sensitivities are indicative and based on the shocks prescribed by the PRA instructions (Rule 9.7 of the PRA Rulebook: CRR Firms: Internal Capital Adequacy Assessment and in accordance with Article 448(1) of the Disclosure (CRR) part of the PRA Rulebook).

The NII sensitivity calculations are done under the following shocks:

– parallel up;
– parallel down;
– these shocks consider an immediate impact of +/-200 basis points for US dollars, euros, Hong Kong dollars and +/-250 basis points for pound sterling to the current market-implied path of interest rates across all four currencies (effects over one year); and
– other currency shocks as per the regulatory guidelines (effects over one year).

The EVE sensitivities are based on the six PRA Standard Outlier Test shocks:

– parallel up;
– parallel down;
– steepener;
– flattener;
– short rates shock up; and
– short rates shock down.

Key modelling assumptions

For EVE sensitivities, commercial margins and other spread components have been excluded from the interest cash flows calculation, and all balance sheet items are discounted at risk-free rates back to the reporting date. As prescribed by the regulator, the interest rate floors start at -1.0% for overnight yield curve tenors and increase by five basis points per year to 0.0% at 20-year tenors. All of the negative values are netted with 50% of the positive values by currency, as per the regulatory guidelines.

For NII sensitivities, we assume a constant balance sheet, and we include commercial margins. All forecasted market rates are based on implied forward rates from the reporting date. Interest rate floors start at -1.0% for overnight yield curve tenors and increase by five basis points per year to 0.0% at 20-year tenors. We apply beta assumptions to the managed rate products, reflecting the degree to which we expect changes to market and policy rates to be passed on to customers. Customer pricing includes flooring where there are contractual obligations, and customer optionality including prepayment and early redemption risk is included where present. The impact of flooring is limited in the current rate environment.

Non-maturing deposits ('NMD') are deposits that have no explicit maturity and no explicit repricing date, thus behaviouralisation assumptions are applied.

The Pillar 3 disclosure has different assumptions to the Group IRRBB's internal model assumptions as well as individual entities. These different assumptions include, but are not limited to, treatment of NMDs, shocks and flooring.

Quantitative information on IRRBB

The most adverse NII sensitivity scenario over the next 12 months is the parallel down shock, resulting in a decrease in projected NII of $1,711m as at 30 June 2024, as compared with $3,223m as at 31 December 2023.

At 30 June 2024, the maximum decline in EVE was in the parallel up shock at $7,295m. This translates to 5.06% of tier 1 capital.

The changes in the sensitivities have been driven by factors including balance sheet evolution, increase in stabilisation activities in line with our strategy and modelling improvements. This includes a revision to the pass-on assumptions for major entities on certain interest-bearing deposits to a simplified 50%, to align with other disclosures and this will impact our sensitivities prospectively from 30 June 2024. We have not restated our comparatives, however our results would have reflected a reduction in the sensitivities irrespective of this change.

The average repricing maturity for NMDs, as of 30 June 2024, was 14 months, which is comparable with 31 December 2023. The longest repricing maturity for NMDs, as of 30 June 2024, was 120 months or 10 years.

Further details on our IRRBB and the net interest income sensitivity may be found on page 105 of the Interim Report 2024.

The table below discloses our changes in interest rate risk in the banking book for economic value of equity and net interest income, calculated under the supervisory shock scenarios defined in the PRA Rulebook.

Table 13: Quantitative information on IRRBB (UK IRRBB1)

		ΔEVE		ΔNII		Tier 1 capital	
		30 Jun 2024	31 Dec 2023	**30 Jun 2024**	31 Dec 2023	**30 Jun 2024**	31 Dec 2023
		$m	$m	**$m**	$m	**$m**	$m
10	Parallel shock up	**(7,295)**	(7,303)	**464**	1,337		
20	Parallel shock down	**3,575**	3,572	**(1,711)**	(3,223)		
30	Steepener shock	**(1,096)**	(1,664)				
40	Flattener shock	**(812)**	(519)				
50	Short rates shock up	**(2,974)**	(2,700)				
60	Short rates shock down	**1,444**	1,075				
70	Maximum	**(7,295)**	(7,303)	**(1,711)**	(3,223)		
80	Tier 1 capital					**144,258**	144,163

Minimum requirement for own funds and eligible liabilities

Overview and requirements

A minimum requirement for total loss absorbing capacity ('TLAC') in line with the final standards adopted by the Financial Stability Board came into effect in the UK in January 2019. This includes a minimum requirement for own funds and eligible liabilities ('MREL').

MREL includes own funds and liabilities that can be written down or converted into capital resources in order to absorb losses or recapitalise a bank in the event of its failure. The framework is complemented with disclosure requirements and these disclosures are based on the formats provided in the Basel Committee Standards for Pillar 3 disclosures requirements.

HSBC's preferred resolution strategy is a multiple point of entry ('MPE') bail-in, as determined by the Bank of England ('BoE') in coordination with HSBC's other regulators and members of HSBC's Global Crisis Management Group. This strategy provides flexibility for a resolution in two ways:

- through a bail-in at the HSBC Holdings level, which facilitates recapitalisation of operating bank subsidiaries in the Group (as required) through the write-down or conversion to equity of TLAC/MREL issued on an intra-Group basis, while restructuring actions are undertaken, with the Group remaining together; and/or
- at a resolution group level pursuant to the application of statutory resolution powers by host resolution authorities locally.

HSBC is expected to maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses in resolution and recapitalise to a level that ensures compliance with the conditions for regulatory authorisation and sustains market confidence. Further details on HSBC's resolvability can be found in our Resolvability Assessment Framework available on the hsbc.com website.

HSBC considers that the first option is the optimal strategy to deliver the most effective resolution outcome for its stakeholders, as it should help reduce the risk of disrupting the continuity of critical functions, including cross-border, wholesale services to clients between resolution groups and across the HSBC network to avoid the destruction of value associated with a disorderly and/or sudden break-up of our global business lines, and minimise the risk to public funds.

HSBC issues loss absorbing instruments to external investors from HSBC Holdings in order to ensure loss absorbing capacity is available to support the objectives of a resolution, were such an event to occur. In the event of a resolution of the Group, it is anticipated that the BoE will apply statutory powers to write down or convert to equity the TLAC/MREL issued externally by HSBC Holdings. This would enable operating bank subsidiaries of the Group to be recapitalised, as needed, to support the resolution objectives and maintain the provision of critical functions globally. Recapitalisation of operating bank subsidiaries could be achieved through the write-down, or conversion to equity, of internally issued TLAC/MREL as required. This approach to recapitalising the Group's operating bank subsidiaries would aim to allow the Group to stay together in order to help ensure an effective stabilisation of the Group as a whole and the continuity of critical functions, while also facilitating an orderly restructuring process, as needed, to address the cause of failure.

It is anticipated that any resolution of HSBC as a group would be coordinated by the BoE and the PRA as HSBC's home resolution authority and prudential regulator, respectively. HSBC expects that the BoE would coordinate closely with the Group's host resolution authorities outside the UK in the run-up to resolution and would seek to apply our resolution strategy pre-emptively to recapitalise operating bank subsidiaries as needed.

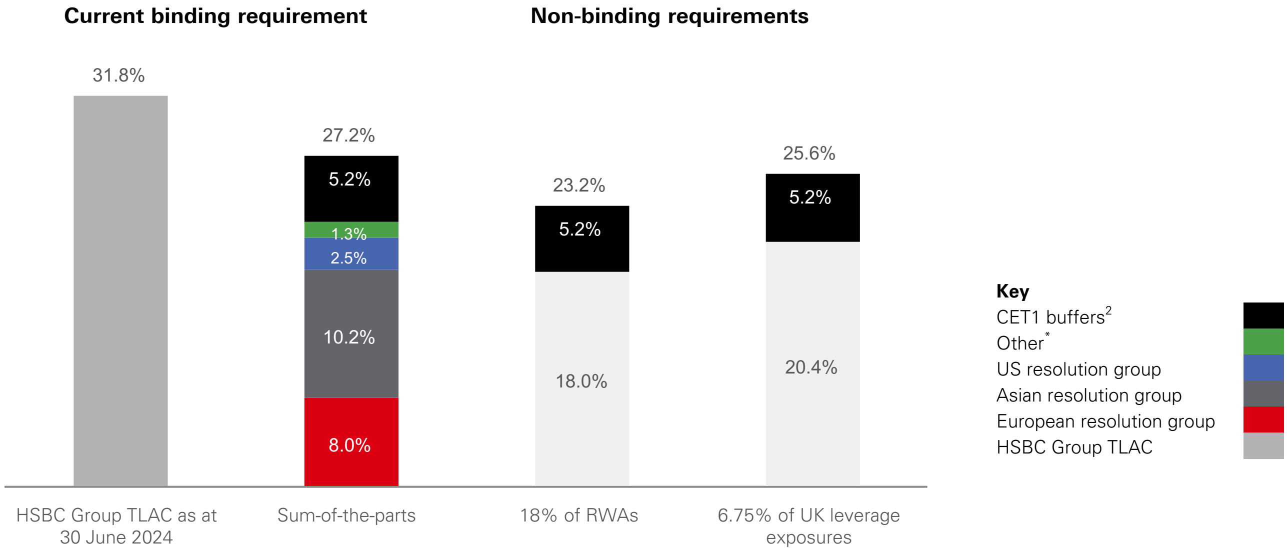
Given the Group's corporate structure, HSBC is overseen by various regulators and resolution authorities. Host resolution authorities outside the UK could also use their statutory resolution powers in respect of the resolution groups for which they are responsible. This may occur, for example, in the event that host resolution authorities feel that holding the Group together may no longer achieve their resolution objectives. The application of these local statutory resolution powers may or may not result in such resolution groups ceasing to be part of the Group, depending on the resolution strategy adopted by the relevant host resolution authority. HSBC's operating bank subsidiaries that are not part of the three resolution groups would be subject to relevant statutory proceedings independently of the rest of the Group, if the conditions to initiating such proceedings were met.

In line with the existing structure and business model, HSBC has three resolution groups – the European resolution group, the Asian resolution group and the US resolution group. There are some smaller entities that fall outside of these resolution groups. The table below lists the resolution groups, the related resolution entities and their material subsidiaries subject to TLAC requirements.

Resolution structure

Resolution group	Resolution entity	Material entity/sub-group with MREL requirements
European resolution group	HSBC Holdings plc	HSBC Bank plc
		HSBC UK Bank plc
		HSBC Continental Europe
Asian resolution group	HSBC Asia Holdings Limited	The Hongkong and Shanghai Banking Corporation Limited
		Hang Seng Bank Limited
US resolution group	HSBC North America Holdings Inc	N/A

MREL/TLAC position versus requirements[1] of Group RWAs



* Capital or TLAC requirements relating to other Group entities.
1 Excludes Pillar 2B requirements.
2 Group CET1 buffers are shown in addition to the MREL requirements. The buffers shown in addition to the RWA, leverage and sum-of-the-parts TLAC/MREL requirement are calculated in accordance with the PRA Supervisory statement 16/16 updated in December 2020.

The current binding requirement for the Group is the sum-of-the-parts requirement, which is made up of the sum of each resolution group's local regulatory requirements and other group entities' local requirements.

Including capital buffers this requirement is equivalent to 27.2% of RWAs as at 30 June 2024 against which we have a buffer of $38.4bn. The chart above highlights the Group's binding requirements.

The external MREL requirement applicable in 2024 is the highest of:

– 18% of the Group's consolidated RWAs;
– 6.75% of the Group's consolidated leverage exposure; or
– the sum of all loss absorbing capital ('LAC') requirements and other capital requirements relating to other Group entities or sub-groups.

HSBC Holdings is the provider of own funds, MREL-eligible debt and other types of funding to its subsidiaries. These investments are funded by HSBC Holdings' own equity capital and MREL-eligible debt.

In line with the BoE MREL statement of policy, non CET1 own funds instruments issued to external holders are no longer eligible as external or internal MREL if issued by a non-resolution entity. Therefore, since 1 January 2022, non-CET1 own funds instruments issued by HSBC Bank plc, HSBC Bank USA NA, and HSBC Continental Europe SA no longer qualify as external or internal MREL. Their eligibility as own funds instruments is not impacted.

Further details of our approach to capital management can be found in 'Treasury risk management' on page 97 of the Interim Report 2024.

Key metrics of the resolution groups

The following tables summarise key metrics for the total loss absorbing capacity for each of the Group's three resolution groups. Fully loaded values and ratios are calculated without applying any regulatory transitional arrangements for expected credit losses ('ECL') that may be available to the resolution group.

The Group and the European resolution group report in accordance with CRR II, and the leverage exposure is calculated in line with the PRA's UK leverage rules and excludes central bank claims. Reporting for the Asian resolution group follows the Hong Kong Monetary Authority regulatory rules and there are no IFRS 9 transitional arrangements. For the US resolution group, leverage exposures and ratios are based on 'total assets for the leverage ratio' as reported in the regulatory capital calculations. The US accounting standard corresponding to IFRS 9 is in force with transitional adjustments.

Table 14.i: Key metrics of the European resolution group (KM2)

		At				
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
1	Total loss absorbing capacity ('TLAC') available ($bn)	**105.7**	97.6	103.0	99.4	103.3
1a	Fully loaded ECL accounting model TLAC available ($bn)	**105.7**	97.6	103.0	99.4	103.3
2	Total RWAs at the level of the resolution group ($bn)	**280.9**	278.4	275.0	261.4	271.3
3	TLAC as a percentage of RWA (row1/row2) (%)	**37.6**	35.1	37.5	38.0	38.1
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**37.6**	35.1	37.4	38.0	38.1
4	Leverage exposure measure at the level of the resolution group ($bn)	**992.9**	998.0	969.0	907.0	927.0
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**10.6**	9.8	10.6	11.0	11.1
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model leverage exposure measure (%)	**10.6**	9.8	10.6	11.0	11.1
6a	Does the subordination exemption in the antepenultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of section 11 of the FSB TLAC term sheet apply?	**No**	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/A**	N/A	N/A	N/A	N/A

Table 14.ii: Key metrics of the Asian resolution group (KM2)

		At				
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
1	Total loss absorbing capacity ('TLAC') available ($bn)	**110.9**	110.8	110.7	108.2	110.3
1a	Fully loaded ECL accounting model TLAC available ($bn)	**110.9**	110.8	110.7	108.2	110.3
2	Total RWA at the level of the resolution group ($bn)	**420.0**	418.7	411.2	404.2	404.1
3	TLAC as a percentage of RWA (row1/row2) (%)	**26.4**	26.5	26.9	26.8	27.3
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**26.4**	26.5	26.9	26.8	27.3
4	Leverage exposure measure at the level of the resolution group ($bn)	**1,257.1**	1,257.1	1,237.8	1,222.8	1,211.6
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**8.8**	8.8	8.9	8.8	9.1
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%)	**8.8**	8.8	8.9	8.8	9.1
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/A**	N/A	N/A	N/A	N/A

Table 14.iii: Key metrics of the US resolution group (KM2)

		At				
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023	30 Jun 2023
1	Total loss absorbing capacity ('TLAC') available ($bn)	**23.3**	23.2	23.1	23.1	24.0
1a	Fully loaded ECL accounting model TLAC available ($bn)	**23.3**	23.2	23.1	23.1	24.0
2	Total RWA at the level of the resolution group ($bn)	**109.9**	107.3	105.1	106.0	107.2
3	TLAC as a percentage of RWA (row1/row2) (%)	**21.2**	21.6	22.0	21.8	22.4
3a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%)	**21.2**	21.6	22.0	21.8	22.4
4	Leverage exposure measure at the level of the resolution group ($bn)	**231.8**	229.4	222.4	216.3	217.5
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	**10.1**	10.1	10.4	10.7	11.0
5a	Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%)	**10.1**	10.1	10.4	10.7	11.0
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	**No**	No	No	No	No
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised as external TLAC if no cap was applied (%)	**N/A**	N/A	N/A	N/A	N/A

Given the MPE resolution strategy, and the fact that the BoE framework includes requirements set on the basis of the HSBC Group consolidated position, the following table presents data for both the consolidated Group and the resolution groups.

The European resolution group must meet minimum eligible liabilities requirements, and its own funds are reduced to avoid duplication of own funds and TLAC eligible liabilities across resolution groups and non-resolution group entities. Under the current approach, this reduction includes investment in TLAC eligible liabilities, issued by the Asian and US resolution groups, which is against own funds rather than on a corresponding basis against non-regulatory capital elements of TLAC. Alternative approaches, aimed at achieving the same objective, are being considered. The difference between Group CET1 and the aggregate of resolution groups' CET1 is driven by entities that fall outside of the resolution groups and by differences in regulatory frameworks in addition to the investment in TLAC eligible liabilities noted above.

Table 15: TLAC composition (TLAC1)

		At 30 Jun 2024				At 31 Dec 2023			
			Resolution group				Resolution group		
		Group	**European**	**Asian**	**US**	Group	European	Asian	US
		$bn	**$bn**	**$bn**	**$bn**	$bn	$bn	$bn	$bn
	Regulatory capital elements of TLAC and adjustments								
1	Common equity tier 1 capital ('CET1')	**125.3**	**11.7**	**66.4**	**12.6**	126.5	3.9	65.1	12.4
2	Additional tier 1 capital ('AT1') before TLAC adjustments	**19.0**	**18.7**	**6.8**	**1.7**	17.7	17.6	6.9	1.6
4	Other adjustments	**—**	**(18.7)**	**—**	**—**	—	(17.6)	—	—
5	AT1 instruments eligible under the TLAC framework	**19.0**	**—**	**6.8**	**1.7**	17.7	—	6.9	1.6
6	Tier 2 capital ('T2') before TLAC adjustments	**27.8**	**27.7**	**8.3**	**2.2**	27.0	27.0	8.9	2.2
7	Amortised portion of T2 instruments where remaining maturity >1 year	**2.5**	**2.5**	**—**	**—**	3.2	3.2	—	—
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	**(0.9)**	**(0.5)**	**—**	**—**	(1.1)	(0.7)	—	—
9	Other adjustments	**(0.3)**	**(28.0)**	**—**	**(2.2)**	(0.1)	(27.1)	—	(2.2)
10	T2 instruments eligible under the TLAC framework	**29.1**	**1.7**	**8.3**	**—**	29.0	2.4	8.9	—
11	TLAC arising from regulatory capital	**173.4**	**13.4**	**81.5**	**14.3**	173.2	6.3	80.9	14.1
	Non-regulatory capital elements of TLAC								
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	**92.3**	**92.3**	**29.4**	**9.0**	96.7	96.7	29.8	9.0
17	TLAC arising from non-regulatory capital instruments before adjustments	**92.3**	**92.3**	**29.4**	**9.0**	96.7	96.7	29.8	9.0
	Non-regulatory capital elements of TLAC: adjustments								
18	TLAC before deductions	**265.7**	**105.7**	**110.9**	**23.3**	269.9	103.0	110.7	23.1
22	TLAC after deductions	**265.7**	**105.7**	**110.9**	**23.3**	269.9	103.0	110.7	23.1
	Risk-weighted assets and leverage exposure measure for TLAC purposes								
23	Total risk-weighted assets	**835.1**	**280.9**	**420.0**	**109.9**	854.1	275.0	411.2	105.1
24	Leverage exposure measure	**2,514.5**	**992.9**	**1,257.1**	**231.8**	2,574.8	969.0	1,237.8	222.4
	TLAC ratios and buffers (%)								
25	TLAC (as a percentage of risk-weighted assets)	**31.8**	**37.6**	**26.4**	**21.2**	31.6	37.5	26.9	22.0
26	TLAC (as a percentage of leverage exposure)	**10.6**	**10.6**	**8.8**	**10.1**	10.5	10.6	8.9	10.4
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	**9.0**	**N/A**	**N/A**	**3.2**	8.9	N/A	N/A	4.0
28	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	**5.2**	**N/A**	**N/A**	**2.5**	5.2	N/A	N/A	2.5
29	– of which: capital conservation buffer requirement	**2.5**	**N/A**	**N/A**	**2.5**	2.5	N/A	N/A	2.5
30	bank-specific countercyclical buffer requirement	**0.7**	**N/A**	**N/A**	**N/A**	0.7	N/A	N/A	N/A
31	higher loss absorbency (G-SIB) requirement	**2.0**	**N/A**	**N/A**	**N/A**	2.0	N/A	N/A	N/A

Creditor ranking at legal entity level

The following tables present information regarding the ranking of creditors in the liability structure of legal entities at 30 June 2024.

The main features of capital instruments disclosure for the Group, Asia and US resolution groups are published on our website at www.hsbc.com/investors/fixed-income-investors/regulatory-capital-securities.

European resolution group

The European resolution group comprises HSBC Holdings plc, the designated resolution entity, together with its material operating entities – namely HSBC Bank plc and its subsidiaries including HSBC Continental Europe, and HSBC UK Bank plc and its subsidiaries.

The tables present the ranking of creditors of HSBC Holdings plc resolution entities, and their material sub-group entities. Nominal values are disclosed.

Table 16: HSBC Holdings plc creditor ranking (TLAC3)

		Creditor ranking ($m)				Sum of 1 to 4
		1 (most junior)	2	3	4 (most senior)	
1	Description of creditor ranking	Ordinary shares[1]	Preference shares, AT1 instruments and certain Subordinated Notes	Subordinated notes	Senior notes and other pari passu liabilities	
2	Total capital and liabilities net of credit risk mitigation	9,310	19,608	32,811	102,404	164,133
3	– of row 2 that are excluded liabilities[2]	—	—	—	1,121	1,121
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)[3]	9,310	19,608	32,811	101,283	163,012
5	– of row 4 that are potentially eligible as TLAC[3]	9,310	18,708	31,206	96,601	155,825
6	– of row 5 with 1 year ≤ residual maturity < 2 years	—	—	1,500	13,634	15,134
7	– of row 5 with 2 years ≤ residual maturity < 5 years	—	—	4,213	44,213	48,426
8	– of row 5 with 5 years ≤ residual maturity < 10 years	—	—	11,021	31,134	42,155
9	– of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	14,472	7,620	22,092
10	– of row 5 that are perpetual securities	9,310	18,708	—	—	28,018

1 Excludes the value of share premium and reserves attributable to ordinary shareholders.
2 Excluded liabilities are defined in CRR II Article 72a (2). The current balance mainly relates to liabilities with a maturity of less than seven days and accruals for service company recharges.
3 The difference between rows 4 and 5 relates to TLAC eligible securities of $3.8bn which are maturing within one year, pari passu liabilities of $2.5bn and the ineligible internal subordinated notes issued to HSBC Capital Funding (Dollar 1) LP of $0.9bn.

Table 17: HSBC UK Bank plc creditor ranking (TLAC2)

		Creditor ranking ($m)				Sum of 1 to 4
		1 (most junior)	2	3	4 (most senior)	
1	Is the resolution entity the creditor/investor?[1]	Yes	Yes	Yes	Yes	
2	Description of creditor ranking	Ordinary shares[2]	AT1 instruments	Subordinated loans	Senior subordinated loans	
3	Total capital and liabilities net of credit risk mitigation	—	2,774	4,035	15,884	22,693
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	—	2,774	4,035	15,884	22,693
6	– of row 5 that are eligible as TLAC	—	2,774	4,035	15,884	22,693
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	632	632
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	8,777	8,777
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	4,035	6,475	10,510
11	– of row 6 that are perpetual securities	—	2,774	—	—	2,774

1 The entity's capital and TLAC are owned by HSBC Holdings plc.
2 The nominal value of ordinary shares is £50,002. This excludes the value of share premium and reserves attributable to ordinary shareholders.

Table 18: HSBC Bank plc creditor ranking (TLAC2)

		Creditor ranking ($m)					Sum of 1 to 4
		1	2	3	4	4	
		(most junior)			(most senior)	(most senior)	
1	Is the resolution entity the creditor/investor?[1]	Yes	Yes	Yes	Yes	No	
2	Description of creditor ranking	Ordinary shares[2]	Third Dollar preference shares and AT1 instruments	Undated primary capital notes	Subordinated notes and subordinated loans[3]	Subordinated notes and subordinated loans[3]	
3	Total capital and liabilities net of credit risk mitigation	1,007	5,233	—	20,065	1,729	28,034
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)[4]	1,007	5,233	—	20,065	1,729	28,034
6	– of row 5 that are eligible as TLAC	1,007	5,233	—	20,065	—	26,305
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	4,286	—	4,286
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	14,656	—	14,656
10	– of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	1,123	—	1,123
11	– of row 6 that are perpetual securities	1,007	5,233	—	—	—	6,240

1 The entity's ordinary shares are owned by HSBC Holdings plc.
2 Excludes the value of share premium and reserves attributable to ordinary shareholders.
3 The subordination notes and subordinated loans disclosures have been enhanced to reflect where they are owned by the resolution entity.
4 The difference between rows 5 and 6 relates to externally issued non-CET1 own funds. From 1 January 2022, in line with the Bank of England Statement of Policy on MREL (December 2021), non-CET1 own fund instruments issued externally by HSBC Bank plc and its subsidiaries no longer count towards MREL for HSBC Bank plc.

Asian resolution group

The Asian resolution group comprises HSBC Asia Holdings Ltd, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and their subsidiaries. HSBC Asia Holdings Ltd is the designated resolution entity.

The following tables below present information regarding the ranking of creditors of HSBC Asia Holdings Limited, The Hongkong and Shanghai Banking Corporation Limited, and Hang Seng Bank Limited.

Table 19: HSBC Asia Holdings Ltd creditor ranking[1] (TLAC3)

		Creditor ranking ($m)				Sum of 1 to 4
		1	2	3	4	
		(most junior)			(most senior)	
1	Description of creditor ranking	Ordinary shares[2]	AT1 instruments	Tier 2 instruments	LAC loans	
2	Total capital and liabilities net of credit risk mitigation	57,587	6,707	3,823	30,433	98,550
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	57,587	6,707	3,823	30,433	98,550
5	– of row 4 that are potentially eligible as TLAC	57,587	6,707	3,823	30,433	98,550
6	– of row 5 with 1 year ≤ residual maturity < 2 years	—	—	—	5,000	5,000
7	– of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	14,931	14,931
8	– of row 5 with 5 years ≤ residual maturity < 10 years	—	—	3,823	5,337	9,160
9	– of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	5,165	5,165
10	– of row 5 that are perpetual securities	57,587	6,707	—	—	64,294

1 The entity's capital and loss-absorbing capacity ('LAC') are held by HSBC Holdings plc.
2 Excludes the value of share premium and reserves attributable to ordinary shareholders.

Table 20: The Hongkong and Shanghai Banking Corporation Ltd creditor ranking (TLAC2)

		Creditor ranking ($m)				Sum of 1 to 4
		1	2	3	4	
		(most junior)			(most senior)	
1	Is the resolution entity the creditor/investor?	Yes	Yes	Yes	Yes	
2	Description of creditor ranking	Ordinary shares[1]	AT1 instruments	Tier 2 instruments	LAC loans	
3	Total capital and liabilities net of credit risk mitigation	23,073	6,707	3,823	30,433	64,036
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	23,073	6,707	3,823	30,433	64,036
6	– of row 5 that are eligible as TLAC	23,073	6,707	3,823	30,433	64,036
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	5,000	5,000
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	14,931	14,931
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	3,823	5,337	9,160
10	– of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	5,165	5,165
11	– of row 6 that are perpetual securities	23,073	6,707	—	—	29,780

1 Excludes the value of share premium and reserves attributable to ordinary shareholders.

Table 21: Hang Seng Bank Ltd creditor ranking (TLAC2)

		Creditor ranking ($m)			Sum of 1 to 3
		1	2	3	
		(most junior)		(most senior)	
1	Is the resolution entity the creditor/investor?	No	No	No	
2	Description of creditor ranking	Ordinary shares[1]	AT1 instruments	LAC loans	
3	Total capital and liabilities net of credit risk mitigation	1,237	1,500	3,522	6,259
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	1,237	1,500	3,522	6,259
6	– of row 5 that are eligible as TLAC	1,237	1,500	3,522	6,259
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	799	799
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	2,323	2,323
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	400	400
11	– of row 6 that are perpetual securities	1,237	1,500	—	2,737

1 Excludes the value of reserves attributable to ordinary shareholders.

US resolution group

The US resolution group comprises HSBC North America Holdings Inc. and its subsidiaries. HSBC North America Holdings Inc. is the designated resolution entity.

The following table presents information regarding the ranking of creditors of HSBC North America Holdings Inc.

Table 22: HSBC North America Holdings Inc. creditor ranking[1] (TLAC3)

		Creditor ranking ($m)				Sum of 1 to 4
		1	2	3	4	
		(most junior)			(most senior)	
1	Description of creditor ranking	Common stock[2]	Preferred stock	Subordinated loans	Senior unsecured loans and other pari passu liabilities	
2	Total capital and liabilities net of credit risk mitigation	—	1,640	—	10,617	12,257
3	– of row 2 that are excluded liabilities[3]	—	—	—	193	193
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)[4]	—	1,640	—	10,424	12,064
5	– of row 4 that are potentially eligible as TLAC	—	1,640	—	9,000	10,640
7	– of row 5 with 2 years ≤ residual maturity < 5 years	—	—	—	6,500	6,500
8	– of row 5 with 5 years ≤ residual maturity < 10 years	—	—	—	2,500	2,500
10	– of row 5 that are perpetual securities	—	1,640	—	—	1,640

1 The entity's capital and TLAC are held by HSBC Overseas Holdings (UK) Limited.
2 The nominal value of common stock is $2. This excludes the value of share premium and reserves attributable to ordinary shareholders.
3 Excluded liabilities consist of 'unrelated liabilities' as defined in the final US TLAC rules. These mainly represent accrued employee benefit obligations.
4 Row 4 includes liabilities related to intercompany borrowings with US resolution group subsidiaries that are not eligible as TLAC.

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.

There have been no material changes to our policies and practices, which are described in the Pillar 3 Disclosures at 31 December 2023.

Further details of our approach to credit risk may be found in 'Credit Risk' on page 64 of the Interim Report 2024.

Credit quality of assets

Our credit risk profile is diversified across a number of asset classes and geographies with a credit quality profile 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. 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 66 of the Interim Report 2024.

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 23: 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
		$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
005	Cash balances at central banks and other demand deposits	320.2	319.5	0.7	—	—	—	—	—	—	—	—	—	—
010	**Loans and advances**	1,307.3	1,189.8	111.2	23.4	23.4	(3.8)	(1.3)	(2.5)	(7.3)	(7.3)	(2.1)	870.9	12.4
020	Central banks	30.8	30.7	0.1	—	—	—	—	—	—	—	—	4.2	—
030	General governments	8.9	8.8	0.1	0.2	0.2	—	—	—	—	—	—	3.3	0.1
040	Credit institutions	135.5	135.2	0.1	—	—	—	—	—	—	—	—	88.4	—
050	Other financial corporations	263.2	254.9	3.0	0.5	0.5	(0.1)	(0.1)	—	(0.2)	(0.2)	—	163.1	0.2
060	Non-financial corporations	420.4	359.2	60.4	19.1	19.1	(2.0)	(0.6)	(1.4)	(6.2)	(6.2)	(1.9)	213.7	9.8
070	– of which: SMEs	20.5	16.6	3.9	1.5	1.5	(0.2)	(0.1)	(0.1)	(0.3)	(0.3)	(0.1)	15.3	1.1
080	Households	448.5	401.0	47.5	3.6	3.6	(1.7)	(0.6)	(1.1)	(0.9)	(0.9)	(0.2)	398.2	2.3
090	**Debt securities**	459.9	457.2	1.0	—	—	(0.1)	—	—	—	—	—	34.4	—
100	Central banks	26.9	26.9	—	—	—	—	—	—	—	—	—	—	—
110	General governments	377.5	376.2	0.7	—	—	(0.1)	—	—	—	—	—	30.6	—
120	Credit institutions	37.0	36.9	0.1	—	—	—	—	—	—	—	—	3.6	—
130	Other financial corporations	14.0	13.7	—	—	—	—	—	—	—	—	—	0.1	—
140	Non-financial corporations	4.5	3.5	0.2	—	—	—	—	—	—		—	0.1	—
150	**Off-balance-sheet exposures**	995.0	638.5	27.3	2.8	1.4	(0.4)	(0.2)	(0.2)	(0.3)	(0.1)		110.0	0.3
160	Central banks	1.1	1.0	—	—	—	—	—	—	—	—		—	—
170	General governments	4.6	3.8	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	63.5	56.5	0.2	—	—	—	—	—	—	—		—	—
190	Other financial corporations	116.5	84.2	4.9	0.1	0.1	—	—	—	—	—		16.7	—
200	Non-financial corporations	550.6	238.1	18.7	2.4	1.0	(0.3)	(0.1)	(0.2)	(0.3)	(0.1)		37.2	0.2
210	Households	258.7	254.9	3.5	0.3	0.3	(0.1)	(0.1)	—	—	—		56.1	0.1
220	**Total at 30 Jun 2024**	3,082.4	2,605.0	140.2	26.2	24.8	(4.3)	(1.5)	(2.7)	(7.6)	(7.4)	(2.1)	1,015.3	12.7

Table 23: 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	Accu-mulated partial write-off	On perfor-ming expo-sures	On non-perfo-rming expo-sures
		$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
005	Cash balances at central banks and other demand deposits	332.1	330.9	1.2	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	1,314.2	1,183.8	125.0	20.1	20.1	(4.4)	(1.2)	(3.2)	(7.2)	(7.2)	(2.0)	900.6	9.6
020	Central banks	41.8	41.1	0.6	—	—	—	—	—	—	—	—	12.1	—
030	General governments	8.5	8.3	0.2	0.2	0.2	—	—	—	—	—	—	3.2	0.1
040	Credit institutions	138.4	138.2	0.1	—	—	—	—	—	—	—	—	93.0	—
050	Other financial corporations	249.0	240.8	3.8	0.8	0.8	(0.1)	(0.1)	—	(0.3)	(0.3)	—	174.9	0.2
060	Non-financial corporations	427.9	354.5	72.6	15.5	15.5	(2.2)	(0.5)	(1.7)	(6.0)	(6.0)	(1.8)	221.1	7.2
070	– of which: SMEs	26.5	21.5	5.0	1.9	1.9	(0.3)	(0.1)	(0.2)	(0.3)	(0.3)	—	20.0	1.5
080	Households	448.6	400.9	47.7	3.6	3.6	(2.1)	(0.6)	(1.5)	(0.9)	(0.9)	(0.2)	396.3	2.1
090	Debt securities	433.3	430.6	1.2	—	—	(0.1)	—	(0.1)	—	—	—	32.7	—
100	Central banks	26.2	26.1	0.1	—	—	—	—	—	—	—	—	—	—
110	General governments	358.8	357.0	1.0	—	—	(0.1)	—	(0.1)	—	—	—	29.4	—
120	Credit institutions	31.0	30.9	0.1	—	—	—	—	—	—	—	—	2.9	—
130	Other financial corporations	13.9	13.6	—	—	—	—	—	—	—	—	—	0.2	—
140	Non-financial corporations	3.4	3.0	—	—	—	—	—	—	—	—	—	0.2	—
150	Off-balance-sheet exposures	1,017.6	656.0	31.6	3.0	1.7	(0.3)	(0.2)	(0.1)	(0.3)	(0.2)		142.8	0.3
160	Central banks	0.8	0.8	—	—	—	—	—	—	—	—		—	—
170	General governments	4.4	3.4	—	—	—	—	—	—	—	—		—	—
180	Credit institutions	57.5	50.7	0.2	—	—	—	—	—	—	—		0.8	—
190	Other financial corporations	112.7	86.6	4.9	0.1	0.1	—	—	—	—	—		28.5	—
200	Non-financial corporations	584.1	260.2	23.0	2.5	1.3	(0.3)	(0.2)	(0.1)	(0.3)	(0.2)		56.1	0.1
210	Households	258.1	254.3	3.5	0.4	0.3	—	—	—	—	—		57.4	0.2
220	Total at 31 Dec 2023	3,097.2	2,601.3	159.0	23.1	21.8	(4.8)	(1.4)	(3.4)	(7.5)	(7.4)	(2.0)	1,076.1	9.9

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

Table 24: 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	**255,808**	**1,054,428**	**507,459**	**478,523**	**20,435**	**2,316,653**
2	Debt securities	**161**	**200,545**	**174,456**	**84,373**	**312**	**459,847**
3	**Total at 30 Jun 2024[1]**	**255,969**	**1,254,973**	**681,915**	**562,896**	**20,747**	**2,776,500**
1	Loans and advances	258,301	921,250	471,716	520,406	1,369	2,173,042
2	Debt securities	—	197,739	149,603	88,304	—	435,646
3	Total at 31 Dec 2023	258,301	1,118,989	621,319	608,710	1,369	2,608,688

1 We enhanced our disclosures to align with Table CR1 and now include forward asset purchases, securitisation positions, settlement accounts and off-balance assets held for sale. As a result, the loans and advances and debt securities increased by $163bn. Further reporting process improvements resulted in reclassifications of exposures between different maturity buckets. These changes are not included at 31 December 2023 however we estimate an increase of $170bn to the total net exposure value and the increase is primarily in the less than 1 year maturity bucket.

The table below shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the six months to June.

Table 25: Changes in the stock of non-performing loans and advances (CR2)

		Half-year to 30 Jun	
		2024	2023
		Gross carrying value	Gross carrying value
		$m	$m
10	**Initial stock of non-performing loans and advances**	**20,034**	21,611
20	Inflows to non-performing portfolios	**8,204**	4,829
30	Outflows from non-performing portfolios	**(793)**	(1,560)
40	Outflows due to write-offs	**(1,550)**	(1,378)
50	Outflow due to other situations[1]	**(2,489)**	(2,205)
60	**Final stock of non-performing loans and advances**	**23,406**	21,297

1 Other situations include foreign exchange movements, repayments and assets held for sale in default.

Non-performing and forborne exposures

Tables 26 to 29 below are presented in accordance with the European Banking Authority's ('EBA') 'Guidelines on disclosure of non-performing and forborne exposures'.

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 2023 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 2023, 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.
– No exposure to the debtor is more than 30 days past due during or at the end of the probation period.

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

Table 26: 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**	**5,350**	**8,791**	**8,791**	**8,791**	**(295)**	**(2,650)**	**6,714**	**4,015**
050	Other financial corporations	**109**	**215**	**215**	**215**	**(1)**	**(48)**	**214**	**149**
060	Non-financial corporations	**4,409**	**7,232**	**7,232**	**7,232**	**(190)**	**(2,306)**	**5,591**	**3,104**
070	Households	**832**	**1,344**	**1,344**	**1,344**	**(104)**	**(296)**	**909**	**762**
090	**Loan commitments given**	**213**	**416**	**416**	**416**	**—**	**(4)**	**126**	**102**
100	**Total at 30 Jun 2024**	**5,563**	**9,207**	**9,207**	**9,207**	**(295)**	**(2,654)**	**6,840**	**4,117**
010	Loans and advances	6,666	6,859	6,859	6,859	(373)	(2,267)	6,343	2,892
050	Other financial corporations	70	37	37	37	(2)	(11)	35	12
060	Non-financial corporations	5,778	5,536	5,536	5,536	(257)	(1,949)	5,355	2,098
070	Households	818	1,286	1,286	1,286	(114)	(307)	953	782
090	Loan commitments given	86	329	329	329	—	(1)	65	45
100	Total at 31 Dec 2023	6,752	7,188	7,188	7,188	(373)	(2,268)	6,408	2,937

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, while the accumulated negative changes are 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 27: Collateral obtained by taking possession and execution processes (CQ7)

		At 30 Jun 2024		At 31 Dec 2023	
		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	**71.4**	**(6.2)**	79.4	(11.9)
030	Residential immovable property	**48.7**	**(4.3)**	65.3	(9.2)
040	Commercial immovable property	**13.3**	**(1.9)**	13.9	(2.7)
050	Movable property (auto, shipping, etc.)	**0.4**	**—**	0.1	—
070	Other	**9.0**	**—**	0.1	—
080	**Total**	**71.4**	**(6.2)**	79.4	(11.9)

Concentration risk

Concentrations of credit risk arise when a number of counterparties or exposures that have comparable economic characteristics are engaged in similar activities or, operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions.

We have a number of global businesses with a broad range of products. We operate in a number of geographical markets with the majority of our exposures in Asia and Europe. We use a number of controls and measures to minimise undue concentration of exposure in our portfolios across industries, countries and global businesses. These include portfolio and counterparty limits, approval and review controls, and stress testing. The following tables present information on the concentration of exposures by geography and industry.

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

		a	b	c	d	e	f
		Gross carrying/ Nominal amount					
		Total	**of which: non-performing**	**of which: defaulted**	**of which: subject to impairment**	**Accumulated impairment**	**Provisions on off-balance sheet commitments and financial guarantee given**
		$m	**$m**	**$m**	**$m**	**$m**	**$m**
010	**On-balance sheet exposures**	**1,790,594**	**23,425**	**23,425**	**1,782,538**	**(11,119)**	
020	United Kingdom	**387,087**	**5,157**	**5,157**	**385,131**	**(2,200)**	
030	Hong Kong	**341,870**	**8,245**	**8,245**	**340,180**	**(2,738)**	
040	United States	**304,207**	**1,035**	**1,035**	**302,750**	**(350)**	
070	Other countries/territories	**757,430**	**8,988**	**8,988**	**754,477**	**(5,831)**	
080	**Off-balance sheet exposures**	**997,841**	**2,764**	**2,764**			**(683)**
90	Hong Kong	**216,775**	**344**	**344**			**(41)**
100	United Kingdom	**129,552**	**402**	**402**			**(138)**
110	United States	**127,478**	**362**	**362**			**(50)**
140	Other countries/territories	**524,036**	**1,656**	**1,656**			**(454)**
150	**Total at 30 Jun 2024**	**2,788,435**	**26,189**	**26,189**	**1,782,538**	**(11,119)**	**(683)**
010	On-balance sheet exposures	1,767,522	20,051	20,051	1,760,605	(11,712)	
020	United Kingdom	365,954	5,121	5,121	364,832	(2,326)	
030	Hong Kong	350,671	4,358	4,358	348,939	(2,382)	
040	United States	287,408	994	994	285,567	(376)	
070	Other countries/territories	763,489	9,578	9,578	761,267	(6,628)	
080	Off-balance sheet exposures	1,020,552	3,007	3,007			(611)
90	Hong Kong	219,193	192	192			(39)
100	United Kingdom	126,789	514	514			(164)
110	United States	131,931	463	463			(45)
140	Other countries/territories	542,639	1,838	1,838			(363)
150	Total at 31 Dec 2023	2,788,074	23,058	23,058	1,760,605	(11,712)	(611)

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

		Gross carrying amount				
		Total	of which: non-performing	of which: defaulted	of which: subject to impairment	Accumulated impairment
		$m	$m	$m	$m	$m
010	Agriculture, forestry and fishing	**7,291**	**299**	**299**	**7,290**	**(119)**
020	Mining and quarrying	**7,803**	**325**	**325**	**7,803**	**(75)**
030	Manufacturing	**93,009**	**1,771**	**1,771**	**92,430**	**(1,105)**
040	Electricity, gas, steam and air conditioning supply	**17,115**	**245**	**245**	**16,958**	**(130)**
050	Water supply	**3,353**	**21**	**21**	**3,353**	**(37)**
060	Construction	**34,243**	**4,218**	**4,218**	**34,243**	**(2,675)**
070	Wholesale and retail trade	**88,882**	**3,165**	**3,165**	**88,796**	**(1,700)**
080	Transport and storage	**22,349**	**443**	**443**	**22,349**	**(285)**
090	Accommodation and food service activities	**14,781**	**1,530**	**1,530**	**14,773**	**(270)**
100	Information and communication	**19,279**	**295**	**295**	**19,279**	**(207)**
110	Financial and insurance activities	**265**	**—**	**—**	**265**	**(1)**
120	Real estate activities	**64,557**	**4,687**	**4,687**	**64,557**	**(652)**
130	Professional, scientific and technical activities	**26,683**	**813**	**813**	**26,674**	**(382)**
140	Administrative and support service activities	**22,397**	**586**	**586**	**22,397**	**(284)**
150	Public administration and defence, compulsory social security	**89**	**—**	**—**	**89**	**—**
160	Education	**2,309**	**96**	**96**	**2,309**	**(52)**
170	Human health services and social work activities	**4,108**	**166**	**166**	**4,108**	**(47)**
180	Arts, entertainment and recreation	**1,666**	**98**	**98**	**1,666**	**(60)**
190	Other services	**9,300**	**292**	**292**	**9,277**	**(119)**
200	**Total at 30 Jun 2024**	**439,479**	**19,050**	**19,050**	**438,616**	**(8,200)**
010	Agriculture, forestry and fishing	7,236	307	307	7,236	(131)
020	Mining and quarrying	7,718	326	326	7,718	(102)
030	Manufacturing	92,296	1,999	1,999	91,741	(1,197)
040	Electricity, gas, steam and air conditioning supply	16,083	287	287	15,882	(128)
050	Water supply	3,264	103	103	3,264	(62)
060	Construction	35,477	3,956	3,956	35,477	(2,690)
070	Wholesale and retail trade	87,552	2,564	2,564	87,462	(1,551)
080	Transport and storage	22,620	543	543	22,620	(231)
090	Accommodation and food service activities	15,894	970	970	15,886	(257)
100	Information and communication	19,478	299	299	19,478	(173)
110	Financial and insurance activities	291	9	9	291	(2)
120	Real estate activities	66,290	2,085	2,085	66,290	(735)
130	Professional, scientific and technical activities	26,523	740	740	26,513	(400)
140	Administrative and support service activities	22,396	597	597	22,396	(269)
150	Public administration and defence, compulsory social security	1,042	—	—	1,042	(1)
160	Education	2,416	77	77	2,416	(40)
170	Human health services and social work activities	4,326	183	183	4,326	(56)
180	Arts, entertainment and recreation	1,993	99	99	1,993	(42)
190	Other services	10,465	328	328	10,442	(158)
200	Total at 31 Dec 2023	443,360	15,472	15,472	442,473	(8,225)

Risk mitigation

Our approach when granting credit facilities is to do so 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 with regard 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 credit risk mitigation techniques. The on-balance sheet exposures exclude assets held for sale.

Table 30: 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**	**1,639,824**	**756,508**	**883,316**	**786,379**	**96,937**
	Central banks	**337,917**	**333,697**	**4,220**	**4,159**	**61**
	General governments	**9,139**	**5,686**	**3,453**	**2,979**	**474**
	Credit institutions	**148,563**	**60,182**	**88,381**	**88,282**	**99**
	Other financial corporations	**263,385**	**100,027**	**163,358**	**154,755**	**8,603**
	Non-financial corporations	**431,279**	**207,797**	**223,482**	**143,450**	**80,032**
	Households	**449,541**	**49,119**	**400,422**	**392,754**	**7,668**
2	**Debt securities**	**459,846**	**425,416**	**34,430**	**—**	**34,430**
	Central banks	**26,883**	**26,883**	**—**	**—**	**—**
	General governments	**377,530**	**346,882**	**30,648**	**—**	**30,648**
	Credit institutions	**36,984**	**33,420**	**3,564**	**—**	**3,564**
	Other financial corporations	**13,992**	**13,876**	**116**	**—**	**116**
	Non-financial corporations	**4,457**	**4,355**	**102**	**—**	**102**
3	**Total at 30 Jun 2024**	**2,099,670**	**1,181,924**	**917,746**	**786,379**	**131,367**
4	– of which: non-performing exposures	**16,164**	**3,781**	**12,383**	**10,182**	**2,201**
5	– of which: defaulted	**16,164**	**3,781**	**12,383**		
1	Loans and advances	1,654,769	744,550	910,219	813,834	96,385
	Central banks	361,563	349,496	12,067	11,999	68
	General governments	8,704	5,412	3,292	2,871	421
	Credit institutions	150,735	57,725	93,010	92,889	121
	Other financial corporations	249,406	74,230	175,176	166,280	8,896
	Non-financial corporations	435,134	206,915	228,219	149,503	78,716
	Households	449,227	50,772	398,455	390,292	8,163
2	Debt securities	433,135	400,465	32,670	—	32,670
	Central banks	26,173	26,173	—	—	—
	General governments	358,764	329,352	29,412	—	29,412
	Credit institutions	30,972	28,112	2,860	—	2,860
	Other financial corporations	13,890	13,656	234	—	234
	Non-financial corporations	3,336	3,172	164	—	164
3	Total at 31 Dec 2023	2,087,904	1,145,015	942,889	813,834	129,055
4	– of which: non-performing exposures	12,811	3,228	9,583	7,142	2,441
5	– of which: defaulted	12,811	3,228	9,583		

The table below shows the bridge between the Group's financial balance sheet line items and the regulatory scope of exposures presented in the above CR3 table, with the carrying amount being reconciled to total exposures for loans and advances reported in the CR3 table. Cash and balances at central banks recognised as loans and advances excludes cash in hand of $5,445m. Loans and advances to customers excludes asset-backed securities amounting to $19m. Other financial assets includes acceptances, settlement balances and items in course of collection; financial assets measured at fair value through other comprehensive income ('FVOCI'); fair value through profit or loss ('FVTPL') and amortised cost; deconsolidation of insurance/other entities and consolidation of banking associates.

Table 30.i: Analysis of accounting lines comprising total exposures in CR3

	Loans and advances: secured and unsecured	
	30 Jun 2024	31 Dec 2023
	$m	$m
Assets as reported in financial statements		
Cash and balances at central banks	**271,667**	279,631
Loans and advances to banks	**102,057**	112,902
Loans and advances to customers	**938,238**	938,516
Reverse repurchase agreement - non-trading	**230,189**	252,217
Other financial assets	**97,673**	71,503
Carrying amount reported in table CR3	**1,639,824**	1,654,769

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. Collective investment undertakings includes equity calculated under the look-through approach using the equity simple risk-weight method.

Table 31: Standardised approach – credit conversion factor and credit risk mitigation effects (CR4)

		Exposures before CCF and CRM		**Exposures post-CCF and CRM**		**RWAs and RWA density**	
		On-balance sheet amount	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWAs**	**RWA density**
		$m	**$m**	**$m**	**$m**	**$m**	**%**
	Asset classes						
1	Central governments or central banks	**291,691**	**2,745**	**316,057**	**2,890**	**5,178**	**2**
2	Regional governments or local authorities	**2,782**	**244**	**6,460**	**19**	**597**	**9**
3	Public sector entities	**10,284**	**165**	**135**	**3**	**107**	**77**
4	Multilateral development banks	**16,704**	**482**	**18,700**	**247**	**125**	**1**
5	International organisations	**5,222**	**—**	**5,222**	**—**	**—**	**—**
6	Institutions	**1,628**	**1,882**	**2,090**	**1,990**	**1,769**	**43**
7	Corporates	**77,725**	**86,109**	**76,739**	**12,685**	**80,012**	**89**
8	Retail	**28,524**	**54,468**	**21,349**	**372**	**16,027**	**74**
9	Secured by mortgages on immovable property	**52,027**	**1,204**	**52,027**	**309**	**19,248**	**37**
10	Exposures in default	**2,778**	**727**	**2,691**	**227**	**3,642**	**125**
11	Exposures associated with particularly high risk	**207**	**54**	**157**	**9**	**249**	**150**
14	Collective investment undertakings	**1,971**	**12**	**1,971**	**6**	**1,651**	**83**
15	Equity	**16,350**	**70**	**16,350**	**70**	**37,473**	**228**
16	Other items	**18,185**	**279**	**18,185**	**279**	**10,306**	**56**
17	**Total at 30 Jun 2024**	**526,078**	**148,441**	**538,133**	**19,106**	**176,384**	**32**
1	Central governments or central banks	302,253	2,862	326,719	2,346	5,346	2
2	Regional governments or local authorities	2,554	356	5,944	39	799	13
3	Public sector entities	9,322	197	311	13	104	32
4	Multilateral development banks	12,122	474	14,071	244	122	1
5	International organisations	3,954	—	3,954	—	—	—
6	Institutions	1,377	1,747	1,838	2,052	1,640	42
7	Corporates	75,298	80,459	68,980	11,414	77,697	97
8	Retail	21,936	50,309	21,171	440	15,924	74
9	Secured by mortgages on immovable property	33,469	1,015	33,469	303	12,951	38
10	Exposures in default	2,349	632	2,277	221	3,169	127
11	Exposures associated with particularly high risk	220	57	161	7	251	150
14	Collective investment undertakings	2,125	19	2,125	9	1,811	85
15	Equity	16,488	71	16,487	71	37,662	227
16	Other items	14,559	331	14,559	331	9,620	65
17	Total at 31 Dec 2023	498,026	138,529	512,066	17,490	167,096	32

The table below discloses credit risk exposures under the standardised approach by risk weights, split into exposure class. Securitisation positions are not included in this table. Collective investment undertakings includes equity calculated under the look-through approach using the equity simple risk-weight method.

Table 32: Standardised approach – exposures by asset classes and risk weights (CR5)

	Risk weight ('RW%')	0% $bn	2% $bn	10% $bn	20% $bn	35% $bn	50% $bn	70% $bn	75% $bn	100% $bn	150% $bn	250% $bn	370% $bn	1250% $bn	Others $bn	Total credit exposure amount (post-CCF and CRM) $bn	of which: un-rated $bn
	Asset classes																
1	Central governments or central banks	**315.6**	**—**	**—**	**0.3**	**—**	**1.0**	**—**	**—**	**0.3**	**0.1**	**1.7**	**—**	**—**	**—**	**319.0**	**0.3**
2	Regional governments or local authorities	**5.8**	**—**	**—**	**—**	**—**	**0.2**	**—**	**—**	**0.4**	**—**	**0.1**	**—**	**—**	**—**	**6.5**	**0.3**
3	Public sector entities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**0.1**	**—**	**—**	**—**	**—**	**—**	**0.1**	**0.1**
4	Multilateral development banks	**18.4**	**—**	**—**	**0.4**	**—**	**0.1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**18.9**	**—**
5	International organisations	**5.2**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5.2**	**—**
6	Institutions	**—**	**1.2**	**—**	**0.1**	**—**	**2.2**	**—**	**—**	**0.6**	**—**	**—**	**—**	**—**	**—**	**4.1**	**1.8**
7	Corporates	**—**	**—**	**—**	**10.8**	**0.4**	**2.7**	**—**	**—**	**72.8**	**2.7**	**—**	**—**	**—**	**—**	**89.4**	**52.4**
8	Retail	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**21.7**	**—**	**—**	**—**	**—**	**—**	**—**	**21.7**	**21.7**
9	Secured by mortgages on immovable property	**—**	**—**	**—**	**—**	**50.9**	**—**	**—**	**—**	**1.4**	**—**	**—**	**—**	**—**	**—**	**52.3**	**52.3**
10	Exposures in default	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1.5**	**1.4**	**—**	**—**	**—**	**—**	**2.9**	**2.9**
11	Exposures associated with particularly high risk	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**0.2**	**—**	**—**	**—**	**—**	**0.2**	**0.2**
14	Collective investment undertakings	**0.5**	**—**	**—**	**0.5**	**—**	**0.2**	**—**	**—**	**0.7**	**—**	**—**	**—**	**0.1**	**—**	**2.0**	**0.6**
15	Equity	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2.4**	**—**	**14.0**	**—**	**—**	**—**	**16.4**	**16.4**
16	Other items	**0.2**	**—**	**—**	**10.0**	**—**	**—**	**—**	**—**	**8.3**	**—**	**—**	**—**	**—**	**—**	**18.5**	**18.5**
17	**Total at 30 Jun 2024**	**345.7**	**1.2**	**—**	**22.1**	**51.3**	**6.4**	**—**	**21.7**	**88.5**	**4.4**	**15.8**	**—**	**0.1**	**—**	**557.2**	**167.5**

Table 32: Standardised approach – exposures by asset classes and risk weights (CR5) (continued)

	Risk weight ('RW%')	0%	2%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total credit exposure amount (post-CCF and CRM)	of which: un-rated
		$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn	$bn
1	Central governments or central banks	325.7	—	—	0.2	—	1.0	—	—	0.2	0.1	1.8	—	—	—	329.0	0.2
2	Regional governments or local authorities	5.1	—	—	—	—	0.3	—	—	0.5	—	0.1	—	—	—	6.0	0.5
3	Public sector entities	0.1	—	—	0.2	—	—	—	—	—	—	—	—	—	—	0.3	—
4	Multilateral development banks	13.7	—	—	0.6	—	—	—	—	—	—	—	—	—	—	14.3	—
5	International organisations	4.0	—	—	—	—	—	—	—	—	—	—	—	—	—	4.0	—
6	Institutions	—	1.4	—	0.1	—	1.7	—	—	0.7	—	—	—	—	—	3.9	2.0
7	Corporates	—	—	—	3.5	0.4	1.0	—	—	72.8	2.7	—	—	—	—	80.4	54.0
8	Retail	—	—	—	—	—	—	—	21.6	—	—	—	—	—	—	21.6	21.6
9	Secured by mortgages on immovable property	—	—	—	—	32.0	—	—	—	1.8	—	—	—	—	—	33.8	33.8
10	Exposures in default	—	—	—	—	—	—	—	—	1.2	1.3	—	—	—	—	2.5	2.5
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	—	—	0.2	—	—	—	—	0.2	0.2
14	Collective investment undertakings	0.5	—	—	0.5	—	0.2	—	—	0.8	—	—	—	0.1	—	2.1	0.9
15	Equity	—	—	—	—	—	—	—	—	2.5	—	14.1	—	—	—	16.6	16.6
16	Other items	0.2	—	—	6.4	—	—	—	—	8.3	—	—	—	—	—	14.9	14.9
17	Total at 31 Dec 2023	349.3	1.4	—	11.5	32.4	4.2	—	21.6	88.8	4.3	16.0	—	0.1	—	529.6	147.2

The table below discloses the detailed key parameters used for the calculation of capital requirements of credit risk exposure under the IRB approach, broken down by exposure class and PD range. The risk parameters within this table do not reflect the application of PMAs. The table excludes securitisation positions and non-credit obligation assets. The number of obligors disclose the single obligor with multiple PD ratings is counted separately for every PD band. We count these on the basis of our exposure to the original counterparty, reported in the first two columns of this table. The disclosures across all PD ranges are modelled LGD. Deferred tax RWAs reported on an IRB approach are not included in this table. Slotting exposures are disclosed in table 36, specialised lending and equity exposures under the simple risk-weight approach (CR10).

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6)

PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post-CCF and post-CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions[1]
	$bn	$bn	%	$bn	%		%	years	$bn	%	$bn	$bn
AIRB – Central government and central banks												
0.00 to <0.15	**428.6**	**2.1**	**24.8**	**428.7**	**0.02**	**304**	**43.4**	**2.0**	**33.4**	**8**	**—**	**—**
0.00 to <0.10	**417.3**	**1.6**	**26.6**	**419.0**	**0.01**	**186**	**43.3**	**2.0**	**30.2**	**7**	**—**	**—**
0.10 to <0.15	**11.3**	**0.5**	**15.5**	**9.7**	**0.13**	**118**	**45.0**	**1.9**	**3.2**	**33**	**—**	**—**
0.15 to <0.25	**1.3**	**0.5**	**1.1**	**1.3**	**0.22**	**9**	**45.0**	**1.1**	**0.5**	**37**	**—**	**—**
0.25 to <0.50	**1.1**	**—**	**14.5**	**1.1**	**0.37**	**9**	**45.0**	**1.3**	**0.6**	**53**	**—**	**—**
0.50 to <0.75	**2.2**	**—**	**31.1**	**2.2**	**0.63**	**11**	**45.0**	**1.0**	**1.4**	**66**	**—**	**—**
0.75 to <2.50	**3.3**	**0.5**	**72.5**	**3.5**	**1.21**	**104**	**44.0**	**1.3**	**3.1**	**89**	**—**	**—**
0.75 to <1.75	**3.3**	**0.2**	**93.8**	**3.5**	**1.21**	**97**	**44.0**	**1.3**	**3.1**	**89**	**—**	**—**
1.75 to <2.5	**—**	**0.3**	**14.3**	**—**	**2.25**	**7**	**45.0**	**0.3**	**—**	**105**	**—**	**—**
2.50 to <10.00	**3.2**	**0.3**	**68.4**	**2.9**	**3.46**	**13**	**45.0**	**1.0**	**3.7**	**128**	**0.1**	**—**
2.5 to <5	**2.7**	**—**	**23.3**	**2.7**	**3.10**	**10**	**45.0**	**1.0**	**3.3**	**124**	**0.1**	**—**
5 to <10	**0.5**	**0.3**	**69.3**	**0.2**	**7.85**	**3**	**44.9**	**1.2**	**0.4**	**178**	**—**	**—**
10.00 to <100.00	**2.6**	**—**	**—**	**2.6**	**13.57**	**4**	**49.1**	**1.1**	**6.3**	**244**	**0.2**	**0.1**
10 to <20	**2.6**	**—**	**—**	**2.6**	**13.57**	**4**	**49.1**	**1.1**	**6.3**	**244**	**0.2**	**0.1**
20 to <30	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
30 to <100.00	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100.00 (Default)	**0.2**	**—**	**—**	**0.1**	**100.00**	**2**	**6.1**	**4.4**	**0.1**	**75**	**—**	**—**
Sub-total	**442.5**	**3.4**	**25.4**	**442.4**	**0.16**	**456**	**43.4**	**2.0**	**49.1**	**11**	**0.3**	**0.1**
AIRB – Institutions												
0.00 to <0.15	**65.6**	**12.9**	**26.7**	**70.4**	**0.05**	**2,808**	**39.3**	**1.4**	**14.9**	**21**	**—**	**—**
0.00 to <0.10	**56.9**	**9.4**	**28.4**	**60.6**	**0.04**	**1,718**	**38.6**	**1.4**	**10.3**	**17**	**—**	**—**
0.10 to <0.15	**8.7**	**3.5**	**22.0**	**9.8**	**0.13**	**1,090**	**43.8**	**1.5**	**4.6**	**47**	**—**	**—**
0.15 to <0.25	**2.0**	**1.4**	**22.8**	**2.3**	**0.22**	**179**	**29.0**	**1.0**	**0.7**	**31**	**—**	**—**
0.25 to <0.50	**0.5**	**0.4**	**8.0**	**0.6**	**0.37**	**89**	**42.4**	**0.8**	**0.3**	**61**	**—**	**—**
0.50 to <0.75	**0.9**	**0.3**	**16.7**	**1.0**	**0.63**	**89**	**42.3**	**0.8**	**0.7**	**66**	**—**	**—**
0.75 to <2.50	**1.8**	**2.1**	**23.7**	**0.5**	**1.35**	**136**	**44.2**	**1.8**	**0.6**	**102**	**—**	**—**
0.75 to <1.75	**0.4**	**0.6**	**24.8**	**0.5**	**1.28**	**108**	**43.9**	**1.8**	**0.6**	**101**	**—**	**—**
1.75 to <2.5	**1.4**	**1.5**	**14.8**	**—**	**2.25**	**28**	**47.7**	**1.2**	**—**	**118**	**—**	**—**
2.50 to <10.00	**0.1**	**—**	**20.0**	**—**	**4.70**	**19**	**56.8**	**1.2**	**—**	**183**	**—**	**—**
2.5 to <5	**0.1**	**—**	**18.4**	**—**	**3.90**	**14**	**52.8**	**0.9**	**—**	**157**	**—**	**—**
5 to <10	**—**	**—**	**40.0**	**—**	**5.78**	**5**	**62.1**	**1.6**	**—**	**217**	**—**	**—**
10.00 to <100.00	**—**	**—**	**16.8**	**—**	**10.11**	**5**	**45.1**	**4.9**	**—**	**275**	**—**	**—**
10 to <20	**—**	**—**	**16.8**	**—**	**10.10**	**4**	**45.1**	**4.9**	**—**	**275**	**—**	**—**
30 to <100.00	**—**	**—**	**90.0**	**—**	**36.00**	**1**	**82.1**	**1.0**	**—**	**452**	**—**	**—**
100.00 (Default)	**—**	**—**	**—**	**—**	**100.00**	**2**	**1.8**	**4.0**	**—**	**10**	**—**	**—**
Sub-total	**70.9**	**17.1**	**25.7**	**74.8**	**0.10**	**3,327**	**39.1**	**1.4**	**17.2**	**23**	**—**	**—**
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	**2.3**	**0.8**	**40.6**	**2.4**	**0.09**	**47**	**21.3**	**3.8**	**0.4**	**17**	**—**	**—**
0.00 to <0.10	**1.1**	**0.4**	**68.7**	**1.4**	**0.07**	**22**	**19.0**	**4.4**	**0.2**	**15**	**—**	**—**
0.10 to <0.15	**1.2**	**0.4**	**10.8**	**1.0**	**0.13**	**25**	**24.6**	**2.9**	**0.2**	**21**	**—**	**—**
0.15 to <0.25	**1.7**	**0.8**	**47.9**	**2.0**	**0.22**	**59**	**26.5**	**3.1**	**0.5**	**26**	**—**	**—**
0.25 to <0.50	**0.8**	**0.7**	**34.1**	**1.0**	**0.37**	**29**	**32.1**	**3.9**	**0.5**	**48**	**—**	**—**
0.50 to <0.75	**1.6**	**1.0**	**46.2**	**1.8**	**0.63**	**45**	**26.7**	**2.9**	**0.8**	**45**	**—**	**—**
0.75 to <2.50	**1.6**	**1.8**	**56.4**	**1.9**	**1.09**	**48**	**28.4**	**3.5**	**1.2**	**65**	**0.1**	**—**
0.75 to <1.75	**1.5**	**1.6**	**57.4**	**1.8**	**1.05**	**44**	**27.8**	**3.5**	**1.1**	**63**	**0.1**	**—**
1.75 to <2.5	**0.1**	**0.2**	**31.9**	**0.1**	**2.25**	**4**	**42.5**	**1.5**	**0.1**	**107**	**—**	**—**

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post-CCF and post-CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions[1]
	$bn	$bn	%	$bn	%		%	years	$bn	%	$bn	$bn
2.50 to <10.00	—	0.1	32.1	0.1	4.89	3	25.1	4.0	0.1	96	—	—
2.5 to <5	—	0.1	31.2	—	3.05	1	36.4	2.3	—	112	—	—
5 to <10	—	—	43.7	0.1	5.75	2	19.7	4.9	0.1	89	—	—
10.00 to <100.00	0.1	—	76.4	0.1	21.57	5	31.9	2.2	0.1	154	—	—
10 to <20	0.1	—	82.8	0.1	16.55	4	30.8	2.0	0.1	135	—	—
30 to <100.00	—	—	71.7	—	36.00	1	35.0	2.7	—	210	—	—
100.00 (Default)	0.1	0.3	54.2	0.2	100.00	8	19.6	2.0	0.2	91	—	—
Sub-total	**8.2**	**5.5**	**46.9**	**9.5**	**3.03**	**244**	**26.1**	**3.3**	**3.8**	**41**	**0.1**	**—**
AIRB – Corporate – SME												
0.00 to <0.15	0.9	1.7	8.6	1.1	0.06	229	16.2	2.0	0.1	6	—	—
0.00 to <0.10	0.7	1.2	4.1	0.8	0.04	40	12.0	2.3	—	3	—	—
0.10 to <0.15	0.2	0.5	20.0	0.3	0.12	189	27.6	1.3	0.1	12	—	—
0.15 to <0.25	0.4	0.8	23.9	0.6	0.22	462	33.3	1.6	0.1	23	—	—
0.25 to <0.50	1.2	1.4	17.4	1.5	0.37	628	18.8	2.2	0.3	18	—	—
0.50 to <0.75	0.8	1.0	17.8	1.0	0.63	503	30.9	2.1	0.4	38	—	—
0.75 to <2.50	4.4	3.5	20.6	5.0	1.46	2,150	30.9	1.9	2.5	53	—	—
0.75 to <1.75	3.3	2.9	19.7	3.8	1.23	1,585	30.3	1.9	1.8	49	—	—
1.75 to <2.5	1.1	0.6	25.6	1.2	2.25	565	32.6	1.9	0.7	64	—	—
2.50 to <10.00	1.1	0.7	27.3	1.2	4.00	596	37.5	1.8	1.1	88	—	—
2.5 to <5	0.9	0.6	27.6	1.0	3.56	450	37.1	1.8	0.9	85	—	—
5 to <10	0.2	0.1	25.6	0.2	6.37	146	39.8	1.8	0.2	105	—	—
10.00 to <100.00	0.1	0.1	25.2	0.1	16.56	106	42.3	1.5	0.2	154	—	—
10 to <20	0.1	0.1	25.3	0.1	13.30	89	45.1	1.3	0.2	160	—	—
20 to <30	—	—	—	—	—	—	—	—	—	—	—	—
30 to <100.00	—	—	24.6	—	41.78	17	21.2	3.1	—	104	—	—
100.00 (Default)	0.1	—	20.0	0.2	100.00	33	38.2	1.7	0.3	164	0.1	0.1
Sub-total	**9.0**	**9.2**	**18.3**	**10.7**	**2.89**	**4,707**	**28.8**	**1.9**	**5.0**	**47**	**0.1**	**0.1**
AIRB – Corporate – Other												
0.00 to <0.15	101.6	161.5	31.7	174.4	0.07	7,802	42.3	1.8	35.1	20	0.1	0.1
0.00 to <0.10	70.6	105.4	33.4	120.5	0.05	4,157	40.8	1.9	18.6	15	—	0.1
0.10 to <0.15	31.0	56.1	28.5	53.9	0.13	3,645	45.8	1.6	16.5	31	0.1	—
0.15 to <0.25	25.3	53.7	28.6	46.7	0.22	4,033	42.4	1.7	18.4	40	0.1	—
0.25 to <0.50	23.7	41.2	25.2	39.2	0.37	3,979	42.0	1.6	21.3	54	0.1	—
0.50 to <0.75	29.3	36.6	26.9	34.7	0.63	4,729	39.7	1.5	21.7	62	0.2	0.1
0.75 to <2.50	73.9	86.2	27.5	74.8	1.38	22,641	39.8	1.7	65.2	87	0.4	0.2
0.75 to <1.75	47.6	59.4	27.1	61.2	1.18	17,121	40.0	1.7	53.7	88	0.3	0.1
1.75 to <2.5	26.3	26.8	29.6	13.6	2.24	5,520	38.8	1.7	11.5	85	0.1	0.1
2.50 to <10.00	20.1	21.7	28.7	16.3	4.35	6,768	40.0	1.7	20.9	128	0.3	0.2
2.5 to <5	13.2	15.5	28.9	12.2	3.57	5,123	40.1	1.6	14.7	120	0.2	0.1
5 to <10	6.9	6.2	28.2	4.1	6.69	1,645	39.6	1.7	6.2	153	0.1	0.1
10.00 to <100.00	5.4	3.5	29.4	4.7	23.80	1,189	37.0	1.8	8.7	186	0.4	0.3
10 to <20	4.3	3.0	32.0	3.6	14.50	954	35.3	1.7	6.6	181	0.2	0.2
20 to <30	—	—	5.9	—	23.61	13	89.6	1.0	—	486	—	—
30 to <100.00	1.1	0.5	20.1	1.1	54.94	222	42.6	2.1	2.1	200	0.2	0.1
100.00 (Default)	10.5	1.4	36.8	9.8	100.00	1,941	38.6	1.5	11.1	113	4.1	3.9
Sub-total	**289.8**	**405.8**	**29.3**	**400.6**	**3.31**	**53,082**	**41.3**	**1.7**	**202.4**	**51**	**5.7**	**4.8**
Wholesale AIRB – Total at 30 Jun 2024	**820.4**	**441.0**	**29.1**	**938.0**		**61,816**		**1.8**	**277.5**	**30**	**6.2**	**5.0**

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post CCF and post CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
AIRB – Secured by mortgages on immovable property SME												
0.00 to <0.15	—	0.1	—	—	0.03	3	10.0	—	—	1	—	—
0.00 to <0.10	—	0.1	—	—	0.03	3	10.0	—	—	1	—	—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
0.25 to <0.50	—	—	—	—	0.45	43	24.7	—	—	15	—	—
0.50 to <0.75	—	—	—	—	0.57	105	25.7	—	—	18	—	—
0.75 to <2.50	0.1	—	—	0.1	1.50	297	19.0	—	—	28	—	—
0.75 to <1.75	0.1	—	—	0.1	1.31	246	19.1	—	—	27	—	—
1.75 to <2.5	—	—	0.1	—	2.23	51	18.6	—	—	33	—	—
2.50 to <10.00	0.1	—	10.0	0.1	4.28	633	25.1	—	0.1	61	—	—
2.5 to <5	0.1	—	10.2	0.1	3.76	511	24.9	—	0.1	57	—	—
5 to <10	—	—	9.8	—	6.71	122	26.3	—	—	81	—	—
10.00 to <100.00	—	—	—	—	21.52	79	25.9	—	—	115	—	—
10 to <20	—	—	—	—	11.80	28	27.6	—	—	107	—	—
20 to <30	—	—	—	—	25.48	51	25.2	—	—	118	—	—
100.00 (Default)	—	—	100.0	—	100.00	180	29.8	—	—	74	—	—
Sub-total	**0.2**	**0.1**	**0.5**	**0.2**	**13.91**	**1,340**	**23.6**	**—**	**0.1**	**50**	**—**	**—**
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	77.4	14.2	62.1	85.9	0.08	344,219	11.3	—	10.6	12	—	—
0.00 to <0.10	41.1	9.5	65.5	47.1	0.05	160,094	11.3	—	6.5	14	—	—
0.10 to <0.15	36.3	4.7	55.2	38.8	0.12	184,125	11.3	—	4.1	11	—	—
0.15 to <0.25	39.4	2.7	48.8	40.5	0.19	177,876	11.6	—	4.8	12	—	—
0.25 to <0.50	96.0	2.6	36.4	96.7	0.32	521,463	12.7	—	9.3	10	0.1	—
0.50 to <0.75	40.7	0.6	47.2	41.0	0.53	211,441	13.9	—	5.7	14	0.1	—
0.75 to <2.50	51.0	1.6	50.7	51.9	1.09	247,035	12.7	—	10.0	19	0.1	0.1
0.75 to <1.75	46.4	1.4	54.4	47.3	1.00	220,246	12.8	—	8.7	18	0.1	0.1
1.75 to <2.5	4.6	0.2	21.0	4.6	1.98	26,789	12.4	—	1.3	28	—	—
2.50 to <10.00	6.8	0.3	28.6	6.9	4.08	32,999	11.5	—	2.9	41	—	—
2.5 to <5	6.5	0.3	29.9	6.6	3.93	30,804	11.2	—	2.6	39	—	—
5 to <10	0.3	—	21.3	0.3	7.13	2,195	17.3	—	0.3	84	—	—
10.00 to <100.00	0.9	0.1	107.3	0.9	21.45	8,620	10.9	—	0.7	77	—	—
10 to <20	0.7	0.1	128.4	0.7	13.43	7,051	11.2	—	0.6	85	—	—
20 to <30	—	—	—	—	23.08	97	10.1	—	—	51	—	—
30 to <100.00	0.2	—	38.1	0.2	46.93	1,472	9.9	—	0.1	53	—	—
100.00 (Default)	1.4	—	4.8	1.4	100.00	9,674	13.8	—	1.8	125	0.1	0.1
Sub-total	**313.6**	**22.1**	**55.8**	**325.2**	**0.97**	**1,553,327**	**12.3**	**—**	**45.8**	**14**	**0.4**	**0.2**
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	5.8	82.4	44.3	42.3	0.06	15,532,537	89.7	—	1.8	4	—	0.3
0.00 to <0.10	4.4	70.7	44.9	36.1	0.05	13,324,551	89.3	—	1.3	3	—	0.3
0.10 to <0.15	1.4	11.7	40.4	6.2	0.13	2,207,986	92.3	—	0.5	8	—	—
0.15 to <0.25	1.1	6.9	53.2	4.7	0.20	2,131,632	88.4	—	0.6	13	—	—
0.25 to <0.50	2.0	6.8	49.8	5.4	0.37	1,892,617	88.9	—	1.1	20	—	—
0.50 to <0.75	1.5	2.2	52.8	2.6	0.60	663,593	89.2	—	0.8	30	—	—
0.75 to <2.50	4.2	5.0	57.1	7.0	1.39	1,621,848	90.9	—	4.0	57	0.1	—
0.75 to <1.75	3.4	4.6	54.5	5.8	1.24	1,289,128	91.5	—	3.0	52	0.1	—
1.75 to <2.5	0.8	0.4	85.8	1.2	2.15	332,720	88.5	—	1.0	83	—	—
2.50 to <10.00	2.5	1.0	87.5	3.4	4.50	740,258	86.5	—	4.1	122	0.1	0.1
2.5 to <5	1.8	0.8	80.8	2.4	3.63	522,174	86.0	—	2.6	106	0.1	—
5 to <10	0.7	0.2	118.3	1.0	6.77	218,084	87.8	—	1.5	163	—	0.1

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post CCF and post CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
10.00 to <100.00	0.8	0.2	88.1	1.1	22.73	230,013	85.4	—	2.5	238	0.3	0.1
10 to <20	0.6	0.1	109.3	0.8	14.40	148,036	84.6	—	1.7	230	0.1	—
20 to <30	0.1	0.1	37.1	0.2	24.00	39,245	88.4	—	0.5	296	0.1	0.1
30 to <100.00	0.1	—	79.8	0.1	69.81	42,732	86.0	—	0.3	216	0.1	—
100.00 (Default)	0.1	0.1	21.8	0.1	100.00	190,739	84.2	—	0.2	173	0.1	0.1
Sub-total	**18.0**	**104.6**	**46.5**	**66.6**	**1.03**	**23,003,237**	**89.4**	**—**	**15.1**	**23**	**0.6**	**0.6**
AIRB – Other SME												
0.00 to <0.15	—	4.2	0.6	0.1	0.07	38,482	46.7	—	—	9	—	—
0.00 to <0.10	—	4.2	0.2	0.1	0.05	16,683	31.9	—	—	5	—	—
0.10 to <0.15	—	—	58.5	—	0.13	21,799	82.4	—	—	20	—	—
0.15 to <0.25	—	0.1	25.2	—	0.20	40,730	91.5	—	—	31	—	—
0.25 to <0.50	0.1	0.3	31.0	0.1	0.39	91,606	82.9	—	—	45	—	—
0.50 to <0.75	0.1	0.2	73.0	0.1	0.61	88,963	79.5	—	0.1	56	—	—
0.75 to <2.50	2.1	1.2	46.3	1.3	1.57	379,891	78.0	—	1.0	80	—	0.1
0.75 to <1.75	1.6	1.0	44.9	1.1	1.45	296,576	78.0	—	0.8	75	—	0.1
1.75 to <2.5	0.5	0.2	53.4	0.2	2.13	83,315	78.0	—	0.2	104	—	—
2.50 to <10.00	1.6	0.7	28.1	0.9	5.01	209,500	68.6	—	0.8	90	—	—
2.5 to <5	0.9	0.6	22.2	0.5	3.66	121,506	64.2	—	0.4	84	—	—
5 to <10	0.7	0.1	54.3	0.4	6.96	87,994	74.9	—	0.4	100	—	—
10.00 to <100.00	1.2	0.1	56.8	0.3	22.61	125,800	83.0	—	0.5	159	0.1	—
10 to <20	0.8	0.1	54.6	0.2	14.15	78,639	83.1	—	0.3	138	—	—
20 to <30	0.2	—	58.5	0.1	24.81	23,655	78.8	—	0.1	168	—	—
30 to <100.00	0.2	—	64.0	—	45.08	23,506	88.2	—	0.1	209	0.1	—
100.00 (Default)	0.7	—	70.7	0.2	100.00	16,323	42.2	—	0.2	116	0.1	0.1
Sub-total	**5.8**	**6.8**	**15.8**	**3.0**	**9.61**	**991,295**	**73.8**	**—**	**2.6**	**88**	**0.2**	**0.2**
AIRB – Other non-SME												
0.00 to <0.15	7.1	40.6	8.4	10.5	0.07	226,212	36.8	—	0.7	7	—	0.1
0.00 to <0.10	6.1	37.0	5.7	8.3	0.05	187,353	39.9	—	0.5	6	—	0.1
0.10 to <0.15	1.0	3.6	35.4	2.2	0.13	38,859	25.5	—	0.2	8	—	—
0.15 to <0.25	1.6	2.9	28.0	2.4	0.20	118,243	36.6	—	0.4	16	—	—
0.25 to <0.50	4.7	3.6	17.5	5.3	0.37	166,402	53.3	—	1.8	34	—	—
0.50 to <0.75	2.4	1.1	24.1	2.7	0.63	75,277	41.3	—	1.0	35	—	—
0.75 to <2.50	6.7	2.7	11.2	7.0	1.30	282,783	54.1	—	4.5	65	0.1	—
0.75 to <1.75	5.5	2.2	10.0	5.7	1.14	203,627	51.6	—	3.4	59	0.1	—
1.75 to <2.5	1.2	0.5	16.4	1.3	2.06	79,156	66.0	—	1.1	92	—	—
2.50 to <10.00	1.5	0.5	45.5	1.7	4.16	139,993	66.5	—	1.8	103	0.1	0.1
2.5 to <5	1.2	0.5	45.6	1.3	3.45	108,579	60.2	—	1.3	91	0.1	0.1
5 to <10	0.3	—	41.7	0.4	6.87	31,414	90.4	—	0.5	148	—	—
10.00 to <100.00	0.4	0.1	37.0	0.4	37.73	28,538	71.8	—	0.5	133	0.1	—
10 to <20	0.2	—	66.0	0.2	12.89	12,013	81.4	—	0.3	160	—	—
20 to <30	0.1	—	10.6	0.1	26.03	5,008	55.6	—	0.2	144	—	—
30 to <100.00	0.1	0.1	39.6	0.1	80.64	11,517	76.6	—	—	88	0.1	—
100.00 (Default)	0.1	—	3.5	0.1	100.00	6,109	76.5	—	0.2	242	—	0.1
Sub-total	**24.5**	**51.5**	**20.9**	**30.1**	**1.52**	**1,043,557**	**46.4**	**—**	**10.9**	**36**	**0.3**	**0.3**
Retail AIRB – Total at 30 Jun 2024	**362.1**	**185.1**	**36.6**	**425.1**		**26,592,756**		**—**	**74.5**	**18**	**1.5**	**1.3**
FIRB – Central government and central banks												
0.00 to <0.15	—	—	75.0	0.5	0.03	1	45.0	4.2	0.1	24	—	—
0.00 to <0.10	—	—	75.0	0.5	0.03	1	45.0	4.2	0.1	24	—	—
0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
1.75 to <2.5	—	—	—	—	—	—	—	—	—	—	—	—
2.50 to <10.00	—	—	—	—	—	—	45.0	0.8	—	—	—	—
2.5 to <5	—	—	—	—	—	—	45.0	0.8	—	—	—	—
Sub-total	**—**	**—**	**74.8**	**0.5**	**0.03**	**1**	**45.0**	**4.2**	**0.1**	**24**	**—**	**—**

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post-CCF and post-CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
FIRB – Institutions												
0.00 to <0.15	—	—	24.4	0.7	0.04	—	45.0	0.3	0.1	6	—	—
0.00 to <0.10	—	—	9.5	0.7	0.04	—	45.0	0.3	0.1	6	—	—
0.10 to <0.15	—	—	75.0	—	0.13	—	45.0	1.5	—	28	—	—
0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
0.25 to <0.50	—	—	75.0	—	0.37	—	45.0	3.7	—	103	—	—
Sub-total	—	—	60.5	0.7	0.06	—	45.0	0.4	0.1	10	—	—
FIRB – Corporate – SME												
0.00 to <0.15	0.4	0.3	29.7	0.5	0.13	745	40.4	2.6	0.1	27	—	—
0.00 to <0.10	—	—	9.2	—	0.04	8	8.9	0.7	—	3	—	—
0.10 to <0.15	0.4	0.3	29.9	0.5	0.13	737	40.4	2.6	0.1	27	—	—
0.15 to <0.25	1.0	0.4	13.3	1.1	0.22	1,632	37.7	2.8	0.4	34	—	—
0.25 to <0.50	1.5	0.4	14.4	1.5	0.37	1,743	37.8	3.0	0.7	45	—	—
0.50 to <0.75	1.1	0.4	14.4	1.1	0.63	1,387	38.5	2.7	0.6	56	—	—
0.75 to <2.50	2.3	0.7	23.0	2.3	1.31	2,555	38.3	2.5	1.6	69	—	—
0.75 to <1.75	2.0	0.6	25.1	2.0	1.16	2,098	38.3	2.5	1.3	67	—	—
1.75 to <2.5	0.3	0.1	12.9	0.3	2.25	457	38.1	2.8	0.3	83	—	—
2.50 to <10.00	0.7	0.2	20.7	0.7	4.87	941	38.3	2.3	0.7	100	—	—
2.5 to <5	0.4	0.1	20.7	0.4	3.61	583	38.3	2.4	0.4	91	—	—
5 to <10	0.3	0.1	20.6	0.3	6.53	358	38.4	2.1	0.3	112	—	—
10.00 to <100.00	0.2	—	16.7	0.3	16.81	257	38.7	1.9	0.3	139	—	—
10 to <20	0.2	—	15.8	0.2	12.89	227	38.7	1.8	0.3	138	—	—
30 to <100.00	—	—	26.1	0.1	50.94	30	39.2	2.3	—	147	—	—
100.00 (Default)	0.5	—	28.3	0.4	100.00	345	38.9	1.9	—	—	0.2	0.1
Sub-total	7.7	2.4	18.8	7.9	6.95	9,605	38.3	2.6	4.4	56	0.2	0.1
FIRB – Corporate – Other												
0.00 to <0.15	35.3	46.0	42.2	57.7	0.08	8,990	31.2	1.9	10.7	19	—	—
0.00 to <0.10	20.9	28.0	46.1	36.5	0.06	2,858	30.9	1.9	5.1	14	—	—
0.10 to <0.15	14.4	18.0	35.9	21.2	0.13	6,132	31.5	2.0	5.6	26	—	—
0.15 to <0.25	14.0	14.9	36.4	21.6	0.22	5,991	33.3	1.8	7.5	35	—	—
0.25 to <0.50	9.5	9.4	38.5	13.6	0.37	5,400	36.4	2.1	7.2	53	—	—
0.50 to <0.75	8.6	8.2	35.8	11.4	0.63	4,546	38.3	2.0	7.9	69	0.1	0.1
0.75 to <2.50	32.3	24.0	32.5	31.8	1.42	40,124	32.5	1.8	25.2	79	0.2	0.2
0.75 to <1.75	22.4	15.7	31.0	26.4	1.25	36,681	31.2	1.8	19.3	73	0.1	0.1
1.75 to <2.5	9.9	8.3	41.7	5.4	2.25	3,443	38.5	2.1	5.9	109	0.1	0.1
2.50 to <10.00	9.8	8.0	38.9	10.3	4.12	5,628	34.9	1.9	12.4	120	0.2	0.2
2.5 to <5	7.8	5.1	45.0	8.2	3.56	4,301	33.5	2.1	9.1	111	0.1	0.1
5 to <10	2.0	2.9	26.9	2.1	6.29	1,327	40.5	1.4	3.3	153	0.1	0.1
10.00 to <100.00	2.3	0.7	40.2	2.2	18.21	1,010	39.3	1.7	4.2	192	0.2	0.2
10 to <20	2.0	0.7	39.9	1.9	12.03	886	39.5	1.7	3.7	195	0.1	0.1
30 to <100.00	0.3	—	44.5	0.3	59.16	124	38.3	1.3	0.5	171	0.1	0.1
100.00 (Default)	3.3	0.6	44.7	3.3	100.00	1,684	41.4	2.0	—	—	1.4	1.1
Sub-total	115.1	111.8	38.7	151.9	3.18	73,373	33.3	1.9	75.1	49	2.1	1.8
FIRB – Total at 30 Jun 2024	122.8	114.2	38.3	161.0		82,979		1.9	79.7	49	2.3	1.9

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post-CCF and post-CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
AIRB – Central government and central banks												
0.00 to <0.15	444.4	1.9	37.9	444.0	0.02	345	42.8	1.9	31.7	7	—	—
0.00 to <0.10	434.7	1.4	38.4	435.9	0.01	201	42.8	1.9	29.2	7	—	—
0.10 to <0.15	9.7	0.5	31.9	8.1	0.13	144	45.0	1.7	2.5	31	—	—
0.15 to <0.25	1.5	0.5	1.2	1.5	0.22	9	45.0	1.2	0.5	37	—	—
0.25 to <0.50	—	0.1	0.8	—	0.37	5	36.0	0.5	—	30	—	—
0.50 to <0.75	2.9	—	17.4	2.8	0.63	13	45.0	1.1	1.9	67	—	—
0.75 to <2.50	3.8	0.3	72.7	4.0	1.06	92	44.2	1.2	3.3	83	—	—
0.75 to <1.75	3.4	0.3	72.7	3.6	0.94	84	44.1	1.2	2.9	81	—	—
1.75 to <2.5	0.4	—	74.9	0.4	2.25	8	45.0	1.0	0.4	106	—	—
2.50 to <10.00	5.3	0.1	55.0	5.0	4.24	13	45.0	1.0	7.0	138	0.1	—
2.5 to <5	5.0	—	6.1	4.9	4.20	10	45.0	1.0	6.9	137	0.1	—
5 to <10	0.3	0.1	56.0	0.1	7.83	3	44.6	2.2	0.1	189	—	—
10.00 to <100.00	1.6	—	—	1.6	32.41	6	45.0	1.1	4.1	258	0.3	0.1
10 to <20	0.3	—	—	0.3	19.00	3	45.0	1.0	0.8	245	—	—
20 to <30	—	—	—	—	—	—	—	—	—	—	0.1	—
30 to <100.00	1.3	—	—	1.3	36.00	3	45.0	1.1	3.3	261	0.2	0.1
100.00 (Default)	0.2	—	—	0.1	100.00	2	6.1	4.6	—	23	—	—
Sub-total	459.7	2.9	34.1	459.0	0.21	485	42.9	1.9	48.5	11	0.4	0.1
AIRB – Institutions												
0.00 to <0.15	70.5	14.6	27.1	75.7	0.05	2,963	38.2	1.4	9.9	13	—	—
0.00 to <0.10	61.8	11.1	27.8	65.8	0.04	1,811	38.5	1.4	7.5	12	—	—
0.10 to <0.15	8.7	3.5	25.1	9.9	0.13	1,152	36.1	1.3	2.4	24	—	—
0.15 to <0.25	1.5	2	23.2	2.1	0.22	207	39.6	1.2	0.8	37	—	—
0.25 to <0.50	0.6	0.5	6.7	0.6	0.37	112	42.5	0.9	0.3	52	—	—
0.50 to <0.75	1.0	0.4	11.8	1.0	0.63	82	45.1	0.7	0.7	70	—	—
0.75 to <2.50	2.1	1.1	21.1	0.3	1.41	132	41.4	1.0	0.3	93	—	—
0.75 to <1.75	0.2	0.5	20.6	0.2	1.11	86	40.0	1.0	0.2	83	—	—
1.75 to <2.5	1.9	0.6	23.8	0.1	2.25	46	45.3	0.9	0.1	119	—	—
2.50 to <10.00	0.4	0.1	21.4	0.4	4.24	17	45.2	1.0	0.5	133	—	—
2.5 to <5	0.4	0.1	18.9	0.4	4.19	13	45.4	1.0	0.5	132	—	—
5 to <10	—	—	46.2	—	5.77	4	40.6	1.4	—	141	—	—
10.00 to <100.00	—	—	17.8	—	10.06	5	45.3	4.9	—	258	—	—
10 to <20	—	—	17.8	—	10.06	5	45.3	4.9	—	258	—	—
30 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
100.00 (Default)	—	—	—	—	100.00	2	1.0	4.2	—	—	—	—
Sub-total	76.1	18.7	25.8	80.1	0.11	3,520	38.4	1.4	12.5	16	—	—
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	2.6	0.9	45.1	2.7	0.09	44	21.5	3.8	0.5	17	—	—
0.00 to <0.10	1.5	0.5	71.6	1.8	0.07	15	19.5	4.2	0.3	14	—	—
0.10 to <0.15	1.1	0.4	11.3	0.9	0.13	29	25.4	2.9	0.2	21	—	—
0.15 to <0.25	1.5	0.9	46.7	1.9	0.22	60	29.1	3.0	0.5	28	—	—
0.25 to <0.50	0.9	0.9	39.5	1.2	0.37	32	32.4	4.2	0.6	49	—	—
0.50 to <0.75	1.6	0.7	44.2	1.7	0.63	42	27.5	2.9	0.8	47	—	—
0.75 to <2.50	1.8	2.0	53.5	2.0	1.07	43	30.4	3.5	1.4	68	—	—
0.75 to <1.75	1.7	1.7	55.8	1.9	1.00	38	30.1	3.6	1.3	67	—	—
1.75 to <2.5	0.1	0.3	32.2	0.1	2.25	5	37.0	1.9	0.1	90	—	—
2.50 to <10.00	0.2	0.1	41.6	0.1	4.78	5	42.4	3.2	0.1	155	—	—
2.5 to <5	—	0.1	39.9	—	3.25	1	37.4	3.2	—	119	—	—
5 to <10	0.2	—	57.0	0.1	5.75	4	45.5	3.1	0.1	178	—	—
10.00 to <100.00	0.3	0.3	52.7	0.4	64.16	6	30.0	3.2	0.4	100	0.1	0.1
10 to <20	0.1	—	98.6	0.1	16.16	3	31.9	2.3	0.1	140	—	—
30 to <100.00	0.2	0.3	51.9	0.3	75.00	3	29.6	3.4	0.3	91	0.1	0.1
100.00 (Default)	0.1	—	86.9	0.1	100.00	7	24.1	3.5	—	24	—	—
Sub-total	9.0	5.8	47.4	10.1	3.95	239	27.5	3.4	4.3	43	0.1	0.1

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (contineud)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post-CCF and post-CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
AIRB – Corporate – SME												
0.00 to <0.15	0.8	1.7	12.8	1.2	0.07	358	21.0	2.3	0.1	9	—	—
0.00 to <0.10	0.6	1.1	5.5	0.8	0.04	69	13.9	2.7	—	4	—	—
0.10 to <0.15	0.2	0.6	24.7	0.4	0.13	289	33.7	1.7	0.1	17	—	—
0.15 to <0.25	0.6	1.4	23.3	1.0	0.22	868	34.4	1.8	0.2	25	—	—
0.25 to <0.50	1.1	2.1	20.7	1.7	0.35	1,040	26.8	1.7	0.4	25	—	—
0.50 to <0.75	1.1	1.1	26.4	1.5	0.63	922	33.1	2.0	0.6	43	—	—
0.75 to <2.50	6.6	5.0	27.2	7.8	1.47	3,333	30.6	1.9	4.2	53	—	—
0.75 to <1.75	5.1	4.0	27.2	6.1	1.24	2,513	31.0	1.9	3.1	51	—	—
1.75 to <2.5	1.5	1.0	27.2	1.7	2.25	820	29.4	1.9	1.1	59	—	—
2.50 to <10.00	1.9	1.3	29.3	2.0	4.04	969	36.2	1.6	1.8	89	—	—
2.5 to <5	1.5	1.0	28.6	1.6	3.50	719	35.4	1.7	1.4	85	—	—
5 to <10	0.4	0.3	31.9	0.4	6.21	250	39.4	1.6	0.4	106	—	—
10.00 to <100.00	0.3	0.2	28.5	0.3	38.21	169	27.8	1.2	0.3	104	—	—
10 to <20	0.2	0.2	32.4	0.2	14.19	155	39.0	1.3	0.3	144	—	—
20 to <30	—	—	—	—	22.22	—	2.2	1.0	—	10	—	—
30 to <100.00	0.1	—	12.2	0.1	88.17	14	8.7	1.0	—	36	—	—
100.00 (Default)	0.2	—	29.3	0.2	100.00	65	36.9	1.6	0.4	209	0.1	0.1
Sub-total	12.6	12.8	23.6	15.7	3.15	7,724	30.7	1.9	8.0	51	0.1	0.1
AIRB – Corporate – Other												
0.00 to <0.15	99.3	173.3	31.8	179.5	0.07	8,298	42.4	1.8	36.8	20	—	0.1
0.00 to <0.10	70.0	111.5	33.1	123.9	0.05	4,288	41.0	1.9	19.6	16	—	0.1
0.10 to <0.15	29.3	61.8	29.5	55.6	0.13	4,010	45.4	1.6	17.2	31	—	—
0.15 to <0.25	31.0	55.7	30.0	54.2	0.22	4,902	41.8	1.8	21.9	40	0.1	—
0.25 to <0.50	28.4	42.4	27.2	45.8	0.37	4,368	40.5	1.7	23.2	51	0.1	0.1
0.50 to <0.75	35.0	43.6	26.7	41.4	0.63	5,576	38.9	1.5	25.2	61	0.1	0.1
0.75 to <2.50	83.5	97.4	29.9	85.5	1.36	23,675	38.9	1.7	71.1	83	0.5	0.2
0.75 to <1.75	55.3	66.2	28.7	70.6	1.17	17,839	39.3	1.7	59.7	85	0.4	0.2
1.75 to <2.5	28.2	31.2	37.4	14.9	2.23	5,836	37.0	1.7	11.4	76	0.1	—
2.50 to <10.00	22.4	21.3	28.7	18.7	4.47	7,391	38.5	1.6	23.2	124	0.4	0.2
2.5 to <5	14.8	14.7	27.8	13.2	3.59	5,540	37.2	1.5	14.6	111	0.2	0.1
5 to <10	7.6	6.6	31.5	5.5	6.56	1,851	41.4	1.8	8.6	155	0.2	0.1
10.00 to <100.00	6.7	4.1	26.9	6.3	21.15	1,279	32.4	1.6	10.0	160	0.5	0.3
10 to <20	5.6	2.8	34.5	5.1	14.95	994	30.7	1.5	7.7	150	0.3	0.2
20 to <30	—	—	13.6	—	25.66	17	30.6	1.0	—	168	—	—
30 to <100.00	1.1	1.3	13.8	1.2	49.02	268	40.0	2.2	2.3	207	0.2	0.1
100.00 (Default)	8.1	1.1	40.4	8.0	100.00	2,091	41.2	1.5	7.7	96	3.9	3.6
Sub-total	314.4	438.9	30.1	439.4	2.74	57,580	40.8	1.7	219.1	50	5.6	4.6
Wholesale AIRB – Total at 31 Dec 2023	871.8	479.1	30.0	1,004.3		69,548		1.8	292.4	29	6.2	4.9

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post-CCF and post-CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
AIRB – Secured by mortgages on immovable property SME												
0.00 to <0.15	—	0.1	—	—	0.07	33	25.3	—	—	4	—	—
0.00 to <0.10	—	0.1	—	—	0.07	33	25.3	—	—	4	—	—
0.15 to <0.25	—	—	—	—	0.21	11	25.6	—	—	9	—	—
0.25 to <0.50	0.5	—	—	0.5	0.38	1,409	18.9	—	0.1	10	—	—
0.50 to <0.75	—	—	116.5	—	0.58	136	26.3	—	—	23	—	—
0.75 to <2.50	0.1	—	4.6	0.1	1.42	345	25.1	—	—	37	—	—
0.75 to <1.75	0.1	—	3.2	0.1	1.20	269	25.0	—	—	34	—	—
1.75 to <2.5	0.0	—	15.0	0.0	2.29	76	25.4	—	—	47	—	—
2.50 to <10.00	0.2	—	36.5	0.2	4.28	1,045	24.0	—	0.1	60	—	—
2.5 to <5	0.2	—	55.1	0.2	3.77	882	24.1	—	0.1	57	—	—
5 to <10	—	—	17.4	—	6.73	163	23.5	—	—	74	—	—
10.00 to <100.00	—	—	76.0	—	21.96	115	25.0	—	—	112	—	—
10 to <20	—	—	—	—	12.03	46	27.0	—	—	107	—	—
20 to <30	—	—	76.0	—	25.99	69	24.2	—	—	114	—	—
100.00 (Default)	0.0	—	100.0	0.0	100.00	204	28.8	—	—	71	—	—
Sub-total	0.8	0.1	2.6	0.8	5.55	3,298	21.5	—	0.2	30	—	—
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	108.4	13.5	59.8	116.1	0.08	431,091	15.6	—	12.5	11	—	—
0.00 to <0.10	68.4	9.0	63.9	73.9	0.06	228,438	18.2	—	8.3	11	—	—
0.10 to <0.15	40.0	4.5	51.5	42.2	0.12	202,653	11.1	—	4.2	10	—	—
0.15 to <0.25	52.8	2.6	48.8	53.8	0.19	222,882	14.5	—	6.2	12	—	—
0.25 to <0.50	105.2	5.2	30.0	106.5	0.33	570,612	14.0	—	11.1	10	0.1	0.1
0.50 to <0.75	43.8	0.7	54.9	44.2	0.53	223,528	14.0	—	6.2	14	—	—
0.75 to <2.50	55.6	2.1	54.6	56.8	1.11	275,332	13.1	—	11.4	20	0.1	0.1
0.75 to <1.75	50.2	1.7	61.4	51.3	1.02	243,976	13.2	—	9.9	19	0.1	0.1
1.75 to <2.5	5.4	0.4	19.4	5.5	1.99	31,356	12.6	—	1.5	28	—	—
2.50 to <10.00	8.7	0.4	28.3	8.8	4.16	42,054	12.0	—	3.7	42	—	—
2.5 to <5	8.0	0.3	28.9	8.1	3.91	37,856	11.6	—	3.2	39	—	—
5 to <10	0.7	0.1	24.5	0.7	6.94	4,198	16.4	—	0.5	73	—	—
10.00 to <100.00	1.5	0.1	47.9	1.6	21.49	11,136	20.2	—	2.2	139	0.1	—
10 to <20	0.8	0.1	46.6	0.9	13.23	8,421	12.4	—	0.7	86	—	—
20 to <30	0.5	—	46.9	0.5	23.50	1,233	37.1	—	1.4	261	0.1	—
30 to <100.00	0.2	—	83.0	0.2	48.59	1,482	9.2	—	0.1	48	—	—
100.00 (Default)	1.8	—	24.9	1.8	100.00	11,604	20.2	—	2.4	133	0.3	0.2
Sub-total	377.8	24.6	51.2	389.6	1.00	1,788,239	14.4	—	55.7	14	0.6	0.4
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	6.8	82.9	44.1	43.3	0.06	15,531,226	89.6	—	1.8	4	—	0.4
0.00 to <0.10	5.3	72.4	44.4	37.4	0.05	13,483,286	89.2	—	1.3	4	—	0.4
0.10 to <0.15	1.5	10.5	42.3	5.9	0.13	2,047,940	92.0	—	0.5	8	—	—
0.15 to <0.25	1.2	7.5	53.6	5.1	0.20	2,102,315	89.0	—	0.7	14	—	—
0.25 to <0.50	2.2	7.9	46.8	5.9	0.37	1,928,594	88.7	—	1.3	21	—	—
0.50 to <0.75	1.7	2.2	53.4	2.8	0.60	675,303	89.7	—	0.9	34	—	—
0.75 to <2.50	4.2	4.8	57.6	6.9	1.36	1,636,516	90.8	—	4.1	59	0.1	0.1
0.75 to <1.75	3.5	4.4	54.9	5.9	1.22	1,314,354	91.3	—	3.2	55	0.1	0.1
1.75 to <2.5	0.7	0.4	91.6	1.0	2.15	322,162	87.8	—	0.9	86	—	—
2.50 to <10.00	2.3	1.1	81.0	3.3	4.48	774,448	86.1	—	4.1	125	0.2	0.1
2.5 to <5	1.6	0.9	73.7	2.4	3.60	538,680	85.7	—	2.6	111	0.1	0.1
5 to <10	0.7	0.2	118.8	0.9	6.78	235,768	86.9	—	1.5	163	0.1	—
10.00 to <100.00	0.8	0.2	90.1	1.0	22.76	223,583	84.8	—	2.4	245	0.3	0.1
10 to <20	0.6	0.1	119.7	0.7	14.35	142,116	84.1	—	1.7	235	0.1	—
20 to <30	0.1	0.1	36.6	0.2	24.11	39,009	87.6	—	0.4	301	0.1	—
30 to <100.00	0.1	—	59.6	0.1	69.61	42,458	85.3	—	0.3	235	0.1	0.1
100.00 (Default)	0.2	—	25.2	0.1	100.00	194,895	83.5	—	0.3	182	0.1	0.1
Sub-total	19.4	106.6	46.3	68.4	0.98	23,066,880	89.4	—	15.6	23	0.7	0.8

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post-CCF and post-CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions[1]
	$bn	$bn	%	$bn	%		%	years	$bn	%	$bn	$bn
AIRB – Other SME												
0.00 to <0.15	—	3.6	0.7	0.1	0.07	39,567	51.5	—	—	10	—	0.1
0.00 to <0.10	—	3.6	0.3	0.1	0.05	16,985	38.4	—	—	6	—	0.1
0.10 to <0.15	—	—	37.6	—	0.13	22,582	78.0	—	—	19	—	—
0.15 to <0.25	—	0.2	17.6	—	0.20	42,555	90.3	—	—	31	—	—
0.25 to <0.50	0.1	0.3	45.1	0.2	0.39	92,330	83.7	—	0.1	46	—	—
0.50 to <0.75	0.2	0.3	78.0	0.4	0.64	76,578	60.5	—	0.2	41	—	—
0.75 to <2.50	2.5	1.2	53.4	1.4	1.61	400,854	75.3	—	1.1	78	—	—
0.75 to <1.75	1.9	1.0	50.7	1.1	1.44	314,372	77.3	—	0.8	74	—	—
1.75 to <2.5	0.6	0.2	65.4	0.3	2.16	86,482	68.8	—	0.3	90	—	—
2.50 to <10.00	1.9	1.1	20.9	1.0	4.87	219,747	60.3	—	0.8	79	—	—
2.5 to <5	1.1	1.0	14.8	0.6	3.71	130,431	55.2	—	0.5	72	—	—
5 to <10	0.8	0.1	63.9	0.4	6.93	89,316	69.4	—	0.3	92	—	—
10.00 to <100.00	1.5	0.2	27.9	0.3	22.99	136,054	81.2	—	0.5	153	0.1	0.1
10 to <20	0.9	0.1	59.5	0.2	13.63	79,400	80.9	—	0.3	131	—	—
20 to <30	0.3	—	66.0	0.1	24.77	25,987	75.6	—	0.1	160	—	—
30 to <100.00	0.3	0.1	7.9	—	46.90	30,667	88.6	—	0.1	207	0.1	0.1
100.00 (Default)	1.1	—	44.8	0.2	100.00	19,485	42.2	—	0.2	120	0.1	0.1
Sub-total	7.3	6.9	19.1	3.6	9.27	1,027,170	68.5	—	2.9	80	0.2	0.3
AIRB – Other non-SME												
0.00 to <0.15	7.6	39.3	8.2	11.1	0.07	337,774	36.0	—	0.7	7	—	0.1
0.00 to <0.10	6.0	35.9	5.8	8.2	0.05	188,348	40.9	—	0.5	6	—	0.1
0.10 to <0.15	1.6	3.4	34.0	2.9	0.12	149,426	22.4	—	0.2	7	—	—
0.15 to <0.25	2.0	3.1	28.2	3.2	0.20	333,573	41.4	—	0.6	19	—	—
0.25 to <0.50	5.3	4.8	14.6	6.3	0.36	331,708	48.9	—	1.9	31	—	—
0.50 to <0.75	2.5	1.2	23.1	2.9	0.61	113,538	42.6	—	1.1	36	—	—
0.75 to <2.50	6.9	2.6	10.0	7.4	1.34	504,843	54.1	—	4.9	65	0.1	—
0.75 to <1.75	5.8	2.2	8.3	6.2	1.18	383,876	51.1	—	3.7	59	0.1	—
1.75 to <2.5	1.1	0.4	19.7	1.2	2.11	120,967	68.9	—	1.2	97	—	—
2.50 to <10.00	1.8	0.6	41.3	2.1	4.24	247,277	63.4	—	2.1	98	0.1	—
2.5 to <5	1.3	0.5	43.6	1.6	3.40	154,088	58.8	—	1.4	89	0.1	—
5 to <10	0.5	0.1	20.4	0.5	6.73	93,189	76.9	—	0.7	126	—	—
10.00 to <100.00	0.5	0.1	27.2	0.5	36.61	71,611	72.4	—	0.7	142	0.1	0.1
10 to <20	0.2	—	44.3	0.2	13.27	33,173	72.1	—	0.3	143	—	—
20 to <30	0.1	—	15.6	0.1	26.17	23,224	75.0	—	0.2	196	—	—
30 to <100.00	0.2	0.1	26.4	0.2	73.65	15,214	71.1	—	0.2	105	0.1	0.1
100.00 (Default)	0.2	—	131.2	0.2	100.00	20,889	68.3	—	0.4	179	0.1	0.1
Sub-total	26.8	51.7	10.9	33.7	1.86	1,961,213	45.9	—	12.4	37	0.4	0.3
Retail AIRB - Total at 31 Dec 2023	432.1	189.9	36.3	496.1		27,846,800		—	86.8	17	1.9	1.8

Table 33: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet exposures $bn	Off-balance-sheet exposures pre-CCF $bn	Exposure weighted average CCF %	Exposure post-CCF and post-CRM $bn	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after supporting factors $bn	Density of risk weighted exposure amount %	Expected loss amount $bn	Value adjustments and provisions[1] $bn
FIRB – Central government and central banks												
0.00 to <0.15	—	—	60.2	0.6	0.03	—	45.0	4.9	0.2	28	—	—
0.00 to <0.10	—	—	60.20	0.6	0.03	—	45.0	4.9	0.2	28	—	—
0.75 to <2.50	—	—	70.30	—	2.25	—	45.0	5.0	—	159	—	—
1.75 to <2.5	—	—	70.30	—	2.25	—	45.0	5.0	—	159	—	—
2.50 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
2.5 to <5	—	—	—	—	—	—	—	—	—	—	—	—
Sub-total	—	—	60.3	0.6	0.03	—	45.0	4.9	0.2	28	—	—
FIRB – Institutions												
0.00 to <0.15	—	—	7.6	0.2	0.04	—	45.0	0.4	—	7	—	—
0.00 to <0.10	—	—	9.9	0.2	0.04	—	45.0	0.4	—	7	—	—
0.10 to <0.15	—	—	5.5	—	0.13	—	45.0	0.2	—	17	—	—
0.15 to <0.25	—	—	100.0	—	0.22	1	44.8	2.0	—	43	—	—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Sub-total	—	—	7.8	0.2	0.05	1	45.0	0.4	—	8	—	—
FIRB – Corporate – SME												
0.00 to <0.15	0.4	0.3	31.3	0.5	0.13	693	40.2	2.7	0.1	27	—	—
0.00 to <0.10	—	—	—	—	0.07	9	45.0	1.4	—	14	—	—
0.10 to <0.15	0.4	0.3	31.3	0.5	0.13	684	40.2	2.7	0.1	27	—	—
0.15 to <0.25	1.1	0.4	15.9	1.2	0.22	1,654	37.4	2.9	0.4	34	—	—
0.25 to <0.50	1.5	0.5	12.9	1.5	0.37	1,816	37.7	2.9	0.7	44	—	—
0.50 to <0.75	1.2	0.4	13.4	1.2	0.63	1,375	38.5	2.5	0.6	54	—	—
0.75 to <2.50	2.3	0.7	21.7	2.3	1.32	2,646	37.9	2.6	1.6	69	—	—
0.75 to <1.75	2.0	0.6	20.6	2.0	1.17	2,176	38.2	2.6	1.4	68	—	—
1.75 to <2.5	0.3	0.1	26.6	0.3	2.25	470	35.4	2.6	0.2	77	—	—
2.50 to <10.00	0.8	0.2	19.1	0.8	4.70	968	39.0	2.4	0.8	101	—	—
2.5 to <5	0.5	0.1	20.8	0.5	3.51	622	38.9	2.4	0.4	92	—	—
5 to <10	0.3	0.1	16.3	0.3	6.45	346	39.1	2.3	0.4	113	—	—
10.00 to <100.00	0.3	—	28.9	0.2	21.62	246	39.7	1.8	0.4	144	—	—
10 to <20	0.2	—	23.5	0.2	12.87	212	39.5	1.8	0.3	144	—	—
30 to <100.00	0.1	—	56.3	—	53.52	34	40.3	1.7	0.1	145	—	—
100.00 (Default)	0.5	—	11.2	0.5	100.00	330	38.9	2.2	—	—	0.2	0.1
Sub-total	8.1	2.5	18.7	8.2	7.22	9,728	38.2	2.6	4.6	56	0.2	0.1
FIRB – Corporate – Other												
0.00 to <0.15	34.4	49.1	39.6	60.6	0.08	9,076	29.9	1.9	10.5	17	—	—
0.00 to <0.10	23.2	31.9	43.0	38.4	0.06	2,723	31.2	1.9	5.4	14	—	—
0.10 to <0.15	11.2	17.2	33.5	22.2	0.13	6,353	27.5	1.9	5.1	23	—	—
0.15 to <0.25	12.6	15.5	36.5	20.0	0.22	5,505	34.5	1.9	7.3	37	—	—
0.25 to <0.50	9.7	8.8	31.3	13.4	0.37	5,570	36.6	2.0	6.9	51	—	—
0.50 to <0.75	8.8	7.6	33.6	11.4	0.63	4,593	35.0	1.8	7.0	61	—	—
0.75 to <2.50	32.4	22.3	29.0	27.6	1.41	39,098	36.2	1.9	23.9	87	0.2	0.2
0.75 to <1.75	18.7	14.6	27.9	22.1	1.20	35,542	35.7	1.9	18.0	81	0.1	0.1
1.75 to <2.5	13.7	7.7	34.9	5.5	2.25	3,556	38.3	2.2	5.9	109	0.1	0.1
2.50 to <10.00	8.8	6.7	42.7	10.0	4.21	5,546	35.8	2.1	12.3	123	0.2	0.2
2.5 to <5	6.8	5.7	43.4	8.0	3.61	4,135	35.9	2.2	9.4	119	0.1	0.1
5 to <10	2.0	1.0	38.5	2.0	6.51	1,411	35.4	1.7	2.9	139	0.1	0.1
10.00 to <100.00	2.9	0.9	34.7	2.6	14.10	1,008	38.1	1.6	4.8	188	0.2	0.1
10 to <20	2.7	0.8	37.7	2.4	11.76	871	38.4	1.7	4.3	187	0.1	0.1
30 to <100.00	0.2	0.1	16.1	0.2	37.56	137	34.2	1.0	0.5	196	0.1	—
100.00 (Default)	3.1	0.7	49.7	3.3	100.00	1,680	46.6	1.8	—	—	1.6	1.3
Sub-total	112.7	111.6	36.5	148.9	3.14	72,076	33.6	1.9	72.7	49	2.2	1.8
FIRB – Total at 31 Dec 2023	120.8	114.1	36.1	157.9		81,805		2.0	77.5	49	2.4	1.9

1 Disclosure has been enhanced to present value adjustments and provisions split by PD bands.

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

		At 30 Jun 2024		At 31 Dec 2023	
		Pre-credit derivatives RWAs	**Actual RWAs**	Pre-credit derivatives RWAs	Actual RWAs
		$m	**$m**	$m	$m
1	**Exposures under FIRB**	**80,082**	**79,729**	77,994	77,544
2	Central governments and central banks	**123**	**123**	161	161
3	Institutions	**77**	**77**	20	20
4	Corporates	**79,882**	**79,529**	77,813	77,363
4.1	– of which: SMEs	**4,410**	**4,410**	4,562	4,562
4.3	– of which: Others	**75,472**	**75,119**	73,251	72,801
5	**Exposures under AIRB**	**359,761**	**358,475**	387,429	386,306
6	Central governments and central banks	**55,571**	**55,541**	55,600	55,571
7	Institutions	**17,203**	**17,153**	12,579	12,538
8	Corporates	**212,469**	**211,263**	232,490	231,437
8.1	– of which: SMEs	**5,019**	**5,019**	8,025	8,025
8.2	– of which: Specialised lending	**3,847**	**3,847**	4,339	4,339
8.3	– of which: Others	**203,603**	**202,397**	220,126	219,073
9	Retail	**74,518**	**74,518**	86,760	86,760
9.1	– of which: Retail – SMEs – Secured by immovable property collateral	**115**	**115**	249	249
9.2	– of which: Retail – non-SMEs – Secured by immovable property collateral	**45,816**	**45,816**	55,672	55,672
9.3	– of which: Retail – qualifying revolving	**15,079**	**15,079**	15,609	15,609
9.4	– of which: Retail – SMEs – Other	**2,633**	**2,633**	2,906	2,906
9.5	– of which: Retail – non-SMEs – Other	**10,875**	**10,875**	12,324	12,324
10	**Total (including FIRB exposures and AIRB exposures)**	**439,843**	**438,204**	465,423	463,850

The table below discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches.

Table 35: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

			Funded credit protection						
				Part of exposures covered by Other eligible collateral (%)				Part of exposures covered by Other funded credit protection (%)	
		Total exposures	Part of exposures covered by financial collateral	Total	Part of exposures covered by Immovable property collateral	Part of exposures covered by receivables	Part of exposures covered by other physical collateral	Total	Part of exposures covered by life insurance policies
AIRB		$bn	%	%	%	%	%	%	%
1	Central governments and central banks	**446.0**	**4.87**	**—**	**—**	**—**	**—**	**—**	**—**
2	Institutions	**74.9**	**0.95**	**0.61**	**—**	**—**	**0.61**	**—**	**—**
3	Corporates	**430.8**	**9.46**	**13.77**	**10.13**	**2.30**	**1.33**	**0.40**	**0.40**
3.1	– of which: Corporates – SMEs	**10.7**	**13.35**	**46.65**	**40.92**	**1.44**	**4.29**	**3.06**	**3.06**
3.2	Corporates – specialised lending	**10.7**	**0.45**	**1.66**	**0.96**	**0.22**	**0.48**	**—**	**—**
3.3	Corporates – other	**409.4**	**9.60**	**13.22**	**9.56**	**2.38**	**1.28**	**0.34**	**0.34**
4	Retail	**429.0**	**4.04**	**73.16**	**72.91**	**0.01**	**0.24**	**0.70**	**0.70**
4.1	– of which: Retail – immovable property SMEs	**0.2**	**0.19**	**84.83**	**83.23**	**1.59**	**—**	**—**	**—**
4.2	Retail – immovable property non-SMEs	**325.2**	**0.14**	**96.13**	**96.13**	**—**	**—**	**—**	**—**
4.3	Retail – qualifying revolving	**66.6**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
4.4	Retail – other SMEs	**6.8**	**1.03**	**0.73**	**—**	**0.72**	**0.01**	**—**	**—**
4.5	Retail – other non-SMEs	**30.2**	**55.69**	**3.38**	**—**	**—**	**3.38**	**9.90**	**9.90**
5	**Total at 30 Jun 2024**	**1,380.7**	**5.83**	**27.06**	**25.82**	**0.72**	**0.52**	**0.34**	**0.34**
FIRB									
1	Central governments and central banks	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
2	Institutions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
3	Corporates	**167.3**	**20.24**	**17.61**	**12.16**	**3.25**	**2.19**	**—**	**—**
3.1	– of which: Corporates – SMEs	**8.2**	**0.71**	**63.66**	**49.03**	**9.32**	**5.31**	**—**	**—**
3.3	Corporates – other	**159.1**	**21.24**	**15.24**	**10.27**	**2.94**	**2.03**	**—**	**—**
4	**Total at 30 Jun 2024**	**167.3**	**20.23**	**17.61**	**12.16**	**3.25**	**2.19**	**—**	**—**
IRB									
	Specialised lending under the slotting approach	**33.4**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	Equity exposures	**2.5**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Table 35: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

		Unfunded credit protection	Credit risk mitigation methods in the calculation of RWAs	
		Part of exposures covered by guarantees	RWA post- all CRM assigned to the obligor exposure class	RWA with substitution effects
AIRB		%	$bn	$bn
1	Central governments and central banks	0.04	55.3	55.5
2	Institutions	0.11	16.7	17.2
3	Corporates	1.11	212.0	211.2
3.1	– of which: Corporates – SMEs	1.49	5.0	5.0
3.2	Corporates – specialised lending	13.63	3.9	3.8
3.3	Corporates – other	0.77	203.1	202.4
4	Retail	2.66	74.5	74.5
4.1	– of which: Retail – immovable property SMEs	0.01	0.1	0.1
4.2	Retail – immovable property non-SMEs	3.51	45.8	45.8
4.3	Retail – qualifying revolving	—	15.1	15.1
4.4	Retail – other SMEs	0.01	2.6	2.6
4.5	Retail – other non-SMEs	0.01	10.9	10.9
5	**Total at 30 Jun 2024**	**1.19**	**358.5**	**358.4**
FIRB				
1	Central governments and central banks	—	—	0.1
2	Institutions	—	—	0.1
3	Corporates	—	79.8	79.5
3.1	– of which: Corporates – SMEs	—	4.4	4.4
3.3	Corporates – other	—	75.4	75.1
4	**Total at 30 Jun 2024**	—	**79.8**	**79.7**
IRB				
	Specialised lending under the slotting approach	—	22.7	22.7
	Equity exposures	—	5.6	5.6

Table 35: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

			Funded credit protection						
				Part of exposures covered by Other eligible collateral (%)				Part of exposures covered by Other funded credit protection (%)	
		Total exposures	Part of exposures covered by financial collateral	Total	Part of exposures covered by Immovable property collateral	Part of exposures covered by receivables	Part of exposures covered by other physical collateral	Total	Part of exposures covered by life insurance policies
AIRB		$bn	%	%	%	%	%	%	%
1	Central governments and central banks	463.4	6.38	—	—	—	—	—	—
2	Institutions	80.5	2.26	0.79	—	—	0.79	—	—
3	Corporates	474.7	8.18	19.15	13.36	2.53	3.26	0.27	0.27
3.1	– of which: Corporates – SMEs	15.6	9.78	61.70	52.11	2.43	7.16	3.20	3.20
3.2	Corporates – specialised lending	11.7	0.33	1.12	0.37	—	0.75	—	—
3.3	Corporates – other	447.4	8.33	18.13	12.34	2.60	3.19	0.18	0.18
4	Retail	501.0	4.05	71.69	71.44	0.01	0.24	0.76	0.76
4.1	– of which: Retail – immovable property SMEs	0.8	1.62	94.67	94.13	0.52	0.01	—	—
4.2	Retail – immovable property non-SMEs	389.6	0.16	91.68	91.68	—	—	—	—
4.3	Retail – qualifying revolving	68.4	—	—	—	—	—	—	—
4.4	Retail – other SMEs	8.5	4.90	0.47	—	0.44	0.02	—	—
4.5	Retail – other non-SMEs	33.7	57.24	3.54	—	—	3.54	11.28	11.28
5	Total at 31 Dec 2023	1,519.6	5.96	29.66	27.73	0.79	1.14	0.34	0.34
FIRB									
1	Central governments and central banks	—	—	—	—	—	—	—	—
2	Institutions	—	—	—	—	—	—	—	—
3	Corporates	162.6	20.39	17.55	12.09	3.21	2.25	—	—
3.1	– of which: Corporates – SMEs	8.6	0.66	64.07	50.09	8.96	5.01	—	—
3.3	Corporates – other	154.0	21.49	14.96	9.97	2.89	2.10	—	—
4	Total at 31 Dec 2023	162.6	20.39	17.55	12.09	3.21	2.25	—	—
IRB									
	Specialised lending under the slotting approach	35.0	—	—	—	—	—	—	—
	Equity exposures	2.4	—	—	—	—	—	—	—

Table 35: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

		Unfunded credit protection	Credit risk mitigation methods in the calculation of RWAs	
		Part of exposures covered by guarantees	RWA post- all CRM assigned to the obligor exposure class	RWA with substitution effects
AIRB		%	$bn	$bn
1	Central governments and central banks	0.07	55.5	55.6
2	Institutions	0.10	12.1	12.5
3	Corporates	1.19	231.9	231.4
3.1	– of which: Corporates – SMEs	1.67	8.0	8.0
3.2	Corporates – specialised lending	10.75	4.4	4.3
3.3	Corporates – other	0.92	219.5	219.1
4	Retail	6.20	86.8	86.8
4.1	– of which: Retail – immovable property SMEs	0.09	0.2	0.2
4.2	Retail – immovable property non-SMEs	7.96	55.7	55.7
4.3	Retail – qualifying revolving	—	15.6	15.6
4.4	Retail – other SMEs	0.27	2.9	2.9
4.5	Retail – other non-SMEs	0.06	12.4	12.4
5	Total at 31 Dec 2023	2.44	386.3	386.3
FIRB				
1	Central governments and central banks	—	—	0.2
2	Institutions	—	—	—
3	Corporates	—	77.6	77.3
3.1	– of which: Corporates – SMEs	—	4.6	4.6
3.3	Corporates – other	—	73.0	72.7
4	Total at 31 Dec 2023	—	77.6	77.5
IRB				
	Specialised lending under the slotting approach	—	25.9	25.9
	Equity exposures	—	5.7	5.7

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 CRR II Article 132(c).

Table 36: 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	**6**	**—**	**50**	**6**	**3**	**—**
	Equal to or more than 2.5 years	**24**	**51**	**70**	**73**	**43**	**—**
Category 2	Less than 2.5 years	**17**	**—**	**70**	**17**	**12**	**—**
	Equal to or more than 2.5 years	**66**	**—**	**90**	**67**	**59**	**—**
Category 3	Less than 2.5 years	**—**	**—**	**115**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**18**	**19**	**115**	**22**	**19**	**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 30 Jun 2024	Less than 2.5 years	**23**	**—**		**23**	**15**	**—**
	Equal to or more than 2.5 years	**108**	**70**		**162**	**121**	**1**
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	3	—	90	3	2	—
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	—	—
Total at 31 Dec 2023	Less than 2.5 years	—	—		—	—	—
	Equal to or more than 2.5 years	4	—		4	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	**11,052**	**1,837**	**50**	**11,979**	**5,914**	**—**
	Equal to or more than 2.5 years	**3,643**	**324**	**70**	**3,801**	**2,666**	**15**
Category 2	Less than 2.5 years	**7,450**	**876**	**70**	**7,819**	**5,315**	**31**
	Equal to or more than 2.5 years	**3,070**	**226**	**90**	**3,203**	**2,888**	**26**
Category 3	Less than 2.5 years	**1,675**	**59**	**115**	**1,702**	**1,934**	**48**
	Equal to or more than 2.5 years	**531**	**1**	**115**	**531**	**598**	**15**
Category 4	Less than 2.5 years	**954**	**308**	**250**	**1,066**	**2,651**	**85**
	Equal to or more than 2.5 years	**241**	**27**	**250**	**249**	**615**	**20**
Category 5	Less than 2.5 years	**2,299**	**137**	**—**	**2,313**	**—**	**1,157**
	Equal to or more than 2.5 years	**511**	**—**	**—**	**511**	**—**	**255**
Total at 30 Jun 2024	Less than 2.5 years	**23,430**	**3,217**		**24,879**	**15,814**	**1,321**
	Equal to or more than 2.5 years	**7,996**	**578**		**8,295**	**6,767**	**331**
Category 1	Less than 2.5 years	11,478	2,014	50	12,482	6,111	—
	Equal to or more than 2.5 years	4,965	433	70	5,207	3,561	21
Category 2	Less than 2.5 years	8,088	956	70	8,518	5,779	34
	Equal to or more than 2.5 years	3,093	295	90	3,275	2,873	26
Category 3	Less than 2.5 years	1,789	89	115	1,831	2,049	51
	Equal to or more than 2.5 years	622	20	115	637	705	18
Category 4	Less than 2.5 years	1,548	437	250	1,694	4,188	136
	Equal to or more than 2.5 years	247	21	250	255	593	20
Category 5	Less than 2.5 years	659	14	—	671	—	336
	Equal to or more than 2.5 years	408	—	—	408	—	204
Total at 31 Dec 2023	Less than 2.5 years	23,562	3,510		25,196	18,127	557
	Equal to or more than 2.5 years	9,335	769		9,782	7,732	289

Table 36: Specialised lending and equity exposures under the simple risk-weighted approach (CR10) (continued)

Specialised lending: Object 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	**—**	**—**	**50**	**—**	**—**	**—**
	Equal to or more than 2.5 years	**28**	**—**	**70**	**28**	**20**	**—**
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	**1**	**—**	**—**	**1**	**—**	**—**
	Equal to or more than 2.5 years	**2**	**—**	**—**	**2**	**—**	**1**
Total at 30 Jun 2024	Less than 2.5 years	**1**	**—**		**1**	**—**	**—**
	Equal to or more than 2.5 years	**30**	**—**		**30**	**20**	**1**
Category 1	Less than 2.5 years	6	13	50	11	5	—
	Equal to or more than 2.5 years	28	—	70	28	20	—
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	3	—	—	3	—	1
Total at 31 Dec 2023	Less than 2.5 years	6	13		11	5	—
	Equal to or more than 2.5 years	31	—		31	20	1

Table 36.i Equity exposures under simple risk-weighted approach (CR10)

	On-balance sheet amount	**Off-balance sheet amount**	**RW**	**Exposure amount**	**RWAs**	**Expected losses**
Regulatory categories	**$m**	**$m**	**%**	**$m**	**$m**	**$m**
Private equity exposures	**1,639**	**—**	**190**	**1,639**	**3,114**	**13**
Exchange-traded equity exposures	**183**	**—**	**290**	**183**	**531**	**1**
Other equity exposures	**244**	**—**	**370**	**244**	**902**	**6**
Off balance sheet CIU equity exposures	**—**	**880**		**505**	**1,084**	**5**
Total at 30 Jun 2024	**2,066**	**880**		**2,571**	**5,631**	**25**
Private equity exposures	1,576	—	190	1,576	2,994	13
Exchange-traded equity exposures	150	—	290	150	436	1
Other equity exposures	240	—	370	240	889	6
Off balance sheet CIU equity exposures	—	830		481	1,343	6
Total at 31 Dec 2023	1,966	830		2,447	5,662	26

Counterparty credit risk

Counterparty credit risk management

Counterparty credit risk ('CCR') arises for derivatives, long settlement transactions and SFTs. It is calculated in both the trading and non-trading books, and is the risk that a counterparty may default before final settlement, for cases where there is a bilateral risk of loss.

Banks are permitted to apply the following methods to determine exposure values for CCR:

- the Internal Model Method ('IMM');
- the Standardised Approach (SA-CCR) - for derivatives and long settlement transactions;
- the simple/comprehensive approach to recognition of collateral with SFTs; and
- the Value at Risk ('VaR') approach, applicable for SFTs.

Exposure values calculated under these approaches are used to determine RWAs.

Under the SA-CCR approach, the EAD is calculated as the sum of Replacement Cost and potential future exposure ('PFE') multiplied by an alpha factor of 1.4. We use this approach for all derivative and long settlement transactions not covered by our IMM permission. Under the IMM approach, EAD is calculated by multiplying the Effective Expected Positive Exposure ('EEPE') with a multiplier 'alpha'. The two alpha factors for standardised and internal model method are distinct.

Alpha, for IMM, is currently set at 1.45 and accounts for several portfolio features that increase expected loss ('EL') above that indicated by EEPE in the event of default, such as:

- co-variance of exposures;
- correlation between exposures and default;
- level of volatility/correlation that might coincide with a downturn;
- concentration risk; and
- model risk.

The EEPE is derived from simulation, pricing and aggregation of internal model calculations, which have been approved by regulators.

The IMM model is subject to ongoing model validation including monthly model performance monitoring and during 2Q24 we revised the definition of default in our PD models for exposures to financial institutions.

From a risk management perspective, products not covered by IMM are subject to conservative asset class add-ons. Products covered and not covered under IMM are subject to daily monitoring of credit limit utilisation.

Limits for CCR exposures, including to central counterparties ('CCPs'), are assigned within the overall credit risk management process. The credit risk function assigns a limit against each counterparty to cover exposure that may arise as a result of a counterparty default. The magnitude of this limit will depend on the overall risk appetite, type of derivatives and type of SFT trading undertaken with a counterparty.

Models and methodologies used in the calculation of CCR are overseen and monitored by the Traded Risk Model Oversight Forum. Models are subject to ongoing monitoring and validation. Additionally, they are subject to independent review at inception and on an ongoing basis.

HSBC has established a measure, Cat F, specifically to monitor derivative financing and securities financing transactions at a counterparty level. This is ancillary to the existing Cat B counterparty credit risk measure.

The table below analyses CCR exposures by approach for derivatives and securities financing transactions, excluding the CVA charge, failed settlements, free deliveries and exposures to CCPs.

Table 37: Analysis of counterparty credit risk exposure by approach (excluding centrally cleared exposures) (CCR1)

		Replacement cost	Potential future exposure	Effective expected positive exposure	Multiplier	EAD pre-CRM	EAD post-CRM	Exposure value	RWAs
		$m	$m	$m		$m	$m	$m	$m
1	SA-CCR (for derivatives)	**5,870**	**10,645**	**—**	**1.40**	**23,121**	**23,121**	**23,121**	**9,638**
2	IMM (for derivatives and SFTs)	**—**	**—**	**26,311**	**1.45**	**38,150**	**38,150**	**38,150**	**12,682**
2b	derivatives and long settlement transactions netting sets	**—**	**—**	**26,311**	**1.45**	**38,150**	**38,150**	**38,150**	**12,682**
4	Financial collateral comprehensive method (for SFTs)					**58,040**	**61,620**	**61,620**	**10,247**
6	**Total at 30 Jun 2024**					**119,311**	**122,891**	**122,891**	**32,567**
1	SA-CCR (for derivatives)	5,941	9,333	—	1.40	21,382	21,382	21,382	10,017
2	IMM (for derivatives and SFTs)	—	—	25,587	1.45	37,100	37,100	37,100	11,208
2b	derivatives and long settlement transactions netting sets	—	—	25,587	1.45	37,100	37,100	37,100	11,208
4	Financial collateral comprehensive method (for SFTs)					61,794	61,921	61,921	9,711
6	Total at 31 Dec 2023					120,276	120,403	120,403	30,936

Credit valuation adjustment

CVA represents the risk of mark-to-market losses on the expected counterparty risk to OTC derivatives and SFTs, which are subject to fair-value accounting. Certain qualifying central counterparties are exempt from CVA.

The table below sets out exposures and RWAs related to CVA regulatory calculations with the breakdown by standardised and advanced approaches.

Table 38: Credit valuation adjustment capital charge (CCR2)

		At 30 Jun 2024		At 31 Dec 2023	
		Exposure value	**RWAs**	Exposure value	RWAs
		$m	**$m**	$m	$m
1	Total transactions subject to the Advanced method	**24,318**	**1,206**	21,957	1,605
2	– VaR component (including the 3 × multiplier)		**188**		285
3	– stressed VaR component (including the 3 × multiplier)		**1,018**		1,320
4	Transactions subject to the Standardised method	**11,901**	**697**	10,083	1,158
5	**Total transactions subject to own funds requirements for CVA risk**	**36,219**	**1,903**	32,040	2,763

The table below presents information on the risk weighting of CCR exposures under the standardised approach by regulatory portfolio. It excludes the failed settlements, free deliveries, default fund contributions and CVA charge.

Table 39: Standardised approach – CCR exposures by regulatory exposure class and risk weights (CCR3)

		0%	4%	20%	50%	100%	150%	Total exposure value
	Risk weight	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
1	Central governments and central banks	**2,279**	**—**	**101**	**15**	**23**	**—**	**2,418**
2	Regional government or local authorities	**327**	**—**	**25**	**—**	**12**	**—**	**364**
3	Public sector entities	**343**	**—**	**2**	**—**	**—**	**—**	**345**
4	Multilateral development banks	**803**	**—**	**10**	**—**	**—**	**—**	**813**
5	International organisations	**842**	**—**	**—**	**—**	**—**	**—**	**842**
6	Institutions	**—**	**1,232**	**62**	**—**	**472**	**—**	**1,766**
7	Corporates	**—**	**—**	**91**	**71**	**1,569**	**410**	**2,141**
	Total at 30 Jun 2024	**4,594**	**1,232**	**291**	**86**	**2,076**	**410**	**8,689**
1	Central governments and central banks	6,305	—	49	13	20	—	6,387
2	Regional government or local authorities	347	—	13	—	9	—	369
3	Public sector entities	342	—	1	3	—	—	346
4	Multilateral development banks	1,273	—	—	—	—	—	1,273
5	International organisations	829	—	—	—	—	—	829
6	Institutions	—	484	72	5	596	—	1,157
7	Corporates	—	—	17	68	1,591	175	1,851
	Total at 31 Dec 2023	9,096	484	152	89	2,216	175	12,212

The table below shows the detailed key parameters used for the calculation of capital requirements of counterparty credit risk exposure under the IRB approach split by portfolio and PD range.

Table 40: IRB – CCR exposures by portfolio and PD scale (CCR4)

PD scale	Exposure value $m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	RWAs $m	Density of risk weighted exposure amounts density %
AIRB – Central government and central banks							
0.00 to <0.15	7,495	0.03	68	45.0	0.20	329	4
0.15 to <0.25	131	0.22	7	45.0	0.10	33	25
0.25 to <0.50	1	0.37	2	45.0	3.39	1	74
0.50 to <0.75	—	0.63	2	45.0	0.98	—	62
0.75 to <2.50	8	1.44	5	45.0	0.29	6	80
2.50 to <10.00	—	—	—	—	—	—	—
10.00 to <100.00	174	13.00	1	45.0	1.00	360	207
Sub-total	7,809	0.33	85	45.0	0.22	729	9
AIRB – Institutions							
0.00 to <0.15	44,785	0.06	1,353	44.6	0.66	8,419	19
0.15 to <0.25	1,071	0.22	159	45.0	1.51	467	44
0.25 to <0.50	389	0.37	76	44.9	0.99	228	59
0.50 to <0.75	430	0.63	73	45.0	0.50	222	52
0.75 to <2.50	425	1.80	99	45.7	0.73	421	99
2.50 to <10.00	46	3.98	20	47.4	0.39	65	139
10.00 to <100.00	2	13.08	3	82.8	1.00	10	390
Sub-total	47,148	0.09	1,783	44.7	0.68	9,832	21
AIRB – Corporates							
0.00 to <0.15	15,181	0.07	3,941	46.6	0.86	2,868	19
0.15 to <0.25	3,315	0.22	1,064	47.6	1.03	1,167	35
0.25 to <0.50	884	0.37	557	50.0	2.64	727	82
0.50 to <0.75	841	0.63	477	49.9	0.82	626	75
0.75 to <2.50	3,181	1.47	1,838	44.6	0.93	3,015	95
2.50 to <10.00	233	4.43	197	52.2	1.75	392	168
10.00 to <100.00	25	20.31	30	43.0	0.65	48	191
100.00 (Default)	—	100.00	6	49.1	2.29	—	—
Sub-total	23,660	0.38	8,110	46.8	0.97	8,843	37
AIRB – Total at 30 Jun 2024	78,617	0.22	9,978	45.2	0.74	19,404	27
FIRB – Corporates							
0.00 to <0.15	26,634	0.08	7,874	45.0	0.76	4,769	18
0.15 to <0.25	3,404	0.22	1,399	45.0	0.64	1,376	40
0.25 to <0.50	2,064	0.37	604	45.0	0.65	1,065	52
0.50 to <0.75	1,418	0.63	573	45.0	0.91	1,021	72
0.75 to <2.50	2,189	1.45	1,719	45.0	1.03	2,260	103
2.50 to <10.00	252	4.14	346	45.0	1.30	373	148
10.00 to <100.00	26	13.67	53	45.0	1.40	59	227
100.00 (Default)	6	100.00	27	45.0	1.05	—	—
FIRB – Total at 30 Jun 2024	35,993	0.27	12,595	45.0	0.77	10,923	30
Total (all portfolios) at 30 Jun 2024	114,610	0.22	22,573	45.2	0.74	30,327	26

Table 40: IRB – CCR exposures by portfolio and PD scale (CCR4) (continued)

PD scale	Exposure value $m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	RWAs $m	Density of risk weighted exposure amounts density %
AIRB – Central government and central banks							
0.00 to <0.15	10,029	0.03	71	45.0	0.24	481	5
0.15 to <0.25	267	0.22	8	45.0	0.16	71	27
0.25 to <0.50	1	0.37	1	45.0	5.00	1	93
0.50 to <0.75	—	0.63	1	45.0	1.00	—	65
0.75 to <2.50	24	2.01	5	45.0	0.99	24	104
2.50 to <10.00	—	4.20	1	45.0	0.01	—	123
10.00 to <100.00	583	36.23	2	45.0	0.99	1,498	257
Sub-total	10,904	1.97	89	45.0	0.30	2,075	19
AIRB – Institutions							
0.00 to <0.15	39,288	0.06	1,251	44.8	0.68	5,758	15
0.15 to <0.25	861	0.22	134	45.5	2.16	442	51
0.25 to <0.50	1,200	0.37	86	45.2	0.66	650	54
0.50 to <0.75	410	0.63	67	45.1	0.51	280	68
0.75 to <2.50	247	1.70	97	45.8	0.72	278	112
2.50 to <10.00	31	3.98	19	45.7	0.60	45	146
10.00 to <100.00	—	—	—	—	—	—	—
Sub-total	42,037	0.09	1,654	44.8	0.70	7,453	18
AIRB – Corporates							
0.00 to <0.15	12,963	0.07	3,945	46.3	1.07	2,501	19
0.15 to <0.25	2,949	0.22	1,157	47.7	1.20	1,269	43
0.25 to <0.50	2,176	0.37	602	47.4	2.31	1,354	62
0.50 to <0.75	622	0.63	522	48.5	1.34	473	76
0.75 to <2.50	1,986	1.40	1,694	46.6	1.25	2,156	109
2.50 to <10.00	220	5.09	245	52.4	2.40	399	182
10.00 to <100.00	14	25.42	37	47.1	1.31	36	250
100.00 (Default)	101	100.00	8	48.0	0.02	—	—
Sub-total	21,031	0.81	8,210	46.8	1.30	8,188	39
AIRB – Total at 31 Dec 2023	73,972	0.57	9,953	45.4	0.80	17,716	24
FIRB – Corporates							
0.00 to <0.15	25,238	0.08	7,992	45.0	0.83	4,524	18
0.15 to <0.25	3,651	0.22	1,383	45.0	0.57	1,492	41
0.25 to <0.50	1,525	0.37	566	45.0	0.92	855	56
0.50 to <0.75	1,362	0.63	544	45.0	1.00	1,032	76
0.75 to <2.50	2,296	1.42	1,606	45.0	1.52	2,539	111
2.50 to <10.00	239	4.19	360	45.1	1.30	344	144
10.00 to <100.00	28	13.23	58	45.0	1.24	60	218
100.00 (Default)	9	100.00	31	45.0	1.06	—	—
FIRB – Total at 31 Dec 2023	34,348	0.28	12,540	45.0	0.86	10,846	32
Total (all portfolios) at 31 Dec 2023	108,320	0.48	22,493	45.3	0.82	28,562	26

Collateral arrangements

Our policy is to revalue all traded transactions and associated collateral positions on a daily basis. An independent collateral management function manages the collateral process, including pledging collateral, receiving collateral, investigating disputes and following up non-receipts.

Collateral types are controlled under a policy to ensure price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes.

A valuation 'haircut' policy reflects the fact that collateral may fall in value between the date the collateral was called and the date of liquidation or enforcement. A very high proportion of collateral held as variation margin under credit support annex ('CSA') agreements is composed of either cash or liquid government securities.

Further information on gross fair value exposure and the offset due to legally enforceable netting and collateral is set out on page 412 of the Annual Report and Accounts 2023.

The table below analyses the collateral used in derivatives and SFT transactions.

Table 41: Composition of collateral for CCR exposure (CCR5)

		Collateral used in derivative transactions				Collateral used in SFTs	
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
		Segregated	Unsegregated	Segregated	Unsegregated		
		$m	$m	$m	$m	$m	$m
1	Cash	**208**	**127,154**	**1,734**	**114,385**	**561**	**375**
2	Debt	**13,165**	**41,668**	**20,064**	**6,490**	**481,780**	**432,391**
3	Equity	**—**	**8,869**	**—**	**—**	**71,371**	**111,394**
4	Other	**—**	**—**	**—**	**—**	**2,795**	**3,084**
5	**Total at 30 Jun 2024[1]**	**13,373**	**177,691**	**21,798**	**120,875**	**556,507**	**547,244**
1	Cash	163	112,493	213	102,587	33	1,684
2	Debt	14,467	40,969	18,932	24,231	489,517	345,945
3	Equity	—	9,010	—	—	54,373	42,516
4	Other	—	—	—	—	1,630	1,321
5	Total at 31 Dec 2023	14,630	162,472	19,145	126,818	545,553	391,466

1 Disclosures have been enhanced to reflect collaterals on a post haircut basis following the EBA Q&A guidelines and to include collaterals for stock borrowing and lending transactions where HSBC acts as an agent. The cumulative impact of these two changes on the Dec 23 disclosures above would be an increase in total fair value of SFT collateral received and posted of $27bn and $94bn respectively.

The table below shows the credit derivative exposures held by HSBC for client intermediation and those amounts booked as part of HSBC's own credit portfolio. These are the products where we act as an intermediary for our clients, enabling them to take a position in the underlying securities. Where the credit derivative is used to hedge our own portfolio, no counterparty credit risk capital requirement arises.

Table 42: Credit derivatives exposures (CCR6)

		At 30 Jun 2024		At 31 Dec 2023	
		Protection bought	Protection sold	Protection bought	Protection sold
		$m	$m	$m	$m
Notionals					
1	Single-name credit default swaps	**39,819**	**30,763**	48,240	37,713
2	Index credit default swaps	**29,023**	**26,114**	25,536	23,786
3	Total return swaps	**8,058**	**11,479**	4,571	13,156
6	**Total notionals**	**76,900**	**68,356**	78,347	74,655
Fair values					
7	Positive fair value (asset)	**394**	**955**	444	906
8	Negative fair value (liability)	**(1,002)**	**(583)**	(1,171)	(690)

Central counterparties

While exchange-traded derivatives have been cleared through CCPs for many years, recent regulatory initiatives designed to reduce systemic risk in the banking system are directing increasing volumes of OTC derivatives to also be cleared through CCPs.

To manage the significant concentration of risk in CCPs that results from this, we have developed a risk appetite framework at an individual CCP and global level. A dedicated CCP risk team has been established to manage the interface with CCPs and undertake in-depth due diligence of the unique risks associated with these organisations.

The table below provides a breakdown of the exposures and RWAs related to qualifying central counterparties ('QCCPs') and non-QCCPs.

Table 43: Exposures to central counterparties (CCR8)

		At 30 Jun 2024		At 31 Dec 2023	
		Exposure value	**RWAs**	Exposure value	RWAs
		$m	**$m**	$m	$m
1	**Exposures to qualifying central counterparties ('QCCPs') (total)**		**1,440**		1,355
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	**13,972**	**279**	14,477	289
3	– OTC derivatives	**4,120**	**82**	5,668	113
4	– exchange-traded derivatives	**5,294**	**106**	4,599	92
5	– securities financing transactions	**4,558**	**91**	4,210	84
7	Segregated initial margin	**6,240**		6,834	
8	Non-segregated initial margin	**10,689**	**213**	13,506	271
9	Pre-funded default fund contributions[1]	**2,376**	**948**	—	795
10	Unfunded default fund contributions[1]	**6,107**	**—**	—	—
11	**Exposures to non-QCCPs (total)**		**682**		320
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)	**378**	**566**	136	204
14	– exchange-traded derivatives	**2**	**2**	—	—
15	– securities financing transactions	**376**	**564**	136	204
18	Non-segregated initial margin	**47**	**47**	25	25
19	Pre-funded default fund contributions[1]	**3**	**35**	—	17
20	Unfunded default fund contributions[1]	**3**	**34**	—	74

1 Disclosures have been enhanced to reflect the exposure value for pre-funded and unfunded default fund contributions. At 31 December 2023, pre-funded and unfunded default fund contributions exposures to QCCPs were $2,139m and $5,419m, whereas to non-QCCPs these exposures were $1m and $6m respectively.

Wrong-way risk

Wrong-way risk occurs when a counterparty's exposures are adversely correlated with its credit quality.

There are two types of wrong-way risk:

– general wrong-way risk occurs when the probability of counterparty default is positively correlated with general risk factors, for example, where a counterparty is resident and/or incorporated in a higher-risk country and seeks to sell a non-domestic currency in exchange for its home currency; and

– specific wrong-way risk occurs in self-referencing transactions. These are transactions in which exposure is driven by capital or financing instruments issued by the counterparty and occurs where exposure from HSBC's perspective materially increases as the value of the counterparty's capital or financing instruments referenced in the contract decreases. It is HSBC policy that specific wrong-way transactions are approved on a case-by-case basis.

We use a range of tools to monitor and control wrong-way risk, including requiring the business to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines.

The regional Traded Risk functions are responsible for the control and monitoring process within an overarching Group framework, including limit framework.

Credit rating downgrade

A credit rating downgrade clause in a Master Agreement or a credit rating downgrade threshold clause in a CSA is designed to trigger an action if the credit rating of the affected party falls below a specified level. These actions may include the requirement to pay or increase collateral, the termination of transactions by the non-affected party or the assignment of transactions by the affected party.

At 30 June 2024, the value of the additional collateral pertaining to International Swaps and Derivatives Association CSA downgrade thresholds that we would potentially need to post with counterparties in the event of a one-notch downgrade of our rating as $0.07bn (31 December 2023: $0.02bn) and for a two-notch downgrade was $0.24bn (31 December 2023: $0.11bn).

Securitisation

Securitisation strategy

HSBC acts as originator, sponsor and investor to securitisation positions. Our strategy is to use securitisation to meet our needs for aggregate funding or capital management (to the extent that market conditions, regulatory treatments and other conditions are suitable) and for customer facilitation.

Securitisations follow a detailed due diligence framework in accordance with the securitisation framework. Wholesale Credit Risk conducts the credit approval process for securitisations in the non-trading book. Traded Risk sets and monitors detailed risk limits and criteria for securitisations in the trading book. HSBC does not provide support to its originated or sponsored securitisation transactions as a policy, other than through any interest it has retained in the securitised exposures.

Securitisation activity

Our roles in the securitisation process are as follows:

- originator: where we originate the assets being securitised, either directly or indirectly;
- sponsor: where we establish and manage a securitisation programme that purchases exposures from third parties; and
- investor: where we invest in a securitisation transaction directly or provide derivatives or liquidity facilities to a securitisation.

Region	SPE	Underlying assets	Start date	Maturity date	EAD ($m)	Capital requirement before securitisation ($m)	Capital requirement after securitisation ($m)
HBEU	Metrix Portfolio Distribution plc	Corporate loans	Dec-19	Dec-26	870	43	37
HBUK	Neon Portfolio Distribution DAC	Corporate loans	Dec-19	Dec-26	1367	105	45
HNAH	N/A[1]	Corporate loans	Dec-21	Dec-28	2201	200	38
HBCE	N/A[1]	Corporate loans	Dec-22	Dec-29	3501	236	54
HBUK	Neon Portfolio Distribution DAC	Corporate loans	Dec-23	Dec-30	2258	158	35

1 Special purpose entity ('SPE') not used. Transfer of risk executed via issue of credit-linked notes by HSBC.

HSBC as originator

We are originator in five synthetic securitisation programmes outstanding as at 30 June 2024, details of which are given in the table above.

We use SPEs or credit-linked notes to securitise customer loans and advances and other debt that we have originated to diversify our sources of funding for asset origination and for capital efficiency purposes.

Typically we follow an approach commonly known as synthetic securitisation, using credit derivatives and financial guarantees to transfer the credit risk associated with such customer loans and advances.

To recognise capital benefit under synthetic securitisation, we satisfy the regulatory requirements for significant risk transfer ('SRT') and monitor our compliance periodically.

HSBC maintains an unhedged holding of at least 5% in each reference obligation. None of these transactions are categorised as simple transparent and standardised ('STS').

Securitisation entity	Description and nature of exposure	Accounting consolidation	Regulatory consolidation	Regulatory treatment
Solitaire	Asset-backed commercial paper conduit to which a first-loss letter of credit and transaction-specific liquidity facilities are provided. These are all non-STS positions.	✓	✓	Consolidated for regulatory capital purposes
Regency	Multi-seller conduit to which senior liquidity facilities and programme-wide credit enhancement are provided. Includes both STS and non-STS positions.	✓	×	Exposures (including derivatives and liquidity facilities) are risk-weighted as securitisation positions

HSBC as sponsor

We are sponsor to two securitisation entities, which manage a securitisation programme that purchases exposures from third parties. Details can be found in the table above.

We hold all of the commercial paper issued by Solitaire Funding Limited, which is HSBC's sponsored securitisation entity. This is considered a legacy business, and exposures are being repaid as the securities they hold amortise or are sold.

Further details are available in Note 20 on page 397 of the financial statements in the Annual Report and Accounts 2023.

HSBC as investor

We have exposure to third-party securitisations across a wide range of sectors in the form of investments, liquidity facilities and as a derivative counterparty.

Monitoring of securitisation positions

Securitisation positions are managed by dedicated teams that use a combination of market standard systems and third-party data providers to monitor performance data and manage market and credit risks.

In the case of legacy re-securitisation positions, similar processes are conducted in respect of the underlying securitisations.

The liquidity risk of securitised assets is consistently managed as part of the Group's liquidity and funding risk management framework.

Securitisation accounting treatment

For accounting purposes, we consolidate structured entities (including SPEs) when the substance of the relationship indicates that we control them, that is, we are exposed, or have rights, to variable returns from our involvement with the structured entity and have the ability to affect those returns through our power over the entity.

We reassess the need to consolidate whenever there is a change in the substance of the relationship between HSBC and a structured entity.

For further details of assessments and our accounting policy on structured entities, see Note 1.2(a) and Note 20 on page 343 and 397 respectively in the financial statements of the Annual Report and Accounts 2023.

HSBC enters into transactions in the normal course of business by which it transfers financial assets to structured entities. Depending on the circumstances, these transfers may either result in these financial assets being fully or partly derecognised, or continuing to be recognised in their entirety.

Full derecognition occurs when we transfer our contractual right to receive cash flows from the financial assets, or assume an obligation to pass on the cash flows from the assets, and transfer substantially all the risks and rewards of ownership. Only in the event that derecognition is achieved are sales and any resultant gains recognised in the financial statements.

Partial derecognition occurs when we sell or otherwise transfer financial assets in such a way that some but not substantially all of the risks and rewards of ownership are transferred and control is retained. These financial assets are recognised on the balance sheet to the extent of our continuing involvement and an associated liability is also recognised. The net carrying amount of the financial asset and associated liability will be based on either the amortised cost or the fair value of the rights and obligations retained by the entity, depending upon the measurement basis of the financial asset.

For further details of the disclosure of such transfers, see Note 17 on page 390 on the financial statements of the Annual Report and Accounts 2023.

Valuation of securitisation positions

The valuation of our investments in securitisation exposures primarily focuses on quotations from third parties, observed trade levels and calibrated valuations from market standard models.

Our hedging and credit risk mitigation strategy, with regards to retained securitisation and re-securitisation exposures, is to continually review our positions.

Securitisation regulatory treatment

Any reduction in RWAs as a result of our own originated securitisations must receive the PRA's permission and be justified by a commensurate transfer of credit risk to third parties. If these conditions are met, the underlying assets are de-recognised for regulatory purposes and any retained exposures to the securitisation, including derivatives or liquidity facilities, are risk weighted as securitisation positions.

For both non-trading book and trading book securitisation positions we follow the hierarchy of RWA calculation approaches described in the securitisation framework. Differentiated capital treatments are applied for qualifying STS securitisations.

Our originated positions are all reported under the SEC-IRBA.

Our positions in the sponsored Solitaire programme and our investment in third-party positions follow the 'SEC-SA and the SEC-ERBA.

For our sponsored positions in Regency we use the IAA. An eligible rating agency methodology, which includes stress factors, is applied to each asset class in order to derive the equivalent rating level for each transaction. This methodology is verified by the Credit Risk function as part of the approval process for each new transaction. The performance of each underlying asset portfolio is monitored to confirm that the applicable equivalent rating level still applies and is independently verified. Our IAA approach is audited annually by Internal Model Review and is subject to review by the PRA.

For further details of our securitisation regulatory treatment, see page 11 of this document.

Analysis of securitisation positions

Our involvement in securitisation activities reflected the following in 1H24:

- $10.2bn positions held as synthetic transactions (2023: $10.7bn);
- no assets awaiting securitisation and no material realised losses on securitisation asset disposals during the year;
- unrealised losses on asset-backed securities in the year amounted to $0.1bn (2023: $0.1bn), which relates to assets within SPEs that are consolidated for regulatory purposes; and
- total exposures include off-balance sheet exposures of $10.4bn (2023: $11.4bn), mainly related to contingent liquidity lines provided to securitisation vehicles where we act as sponsor or investor, with a small amount from derivative exposures where we are an investor. The off-balance sheet exposures are held in the non-trading book and the exposure types are spread across multiple products and securitisations.

The table below provides the carrying amount of non-trading securitisation exposures, separately for traditional and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 44: Securitisation exposures in the non-trading book (SEC1)

		Bank acts as originator					Bank acts as sponsor			Bank acts as investor		
		Traditional		Synthetic			Traditional			Traditional		
		Non-STS										
		Total	of which: SRT	Total	of which: SRT	Sub-total	STS	Non-STS	Sub-total	STS	Non-STS	Sub-total
		$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**52**	**52**	**10,198**	**10,198**	**10,250**	**2,197**	**4,831**	**7,028**	**2,498**	**19,234**	**21,732**
2	Retail (total)	**52**	**52**	**—**	**—**	**52**	**1,465**	**3,969**	**5,434**	**1,929**	**11,690**	**13,619**
3	– residential mortgage	**52**	**52**	**—**	**—**	**52**	**—**	**1,596**	**1,596**	**268**	**2,717**	**2,985**
4	– credit card	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,090**	**1,090**
5	– other retail exposures	**—**	**—**	**—**	**—**	**—**	**1,465**	**2,373**	**3,838**	**1,661**	**7,883**	**9,544**
7	Wholesale (total)	**—**	**—**	**10,198**	**10,198**	**10,198**	**732**	**862**	**1,594**	**569**	**7,544**	**8,113**
8	– loans to corporates	**—**	**—**	**10,198**	**10,198**	**10,198**	**—**	**63**	**63**	**34**	**1,608**	**1,642**
9	– commercial mortgage	**—**	**—**	**—**	**—**	**—**	**—**	**283**	**283**	**—**	**4,763**	**4,763**
10	– lease and receivables	**—**	**—**	**—**	**—**	**—**	**732**	**431**	**1,163**	**535**	**804**	**1,339**
11	– other wholesale	**—**	**—**	**—**	**—**	**—**	**—**	**85**	**85**	**—**	**369**	**369**
1	Total at 31 Dec 2023	59	59	10,718	10,718	10,777	2,192	5,351	7,543	2,242	15,479	17,721
2	Retail (total)	59	59	—	—	59	1,227	4,599	5,826	2,176	8,670	10,846
3	– residential mortgage	59	59	—	—	59	50	1,726	1,776	277	1,031	1,308
4	– credit card	—	—	—	—	—	—	—	—	—	830	830
5	– other retail exposures	—	—	—	—	—	1,177	2,873	4,050	1,899	6,809	8,708
7	Wholesale (total)	—	—	10,718	10,718	10,718	965	752	1,717	66	6,809	6,875
8	– loans to corporates	—	—	10,718	10,718	10,718	—	65	65	66	2,012	2,078
9	– commercial mortgage	—	—	—	—	—	—	64	64	—	4,370	4,370
10	– lease and receivables	—	—	—	—	—	965	535	1,500	—	166	166
11	– other wholesale	—	—	—	—	—	—	88	88	—	261	261

The table below shows carrying amount of trading securitisation exposures, separately for traditional and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 45: Securitisation exposures in the trading book (SEC2)

		At 30 Jun 2024			At 31 Dec 2023		
		Bank acts as investor[1]			Bank acts as investor[1]		
		Traditional			Traditional		
		STS	**Non-STS**	**Sub-total**	STS	Non-STS	Sub-total
		$m	**$m**	**$m**	$m	$m	$m
1	**Total exposures**	**670**	**3,117**	**3,787**	476	3,174	3,650
2	**Retail (total)**	**656**	**2,049**	**2,705**	462	2,029	2,491
3	– residential mortgage	**158**	**1,639**	**1,797**	98	1,509	1,607
4	– credit card	**23**	**15**	**38**	25	1	26
5	– other retail exposures	**475**	**395**	**870**	339	519	858
7	**Wholesale (total)**	**14**	**1,068**	**1,082**	14	1,145	1,159
8	– loans to corporates	**—**	**11**	**11**	—	69	69
9	– commercial mortgage	**—**	**791**	**791**	—	807	807
10	– lease and receivables	**1**	**1**	**2**	2	—	2
11	– other wholesale	**13**	**265**	**278**	12	269	281

1 HSBC does not act as originator or sponsor for securitisation exposures in the trading book.

The table below show the RWAs and exposures by type, risk-weight bands and regulatory approach in the non-trading securitisation exposures and associated regulatory capital requirements where the Group acts as an originator or as a sponsor.

Table 46: Securitisation exposures in the non-trading book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3)

		Exposure values (by risk-weight bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**15,104**	**1,852**	**124**	**185**	**13**	**10,237**	**6,812**	**216**	**13**
2	Traditional transactions	**4,981**	**1,852**	**124**	**121**	**2**	**50**	**6,812**	**216**	**2**
3	Securitisation	**4,981**	**1,852**	**124**	**121**	**2**	**50**	**6,812**	**216**	**2**
4	– retail underlying	**3,550**	**1,752**	**124**	**58**	**2**	**50**	**5,367**	**67**	**2**
5	– of which: STS	**1,465**	**—**	**—**	**—**	**—**	**—**	**1,465**	**—**	**—**
6	– wholesale	**1,431**	**100**	**—**	**63**	**—**	**—**	**1,445**	**149**	**—**
7	– of which: STS	**732**	**—**	**—**	**—**	**—**	**—**	**732**	**—**	**—**
9	Synthetic transactions	**10,123**	**—**	**—**	**64**	**11**	**10,187**	**—**	**—**	**11**
10	Securitisation	**10,123**	**—**	**—**	**64**	**11**	**10,187**	**—**	**—**	**11**
12	– wholesale	**10,123**	**—**	**—**	**64**	**11**	**10,187**	**—**	**—**	**11**
1	Total at 31 Dec 2023	15,322	2,650	145	190	13	10,764	7,315	228	13
2	Traditional transactions	4,677	2,650	145	128	2	57	7,315	228	2
3	Securitisation	4,677	2,650	145	128	2	57	7,315	228	2
4	– retail underlying	3,216	2,459	145	63	2	57	5,750	76	2
5	– of which: STS	1,227	—	—	—	—	—	1,227	—	—
6	– wholesale	1,461	191	—	65	—	—	1,565	152	—
7	– of which: STS	965	—	—	—	—	—	965	—	—
9	Synthetic securitisation	10,645	—	—	62	11	10,707	—	—	11
10	Securitisation	10,645	—	—	62	11	10,707	—	—	11
12	– wholesale	10,645	—	—	62	11	10,707	—	—	11

		RWAs (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**2,465**	**1,450**	**95**	**163**	**197**	**116**	**8**	**13**
2	Traditional transactions	**6**	**1,450**	**95**	**21**	**—**	**116**	**8**	**2**
3	Securitisation	**6**	**1,450**	**95**	**21**	**—**	**116**	**8**	**2**
4	– retail underlying	**6**	**1,067**	**72**	**21**	**—**	**85**	**6**	**2**
5	– of which: STS	**—**	**162**	**—**	**—**	**—**	**13**	**—**	**—**
6	– wholesale	**—**	**383**	**23**	**—**	**—**	**31**	**2**	**—**
7	– of which: STS	**—**	**77**	**—**	**—**	**—**	**6**	**—**	**—**
9	Synthetic transactions	**2,459**	**—**	**—**	**142**	**197**	**—**	**—**	**11**
10	Securitisation	**2,459**	**—**	**—**	**142**	**197**	**—**	**—**	**11**
12	– wholesale	**2,459**	**—**	**—**	**142**	**197**	**—**	**—**	**11**
1	Total at 31 Dec 2023	2,169	1,633	108	164	173	131	9	13
2	Traditional transactions	7	1,633	108	21	1	131	9	2
3	Securitisation	7	1,633	108	21	1	131	9	2
4	– retail underlying	7	1,236	85	21	1	99	7	2
5	– of which: STS	—	151	—	—	—	12	—	—
6	– wholesale	—	397	23	—	—	32	2	—
7	– of which: STS	—	101	—	—	—	8	—	—
9	Synthetic securitisation	2,162	—	—	143	172	—	—	11
10	Securitisation	2,162	—	—	143	172	—	—	11
12	– wholesale	2,162	—	—	143	172	—	—	11

The table below shows the RWAs and exposures by type, risk-weight bands and regulatory approach in the non-trading book where the Group acts as an investor.

Table 47.i: Securitisation exposures in the non-trading book and associated capital requirements – bank acting as investor (SEC4)

		Exposure values (by risk-weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**17,061**	**2,882**	**1,174**	**615**	**—**	**368**	**1,594**	**19,770**	**—**
2	**Traditional securitisation**	**17,061**	**2,882**	**1,174**	**615**	**—**	**368**	**1,594**	**19,770**	**—**
3	Securitisation	**17,061**	**2,882**	**1,174**	**615**	**—**	**368**	**1,594**	**19,770**	**—**
4	– retail underlying	**11,072**	**2,004**	**523**	**20**	**—**	**368**	**940**	**12,311**	**—**
5	– of which: STS	**1,883**	**46**	**—**	**—**	**—**	**—**	**60**	**1,869**	**—**
6	– wholesale	**5,989**	**878**	**651**	**595**	**—**	**—**	**654**	**7,459**	**—**
7	– of which: STS	**569**	**—**	**—**	**—**	**—**	**—**	**—**	**569**	**—**
1	Total at 31 Dec 2023	13,754	2,807	1,128	32	—	—	1,418	16,303	—
2	Traditional securitisation	13,754	2,807	1,128	32	—	—	1,418	16,303	—
3	Securitisation	13,754	2,807	1,128	32	—	—	1,418	16,303	—
4	– retail underlying	9,238	1,125	454	29	—	—	731	10,115	—
5	– of which: STS	2,176	—	—	—	—	—	49	2,127	—
6	– wholesale	4,516	1,682	674	3	—	—	687	6,188	—
7	– of which: STS	66	—	—	—	—	—	—	66	—

		RWAs (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**55**	**787**	**4,147**	**2**	**4**	**63**	**332**	**—**
2	**Traditional securitisation**	**55**	**787**	**4,147**	**2**	**4**	**63**	**332**	**—**
3	Securitisation	**55**	**787**	**4,147**	**2**	**4**	**63**	**332**	**—**
4	– retail underlying	**55**	**198**	**2,367**	**—**	**4**	**16**	**189**	**—**
5	– of which: STS	**—**	**6**	**193**	**—**	**—**	**—**	**15**	**—**
6	– wholesale	**—**	**589**	**1,780**	**2**	**—**	**47**	**143**	**—**
7	– of which: STS	**—**	**—**	**60**	**—**	**—**	**—**	**5**	**—**
1	Total at 31 Dec 2023	—	777	3,034	2	—	62	243	—
2	Traditional securitisation	—	777	3,034	2	—	62	243	—
3	Securitisation	—	777	3,034	2	—	62	243	—
4	– retail underlying	—	161	1,844	—	—	13	148	—
5	– of which: STS	—	5	218	—	—	—	17	—
6	– wholesale	—	616	1,190	2	—	49	95	—
7	– of which: STS	—	—	7	—	—	—	1	—

Table 47.ii: Securitisation exposures in the trading book and associated capital requirements – bank acting as investor (SEC4)

		Exposure values (by risk-weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**3,335**	**255**	**92**	**101**	**4**	**—**	**1,215**	**2,568**	**4**
2	**Traditional securitisation**	**3,335**	**255**	**92**	**101**	**4**	**—**	**1,215**	**2,568**	**4**
3	Securitisation	**3,335**	**255**	**92**	**101**	**4**	**—**	**1,215**	**2,568**	**4**
4	– retail underlying	**2,405**	**230**	**64**	**6**	**—**	**—**	**1,065**	**1,640**	**—**
5	– of which: STS	**608**	**28**	**19**	**—**	**—**	**—**	**339**	**317**	**—**
6	– wholesale	**930**	**25**	**28**	**95**	**4**	**—**	**150**	**928**	**4**
7	– of which: STS	**13**	**1**	**—**	**—**	**—**	**—**	**3**	**11**	**—**
1	Total at 31 Dec 2023	3,208	201	124	115	3	—	1,364	2,284	—
2	Traditional securitisation	3,208	201	124	115	3	—	1,364	2,284	—
3	Securitisation	3,208	201	124	115	3	—	1,364	2,284	—
4	– retail underlying	2,229	169	81	13	—	—	1,178	1,314	—
5	– of which: STS	416	31	10	6	—	—	213	249	—
6	– wholesale	979	32	43	102	3	—	186	970	—
7	– of which: STS	12	2	—	—	—	—	2	12	—

Table 47.ii: Securitisation exposures in the trading book and associated capital requirements – bank acting as investor (SEC4) (continued)

		RWAs (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		$m	$m	$m	$m	$m	$m	$m	$m
1	**Total at 30 Jun 2024**	**—**	**450**	**403**	**44**	**—**	**36**	**32**	**4**
2	**Traditional securitisation**	**—**	**450**	**403**	**44**	**—**	**36**	**32**	**4**
3	Securitisation	**—**	**450**	**403**	**44**	**—**	**36**	**32**	**4**
4	– retail underlying	**—**	**234**	**252**	**4**	**—**	**19**	**20**	**—**
5	– of which: STS	**—**	**52**	**34**	**—**	**—**	**4**	**3**	**—**
6	– wholesale	**—**	**216**	**151**	**40**	**—**	**17**	**12**	**4**
7	– of which: STS	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**—**
1	Total at 31 Dec 2023	—	515	369	38	—	41	30	3
2	Traditional securitisation	—	515	369	38	—	41	30	3
3	Securitisation	—	515	369	38	—	41	30	3
4	– retail underlying	—	273	199	3	—	22	16	—
5	– of which: STS	—	42	26	—	—	3	2	—
6	– wholesale	—	242	170	35	—	19	14	3
7	– of which: STS	—	—	1	—	—	—	—	—

The table below sets out the outstanding nominal amount, exposures in default and specific credit risk adjustments by exposure type where the institution acts as an originator or a sponsor.

Table 48: Exposures securitised by the institution – Institution acts as originator or as sponsor (SEC5)

		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			of which: exposures in default	
		$m	$m	$m
1	**Total at 30 Jun 2024**	**18,406**	**186**	**41**
2	Retail (total)	**5,487**	**58**	**—**
3	– residential mortgage	**1,649**	**20**	**—**
5	– other retail exposures	**3,838**	**38**	**—**
7	Wholesale (total)	**12,919**	**128**	**41**
8	– loans to corporates	**11,388**	**122**	**41**
9	– commercial mortgage	**283**	**—**	**—**
10	– lease and receivables	**1,163**	**6**	**—**
11	– other wholesale	**85**	**—**	**—**
1	Total at 31 Dec 2023	19,298	68	22
2	Retail (total)	5,885	64	—
3	– residential mortgage	1,835	19	—
5	– other retail exposures	4,050	45	—
7	Wholesale (total)	13,413	4	22
8	– loans to corporates	11,761	—	22
9	– commercial mortgage	64	—	—
10	– lease and receivables	1,500	4	—
11	– other wholesale	88	—	—

Market risk

Overview of market risk in global businesses

Market risk is the risk of an adverse financial impact on trading portfolios arising from changes in market parameters such as interest rates, foreign exchange rates, asset prices, volatilities, correlations and credit spreads.

Exposures to market risk

Market risk arises from both trading portfolios and non-trading portfolios. Trading portfolios comprise positions held for client servicing and market-making, with the intention of short-term resale and/or to hedge risks resulting from such positions. For non-trading portfolio, see the 'Treasury risk' section on page 8.

Where appropriate, we apply similar risk management policies and measurement techniques to both trading and non-trading portfolios. Our objective is to manage and control market risk exposures to optimise return on risk while maintaining a market risk profile within our established risk appetite.

For further details of hedging risk and monitoring the continuing effectiveness of hedges, see page 218 of the Annual Report and Accounts 2023.

The tables below reflect the components of capital requirements under the standardised approach and the internal model approach for market risk.

Table 49: Market risk under standardised approach (MR1)

		At	
		30 Jun 2024	31 Dec 2023
		RWAs	RWAs
		$m	$m
	Outright products		
1	Interest rate risk (general and specific)	**1,409**	1,150
2	Equity risk (general and specific)	**147**	108
3	Foreign exchange risk	**7,745**	12,875
4	Commodity risk	**143**	107
	Options		
7	Scenario approach	**3**	10
8	**Securitisation (specific risk)**	**897**	922
9	**Total**	**10,344**	15,172

The $4.8bn decrease in market risk RWAs under the standardised approach, mainly attributed to lower foreign exchange risk due to the impact from the hedges for the Canada sale proceeds.

Table 50: Market risk under IMA (MR2-A)

		At 30 Jun 2024		At 31 Dec 2023	
		RWAs	**Capital requirements**	RWAs	Capital requirements
		$m	**$m**	$m	$m
1	**VaR (higher of values a and b)**[1]	**8,173**	**654**	7,164	573
(a)	Previous day's VaR ('VaRt-1')		**170**		218
(b)	Multiplication factor (mc) x average of previous 60 working days ('VaRavg')		**654**		573
2	**Stressed VaR (higher of values a and b)**[1]	**11,186**	**895**	8,297	664
(a)	Latest available stressed VaR ('SVaRt-1')		**283**		269
(b)	Multiplication factor (ms) x average of previous 60 working days ('sVaRavg')		**895**		664
3	**IRC (higher of values a and b)**[1]	**6,418**	**513**	5,163	413
(a)	Most recent IRC value		**513**		410
(b)	12 weeks average IRC measure		**430**		413
5	**Other**	**1,750**	**140**	1,694	135
6	**Total**	**27,527**	**2,202**	22,318	1,785

1 VaR average values are calculated on a 60 business days basis. Stressed VaR and IRC average values are calculated on a 12-week basis.

Under the internal model approach, RWAs increased by $5.2bn during the first half of the year, mainly due to stressed value at risk, higher incremental risk charge and value at risk due to increased positions.

Market risk capital models

HSBC has permission to use a number of market risk capital models to calculate regulatory capital as listed in the table below. Market risk capital models are governed by the Global Model Risk Policy and Standards, which requires that all in-use models are assessed, validated and monitored on a regular basis. For regulatory purposes, the trading book comprises all positions in financial instruments and commodities held with trading intent and positions where it can be demonstrated that they hedge positions in the trading book. Trading book positions must either be free of any restrictive covenants on their tradability or be capable of being hedged.

HSBC maintains a trading book policy, which defines the minimum requirements for trading book positions and the process for classifying positions as trading or non-trading book. Positions in the trading book are subject to market risk-based rules, i.e. market risk capital calculated using regulatory approved models. Where we do not have permission to use internal models, market risk capital is calculated using the standardised approach.

If any of the policy criteria are not met, then the position is categorised as a non-trading book exposure.

Model component	Confidence level	Liquidity horizon	Model description and methodology
VaR	99%	10 day	Uses most recent two years' history of daily returns to determine a loss distribution. VaR is calculated as the maximum of VaR based on a 500-day historical window and on a 250-day historical window. The result is scaled, using the square root of 10, to provide an equivalent 10-day loss.
Stressed VaR	99%	10 day	Stressed VaR follows an approach similar to VaR but uses a one-year stressed period to determine the loss distribution, based on 10 day returns. The one-year period is selected as a period of stress observed in history relevant to HSBC's positions.
IRC	99.9%	1 year	Uses a multi-factor Gaussian Monte Carlo simulation, which includes product basis, concentration, hedge mismatch, recovery rate and liquidity as part of the simulation process. A minimum liquidity horizon of three months is applied and is based on a combination of factors, including issuer type, currency and size of exposure.

Non-proprietary details of these models are available in the Financial Services Register on the PRA website.

The table below shows the high, average and low calculated on a six-month basis, and actual values of VaR, SVaR and IRC under the internal models approach.

Table 51: IMA values for trading portfolios[1] (MR3)

		At	
		30 Jun 2024 $m	31 Dec 2023 $m
VaR (10 day 99%)			
1	Maximum value	**270.2**	294.1
2	Average value	**194.0**	201.4
3	Minimum value	**152.3**	109.5
4	Period end	**166.3**	176.0
Stressed VaR (10 day 99%)			
5	Maximum value	**343.0**	342.5
6	Average value	**267.1**	221.6
7	Minimum value	**193.5**	115.6
8	Period end	**278.8**	266.9
Incremental risk charge (99.9%)			
9	Maximum value	**518.3**	557.7
10	Average value	**413.0**	455.6
11	Minimum value	**361.2**	347.0
12	Period end	**513.4**	409.8

In 1H24, the period-end values for the three market risk capital models changed as follows:

- Trading VaR's marginal reduction was mainly due to lower volatility in the updated VaR window.
- Stressed VaR did not change materially compared with December 2023.
- The incremental risk charge increased mainly due to changes in the portfolio exposures.

Back-testing

We validate the accuracy of our VaR models by back-testing the model against both actual and hypothetical profit and loss.

Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenue of intra-day transactions. The hypothetical profit and loss reflects the profit and loss that would be realised if positions were maintained and held constant from the end of one trading day to the end of the next. This measure of profit and loss does not align with how risk is dynamically hedged, and is not therefore indicative of the actual performance of the business.

The number of hypothetical loss back-testing exceptions, together with a number of other indicators, is used to assess model performance and to consider whether enhanced internal monitoring or recalibration of the VaR model is required.

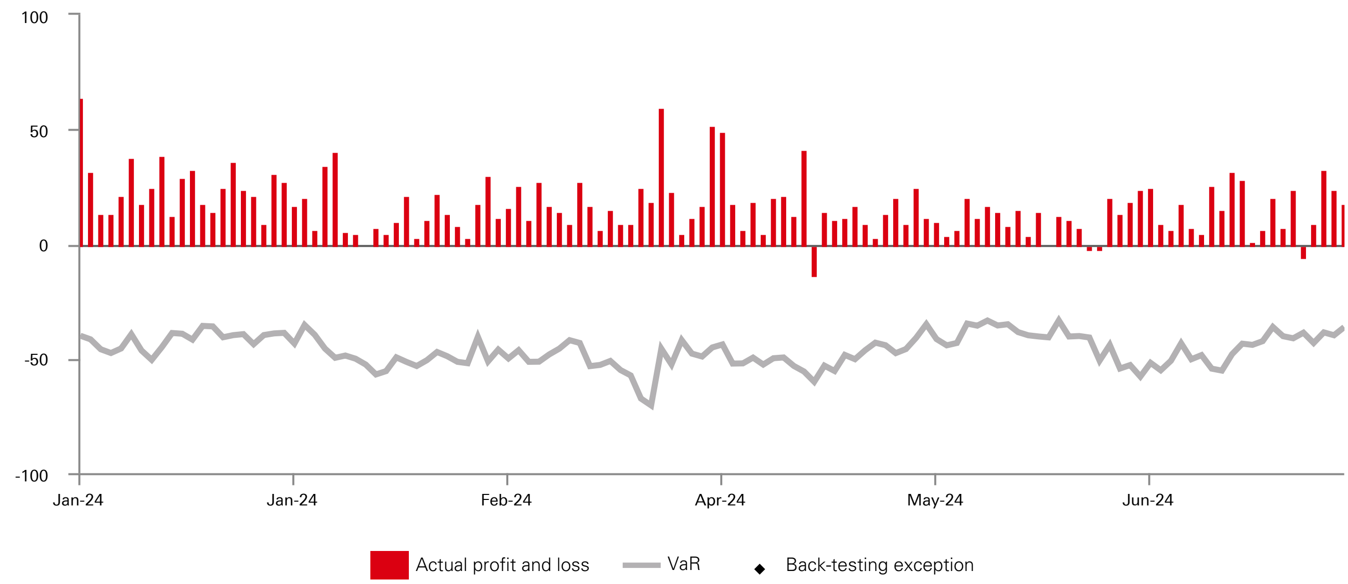
We back-test our VaR at various levels of our Group entity hierarchy. Our back-testing covers those entities within the Group which have approval to use VaR in the calculation of market risk regulatory capital requirement. HSBC submits separate back-testing results to regulators, including the PRA and the European Central Bank, based on applicable frequencies ranging from two business days after an exception occurs, to quarterly submissions. VaR back-testing loss, and not profit, exceptions count towards the multiplier determined by the PRA for the purposes of the capital requirement calculation for market risk. The multiplier is increased if there are five or more loss exceptions in a 250-day period.

During the first half of 2024, the Group experienced no back-testing exceptions on losses against actual or hypothetical profit and losses.

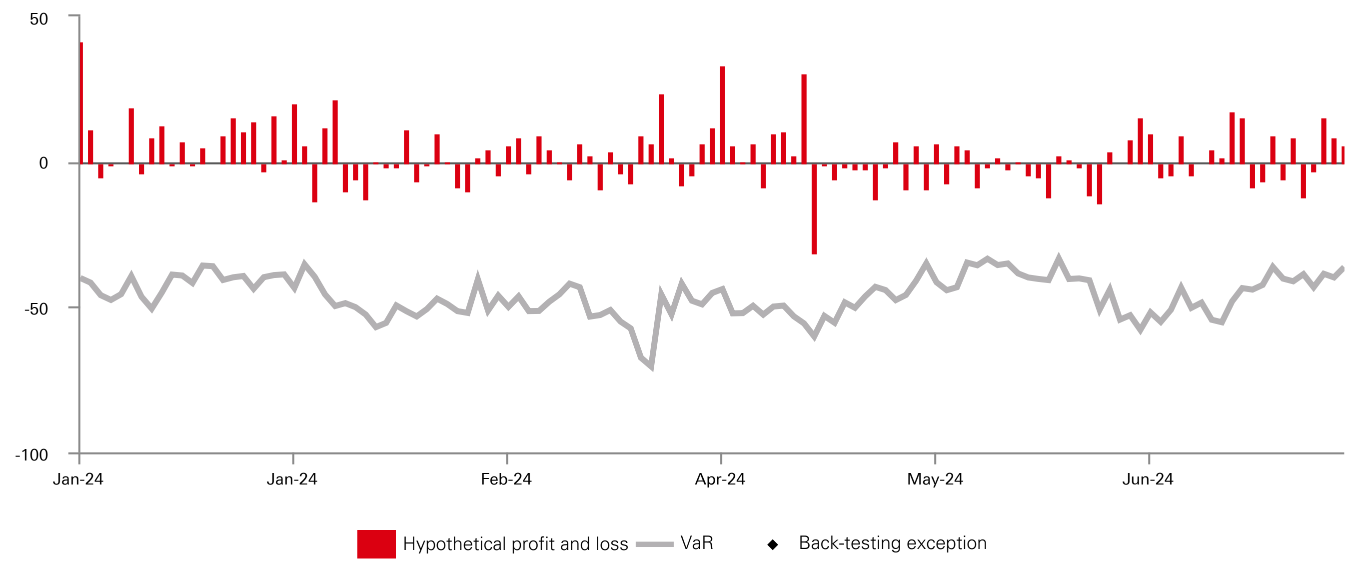
The following graphs show a six-month history for VaR back-testing exceptions against both actual and hypothetical profit and loss.

Table 52: Comparison of VaR estimates with gains/losses (MR4)

VaR back-testing loss exceptions against actual profit and loss ($m)



VaR back-testing loss exceptions against hypothetical profit and loss ($m)



Countercyclical capital buffer

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the CCyB under Article 440 of CRR II. Exposures to central governments/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.

Table 53: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK 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	Own funds requirements weights	CCyB rate
Country/ territory	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	%	%
Armenia	527	27	—	—	—	554	35	—	—	35	438	0.07	1.50
Australia	1,302	45,413	905	86	2,576	50,282	1,156	20	35	1,211	15,138	2.47	1.00
Belgium	134	1,269	3	7	—	1,413	46	1	—	47	588	0.10	0.50
Bulgaria	—	13	—	1	—	14	1	—	—	1	13	—	2.00
Chile	464	1,232	—	222	—	1,918	61	8	—	69	863	0.14	—
China	21,905	60,320	109	808	2,287	85,429	5,297	24	27	5,348	66,850	10.90	—
Croatia	—	1	—	—	—	1	—	—	—	—	—	—	1.50
Cyprus	71	125	—	—	—	196	5	—	—	5	63	0.01	1.00
Czech Republic	69	427	—	19	—	515	23	4	—	27	338	0.06	1.75
Denmark	125	1,419	—	13	—	1,557	62	1	—	63	788	0.13	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
France	10,422	23,266	145	81	5,157	39,071	1,151	8	74	1,233	15,413	2.51	1.00
Germany	1,041	15,969	138	135	954	18,237	650	9	13	672	8,400	1.37	0.75
Hong Kong	22,843	338,241	—	460	115	361,659	10,134	15	2	10,151	126,888	20.69	1.00
Iceland	—	17	—	—	—	17	—	—	—	—	—	—	2.50
India	5,734	20,059	—	745	1,890	28,428	1,405	30	63	1,498	18,725	3.05	—
Indonesia	555	6,855	—	150	—	7,560	376	12	—	388	4,850	0.79	—
Ireland	783	4,959	768	39	809	7,358	167	17	10	194	2,425	0.40	1.50
Korea, Republic Of	1,013	4,181	8	185	415	5,802	152	13	6	171	2,138	0.35	1.00
Lithuania	1	5	—	1	—	7	—	—	—	—	—	—	1.00
Luxembourg	4,405	7,579	88	70	—	12,142	667	7	—	674	8,425	1.37	0.50
Malaysia	2,284	12,229	—	30	—	14,543	589	3	—	592	7,400	1.21	—
Mexico	26,230	3,748	—	196	728	30,902	1,704	10	9	1,723	21,538	3.51	—
Netherlands	1,199	10,686	346	109	1,339	13,679	405	37	14	456	5,700	0.93	2.00
Norway	23	286	—	19	—	328	10	1	—	11	138	0.02	2.50
Romania	—	32	—	2	—	34	1	—	—	1	13	—	1.00
Saudi Arabia	27,576	2,195	—	121	—	29,892	2,009	26	—	2,035	25,438	4.15	—
Singapore	2,577	33,523	—	126	—	36,226	1,062	11	—	1,073	13,413	2.19	—
Slovakia	—	65	—	2	—	67	2	—	—	2	25	—	1.50
Slovenia	3	1	—	2	—	6	—	1	—	1	13	—	0.50
Sweden	491	826	—	2	67	1,386	80	4	1	85	1,063	0.17	2.00
Taiwan	1,606	13,739	—	278	—	15,623	414	5	—	419	5,238	0.85	—
United Arab Emirates	4,600	17,366	—	17	—	21,983	686	2	—	688	8,600	1.40	—
United Kingdom	15,654	375,324	750	516	12,874	405,118	10,062	88	278	10,428	130,350	21.25	2.00
United States	26,114	96,715	57	173	8,964	132,023	4,770	27	192	4,989	62,363	10.17	—
Other countries	28,769	86,960	470	771	803	117,773	4,634	143	9	4,786	59,815	9.74	—
Total	208,520	1,185,072	3,787	5,386	38,978	1,441,743	47,816	527	733	49,076	613,450	100.00	

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

Table 54: Amount of institution-specific countercyclical capital buffer (UK CCyB2)

	At	
	30 Jun 2024	31 Dec 2023
Total risk exposure amount ($m)	**835,118**	854,114
Institution-specific countercyclical capital buffer rate (%)	**0.74**	0.67
Institution-specific countercyclical capital buffer requirement ($m)	**6,180**	5,723

Other information

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
$	United States dollar
A	
AIRB	Advanced internal ratings based approach
ALCO	Asset and Liability Management Committee
Apr	April
ASF	Available stable funding
AT1 capital	Additional tier 1 capital
B	
Basel	Basel Committee on Banking Supervision
BoE	Bank of England
C	
CCF[1]	Credit conversion factor
CCP[1]	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CDS[1]	Credit default swap
CET1[1]	Common equity tier 1
CIU	Collective investment undertakings
CMB	Commercial Banking, a global business
CRD IV[1]	Capital Requirements Regulation and Directive
CRM[1]	Credit risk mitigation/mitigant
CRR[1]	Customer risk rating
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.
EEPE	Effective Expected Positive Exposure
EL[1]	Expected loss
ESG	Environmental, social and governance
EU	European Union
EVE	Economic value of equity
F	
Feb	February
FINREP	Financial Reporting templates submitted to BoE
FIRB	Foundation internal-ratings based approach
FRTB	Fundamental review of the trading book
FSB	Financial Stability Board
FSEs	Financial sector entities
FVOCI[1]	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
G	
GAC	Group Audit Committee
GBM	Global Banking and Markets, a global business
GEC	Group Executive Committee
GRC	Group Risk Committee
Group	HSBC Holdings together with its subsidiary undertakings
G-SIB	Global systemically important bank
G-SII	Global systemically important institution

H	
HKMA	Hong Kong Monetary Authority
HMT	Her Majesty's Treasury
HNIV	HSBC Innovation Bank Limited
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China
HSBC	HSBC Holdings together with its subsidiary undertakings
HQLA	High-quality liquid assets
I	
IAA	Internal assessment approach
ICCAP[1]	Internal capital adequacy assessment process
IFRSs	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
J	
Jan	January
Jul	July
Jun	June
L	
LAC	Loss absorbing capital
LCR[1]	Liquidity coverage ratio
LGD[1]	Loss given default
M	
Mar	March
MENA	Middle East, North Africa and Türkiye
MPE	Multiple point of entry
MREL	Minimum requirement for own funds and eligible liabilities
N	
NII[1]	Net interest income
NMD	Non-maturing deposits
NSFR[1]	Net stable funding ratio
O	
OCI	Other comprehensive income
Oct	October
OTC[1]	Over-the-counter
P	
PD[1]	Probability of default
PFE	Potential future exposure
PIT	Point-in-time
PRA[1]	Prudential Regulation Authority (UK)
PVA	Prudent valuation adjustment
Q	
QCCPs	Qualifying central counterparties
R	
RAS	Risk appetite statement
RMM	Risk Management Meeting
RNIV	Risks not in VaR
RW	Risk weights
RSF	Required stable funding
RWA	Risk-weighted asset

S	
SAB	Saudi Awwal Bank formerly 'The Saudi British Bank'
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
SRT	Significant risk transfer
STS	Simple transparent and standardised
SVaR	Stressed Value at risk
SVB UK	Silicon Valley Bank UK Limited
T	
TCFD	Task Force on Climate-related Financial Disclosures
TLAC[1]	Total Loss Absorbing Capacity
T1 capital	Tier 1 capital
T2 capital	Tier 2 capital
U	
UK	United Kingdom
US	United States
V	
VaR[1]	Value at risk
W	
WPB	Wealth and Personal Banking, a global business

1 Full definition included in the Glossary published on HSBC website www.hsbc.com/investor-relations/group-results-and-reporting.

Cautionary statement regarding forward-looking statements

This Pillar 3 Disclosures at 30 June 2024 contains certain forward-looking statements with respect to HSBC's: financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and ESG targets, commitments and ambitions described herein.

Statements that are not historical facts, including statements about HSBC'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 thereon or similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, 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. HSBC 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.

Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as new, continuing or deepening recessions, prolonged inflationary pressures and fluctuations in employment levels and the creditworthiness of customers beyond those factored into consensus forecasts; the Russia-Ukraine war and the Israel-Hamas war and their impact on global economies and the markets where HSBC operates, which could have a material adverse effect on (among other things) our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Russia-Ukraine war and the Israel-Hamas war, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector in mainland China); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the Russia-Ukraine war or the Israel-Hamas war (including the continuation and escalation thereof) and the related imposition of sanctions and trade restrictions, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions, including between China and the US, the UK, the EU, India and other countries, and developments in Hong Kong and Taiwan, alongside other potential areas of tension, which may adversely affect HSBC by creating regulatory, reputational and market risks; the efficacy of government, customer, and HSBC's actions in managing and mitigating ESG risks, in particular climate risk, nature-related risks and human rights risks, and in supporting the global transition to net zero carbon emissions, each of which can impact HSBC both directly and indirectly through our customers and which may result in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using us as a conduit for illegal activities without our knowledge; the discontinuation of certain key Ibors and the transition of the remaining legacy Ibor contracts to near risk-free benchmark rates, which continues to expose HSBC to some financial and non-financial risks; and price competition in the market segments we serve;
- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of changes in government following national elections in the jurisdictions where the Group operates); initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; changes to tax laws and tax rates applicable to HSBC, including the imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; the UK's relationship with the EU, which continues to be characterised by uncertainty and political disagreement, despite the signing of the Trade and Cooperation Agreement between the UK and the EU, particularly with respect to the potential divergence of UK and EU law on the regulation of financial services; changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets; changes in UK macroeconomic and fiscal policy, which may result in fluctuations in the value of the pound sterling; general changes in government policy (including, without limitation, actions taken as a result of changes in government following national elections in the jurisdictions where the Group operates) that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG targets, commitments and ambitions (including the positions set forth in our thermal coal phase-out policy and our energy policy and our targets to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors), which may result in our failure to achieve any of the expected benefits of our strategic priorities; evolving regulatory requirements and the development of new technologies, including artificial intelligence, affecting how we manage model risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and rising interest rates have had on the performance and usage of financial models, which may require us to hold additional capital, incur losses and/or use compensating controls, such as judgemental post-model adjustments, to address model limitations; changes to the judgements, estimates and assumptions we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a

reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; the accuracy and effective use of data, including internal management information that may not have been independently verified; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in our reporting frameworks and accounting standards, which have had and may continue to have a material impact on the way we prepare our financial statements; our ability to successfully execute planned strategic acquisitions and disposals; our success in adequately integrating acquired businesses into our business, including the integration of SVB UK into our CMB business; changes in our ability to manage third-party, fraud, financial crime and reputational risks inherent in our operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect our ability to recruit and retain senior management and diverse and skilled personnel; and changes in our ability to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity (including as a result of data limitations and changes in methodologies), which may affect our ability to achieve our ESG ambitions, targets and commitments, including our net zero ambition, our targets to reduce on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in our thermal coal phase-out policy and our energy policy, and increase the risk of greenwashing. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Risk overview' and 'Risk – Geopolitical and macroeconomic risk' on pages 25 to 27 and 62 to 64 of the Interim Report 2024.

Additional detailed information concerning important factors, including but not limited to ESG-related factors, that could cause actual results to differ materially from those anticipated or implied in any forward-looking statement in this Pillar 3 Disclosures at 30 June 2023 is available in our Annual Report and Accounts for the fiscal year ended 31 December 2023 which was filed with the SEC on Form 20-F on 22 February 2024.

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