

HSBC Holdings plc

Pillar 3 Disclosures at 30 June 2026

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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 2026, which has been published on our website at www.hsbc.com/ investors.

Disclosures and Governance

Regulatory framework for disclosure

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

We are supervised on a consolidated basis in the UK by the PRA, which receives information on the capital and liquidity adequacy of, and sets capital and liquidity requirements for, the 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 the Pillar 1 minimum capital requirements and the Pillar 2 supervisory review process complemented by the Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel framework and the rules in their jurisdiction, their capital resources, risk exposures, and risk management processes, and hence their capital adequacy.

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

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. Further details on our implementation of Basel 3.1 for the consolidated group can be found on page 5 within the regulatory developments section.

While the frameworks may vary, the Group's disclosure requirements are unaffected by variations in local regulatory frameworks except where these impact distributions, non-controlling interests and minimum requirement for own funds and eligible liabilities ('MREL').

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

Regulatory reporting processes and controls

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

Comparatives and references

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

The regulatory numbers and ratios presented in this document were accurate as at the date of reporting. Small changes may exist between these numbers and ratios and those subsequently submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.

Where disclosures have been enhanced, or are new, we do not generally restate or provide comparatives. Wherever specific rows and columns in the tables prescribed are not applicable or are immaterial to our activities, we omit them and follow the same approach for comparatives.

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

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

The table below references where disclosures have been enhanced.

Page ref	Table Reference	Activity
24	Table 14ii – KM2 ARG	Effective 31 March 2026, exclusion of own credit standing and inclusion of accrued interest in tier 2 ('T2') and MREL instruments.

Governance

Our Pillar 3 Disclosures are governed by the Group's regulatory reporting policy and associated internal controls framework. This document has been approved by the Group Chief Financial Officer following recommendation by the Group Disclosure Committee ('GDC'). In this context, the GDC acts under delegated authority from the Group Audit Committee.

Highlights

CET1 capital and ratio

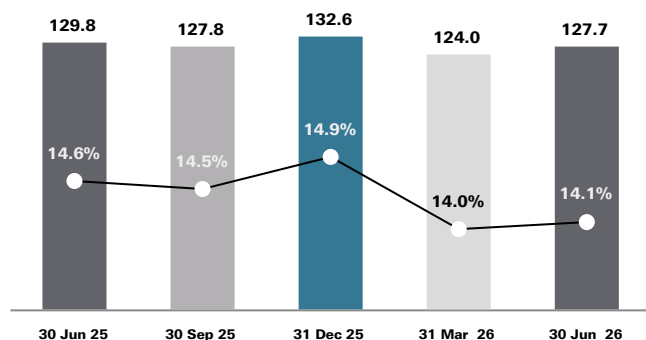
Our common equity tier 1 ('CET1') capital was \$127.7bn and our ratio was 14.1% compared with 14.9% at 31 December 2025. This reflected the impact of the privatisation of Hang Seng Bank Limited ('Hang Seng'), dividends and an increase in RWAs, partly offset by regulatory profit.

We intend to continue to manage the CET1 capital ratio within our medium-term target range of 14%-14.5%.

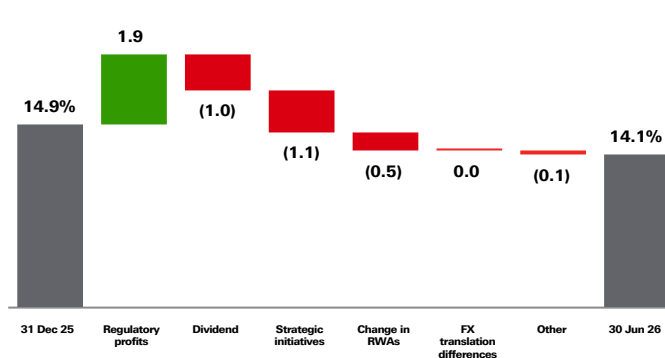
We maintain our dividend payout ratio target basis of 50% of earnings per share ('EPS') for 2026, excluding material notable items and related impacts.

The Board has approved a second interim dividend of \$0.10 per share. We have now announced with our 2Q26 results a share buy-back of up to \$1bn, which we expect to complete by our third quarter 2026 results announcement.

CET1 capital and ratio



CET1 ratio movement



RWAs

RWAs increased by \$17.8bn to \$906.4bn in the first half of 2026. The rise was driven by asset size movements of \$31.2bn from credit risk RWAs of \$39.0bn, mainly due to lending growth in Commercial and Institutional Banking ('CIB'), partly offset by a decrease in market risk RWAs of \$7.8bn, primarily due to a reduction of structural foreign exchange exposures following completion of the privatisation of Hang Seng Bank. Methodology and policy changes and foreign currency translation differences also reduced RWAs by \$5.5bn and \$4.7bn respectively.

RWAs by risk type

	30 Jun 2026	31 Dec 2025
Risk-weighted assets	\$bn	\$bn
Credit risk	707.9	687.0
Counterparty credit risk	48.3	42.4
Market risk	30.6	38.5
Operational risk	119.6	120.7
Total RWAs	906.4	888.6

Leverage

Our leverage ratio was 4.9%, down from 5.3% at 31 December 2025. The increase in leverage exposures led to a 0.3 percentage point fall in the leverage ratio and the decrease in tier 1 ('T1') capital led to an additional fall of 0.1 percentage point.

Leverage

	30 Jun 2026	31 Dec 2025
Tier 1 capital (leverage) (\$bn)	151.3	153.4
Total leverage ratio exposure (\$bn)	3,076.2	2,877.1
Leverage ratio (%)	4.9	5.3

Liquidity

The Group liquidity coverage ratio ('LCR') was 134% or \$179bn above the regulatory requirement for the 12 months to 30 June 2026, and 137% or \$190bn at 31 December 2025. The average high-quality liquid assets ('HQLA') were \$714bn for 30 June 2026 and \$702bn for 31 December 2025.

Liquidity

	30 Jun 2026	31 Dec 2025
LCR (%)	134	137
NSFR (%)	140	143

At 30 June 2026, our **Group net stable funding ratio ('NSFR') was 140%** and 143% at 31 December 2025. At 30 June 2026, all material operating entities were above regulatory minimum levels.

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. LCR is reported as the average of the preceding 12 months while NSFR is reported as the average of the preceding four quarter-end values.

Table 1: Key metrics (KM1)

		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
Available capital (\$bn)						
1	Common equity tier 1 ('CET1') capital	127.7	124.0	132.6	127.8	129.8
2	Tier 1 capital	151.3	146.2	153.4	148.6	150.6
3	Total capital	178.8	174.0	182.4	177.7	178.5
Risk-weighted assets (\$bn)						
4	Total RWAs	906.4	883.8	888.6	878.8	886.9
Capital ratios (%)						
5	CET1	14.1	14.0	14.9	14.5	14.6
6	Tier 1	16.7	16.5	17.3	16.9	17.0
7	Total capital	19.7	19.7	20.5	20.2	20.1
Additional own funds requirements based on Supervisory Review and Evaluation Process ('SREP') as a percentage of RWAs (%)						
UK-7a	Additional CET1 SREP requirements	1.4	1.4	1.4	1.4	1.5
UK-7b	Additional tier 1 ('AT1') SREP requirements	0.5	0.5	0.5	0.5	0.5
UK-7c	Additional tier 2 ('T2') SREP requirements	0.6	0.6	0.6	0.6	0.6
UK-7d	Total SREP own funds requirements	10.5	10.5	10.5	10.5	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	0.7
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	5.2
UK-11a	Overall capital requirements	15.8	15.7	15.7	15.7	15.8
12	CET1 available after meeting the total SREP own funds requirements	8.2	8.1	9.0	8.6	8.7
Leverage ratio						
13	Total exposure measure excluding claims on central banks (\$bn)	3,076.2	2,947.0	2,877.1	2,840.5	2,792.9
14	Leverage ratio excluding claims on central banks (%)	4.9	5.0	5.3	5.2	5.4
Additional leverage ratio disclosure requirements						
14b	Leverage ratio including claims on central banks (%)	4.4	4.5	4.7	4.6	4.8
14c	Average leverage ratio excluding claims on central banks (%)	5.0	5.0	5.3	5.3	5.4
14d	Average leverage ratio including claims on central banks (%)	4.5	4.4	4.7	4.7	4.8
14e	Countercyclical leverage ratio buffer (%)	0.3	0.2	0.2	0.2	0.2
EU-14d	Leverage ratio buffer requirement (%)	1.0	0.9	0.9	0.9	0.9
EU-14e	Overall leverage ratio requirements (%)	4.3	4.2	4.2	4.2	4.2
Liquidity coverage ratio ('LCR') (\$bn)						
15	Total high-quality liquid assets	713.7	710.6	702.1	690.2	678.1
UK-16a	Cash outflows – total weighted value	740.1	719.8	697.0	682.2	669.4
UK-16b	Cash inflows – total weighted value	205.6	194.7	184.9	183.9	183.9
16	Total net cash outflow	534.5	525.1	512.1	498.3	485.5
17	LCR (%)	134	135	137	139	140
Net stable funding ratio ('NSFR') (\$bn)						
18	Total available stable funding	1,663.6	1,645.1	1,621.0	1,588.6	1,572.1
19	Total required stable funding	1,184.6	1,157.1	1,133.3	1,104.1	1,082.7
20	NSFR (%)	140	142	143	144	145

Minimum capital requirements

The Group is subject to the basic minimum capital requirements set out in Article 92 (1) of UK Capital Requirements Regulation, namely that it maintain:

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

Rows UK-7a to UK-7c in the table above show how the Group's Pillar 2A additional capital requirement (set by the PRA at 2.5% of RWAs) is allocated to each of these tiers of capital. Row UK-7d adds the total of these additional requirements to the UK Capital Requirements Regulation minimum requirements to give a total capital supervisory review and evaluation process requirement of 10.5%.

Rows 8 to 10 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). Pillar 2B requirements are excluded.

► For further details of Pillar 2, see page 28 of the Pillar 3 Disclosures at 31 December 2025.

Regulatory developments

Basel 3.1

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

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

Across other major jurisdictions relevant to HSBC, the implementation progress varies:

- Hong Kong: The final Basel 3.1 package took effect on 1 January 2025.
- EU: While most of the Basel 3.1 changes came into force on 1 January 2025, market risk implementation has been deferred to 1 January 2027. The EU authorities have also adopted rules introducing targeted three-year relief measures relating to the FRTB.
- US: Final rules are still pending following a consultation by US regulators, which closed in June 2026.

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

Pillar 2A framework review

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

UK capital framework review

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

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

UK liquidity framework review

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

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

Environmental, social and governance ('ESG') risk

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

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

In February 2026, the UK Government endorsed the UK Sustainability Reporting Standards ('UK SRS'), based on the ISSB's standards. The FCA consulted on proposals to introduce UK SRS reporting requirements for listed companies, with implementation expected from FY27, subject to final rules.

Additionally, in July 2026, EFRAG, the European Commission's ('EC') technical adviser on sustainability reporting, launched a consultation on draft European Sustainability Reporting Standards for non-EU parent groups under Article 40a of the Accounting Directive. The draft standards set out the proposed sustainability reporting requirements for third-country undertakings with significant activity in the EU that meet the scope criteria under the Corporate Sustainability Reporting Directive. EFRAG is expected to submit its final technical advice to the EC by January 2027, with adoption by the EC expected by October 2027. Reporting for in-scope non-EU parent groups is expected to begin from FY28.

Key changes

In 2026, we announced the below events which have impacted our capital and liquidity adequacy.

Privatisation of Hang Seng Bank

On 26 January 2026, we completed our privatisation of Hang Seng Bank, following shareholder and Court approval. Hang Seng Bank is now a wholly-owned subsidiary of the HSBC Group and Hang Seng Bank shares have been withdrawn from the Hong Kong Stock Exchange.

The privatisation of Hang Seng Bank, which became effective in January 2026, had a net impact on the CET1 capital ratio of c.110 bps, during 1Q26. This comprised a day-one reduction of c.120 bps, partly

offset by c.10bps impact due to the release of structural foreign exchange RWAs, associated with the related hedging undertaken in 4Q25.

Disposals

During the first half of 2026, we completed the sales of our UK life insurance business, our business in South Africa, our retail banking business in Sri Lanka, and the wind-down of our retail banking

business in Bangladesh, which had an immaterial impact on the CET1 and leverage ratios.

In addition, we reclassified to held for sale the assets and liabilities related to the planned sale of our business in Malta and a pre-tax loss on disposal of \$0.3bn was recognised. We also agreed the sale of our retail banking business in Indonesia. These had an immaterial impact on the CET1 and leverage ratios.

In July 2026, we announced the sale of HSBC Life Singapore. We also concluded the targeted strategic review of our Australia retail banking business, by announcing the sale of our portfolio of home and personal loans, the planned wind-down of the remaining retail business and transfer of our CIB, Private Banking and Asset Management businesses in Australia to the Sydney branch of The Hongkong and Shanghai Banking Corporation Limited, simplifying our entity footprint. In August 2026, we concluded the targeted strategic review and announced the sale of our retail banking business in Egypt. The completion of announced disposals and related actions remains subject to relevant regulatory and other approvals.

- For further details on our businesses held for sale and disposal groups, see Note 15 on page 102 of the Interim Report 2026.

Linkage to the Interim Report 2026

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

Structure of the regulatory group

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

- subsidiaries engaged in insurance activities are equity accounted in the regulatory consolidation and then deducted from CET1 capital, subject to thresholds;
 - special purpose entities ('SPEs') are excluded where significant risk has been transferred to third parties. Exposures to these SPEs are risk weighted as securitisation positions for regulatory purposes;
 - participating interests in banking associates are proportionally consolidated for regulatory purposes by including our share of assets, liabilities, profits and losses, and RWAs in accordance with the PRA's regulatory requirements; and
 - non-participating significant investments are deducted from capital, subject to thresholds.
- For further details of the differences between the accounting and regulatory scope of consolidation and their definition of exposure, see pages 8 to 11 of the Pillar 3 Disclosures at 31 December 2025.

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 showing exposure under the regulatory scope of consolidation as the basis of measurement used in the calculation of RWAs differs.

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

Ref ¹	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	227,800	(1)	428	—	228,227
Hong Kong Government certificates of indebtedness	45,021	—	—	—	45,021
Trading assets	423,987	—	—	—	423,987
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	138,942	(120,455)	1,001	—	19,488
– of which: debt securities eligible as tier 2 issued by Group Financial Sector Entities ('FSEs') that are outside the regulatory scope of consolidation	—	136	—	—	136
Derivatives	255,995	50	221	—	256,266
Loans and advances to banks	110,529	(464)	1,867	—	111,932
Loans and advances to customers	1,022,105	1,004	25,554	—	1,048,663
– of which: lending eligible as tier 2 to Group FSEs outside the regulatory scope of consolidation	—	1,419	—	—	1,419
– of which: expected credit losses on IRB portfolios	(8,268)	—	—	—	(8,268)
Reverse repurchase agreements – non-trading	311,871	(108)	295	—	312,058
Financial investments	604,759	(7,122)	8,076	—	605,713
Assets held for sale	22,732	(11,582)	—	—	11,150
– of which: goodwill and intangible assets	7	—	—	—	7
– of which: expected credit losses on IRB portfolios	(12)	—	—	—	(12)
Capital invested in insurance and other entities	—	2,994	—	3,372	6,366
– of which: positive goodwill on acquisition	—	247	—	—	247
Prepayments, accrued income and other assets	221,473	(9,940)	910	—	212,443
– of which: retirement benefit assets	8,362	—	—	—	8,362
Current tax assets	1,199	(23)	—	—	1,176
Interests in associates and joint ventures	31,333	(450)	(6,707)	—	24,176
– of which: positive goodwill on acquisition	495	(9)	—	—	486
Goodwill and intangible assets	12,728	(384)	929	—	13,273
Deferred tax assets	7,687	(2,434)	52	—	5,305
Total assets at 30 Jun 2026	3,438,161	(148,915)	32,626	3,372	3,325,244

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
Liabilities and equity						
Hong Kong currency notes in circulation		45,021	—	—	—	45,021
Deposits by banks		91,401	—	1,249	—	92,650
Customer accounts		1,827,703	7,231	27,344	—	1,862,278
Repurchase agreements – non-trading		276,266	(575)	572	—	276,263
Trading liabilities		86,363	—	—	—	86,363
Financial liabilities designated at fair value		173,751	(5,113)	—	—	168,638
– of which: included in tier 2	n, o, i	9,034	—	—	—	9,034
Derivatives	k	254,662	84	197	—	254,943
Debt securities in issue		105,027	(1,712)	677	—	103,992
Liabilities of disposals group held for sale		30,097	(11,272)	—	—	18,825
Accruals, deferred income and other liabilities	n,o	184,121	(4,179)	2,468	—	182,410
Current tax liabilities		3,561	(984)	54	—	2,631
Insurance contract liabilities		130,053	(130,053)	—	—	—
Provisions		2,942	1	103	—	3,046
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	462	—	—	—	462
Deferred tax liabilities		2,240	(27)	—	—	2,213
Subordinated liabilities		27,872	—	—	—	27,872
– of which: included in tier 2	n, o	23,451	—	—	—	23,451
Total liabilities at 30 Jun 2026		3,241,080	(146,599)	32,664	—	3,127,145
Equity						
Called up share capital	a	8,592	—	—	—	8,592
Share premium account	a	245	—	—	—	245
Other equity instruments	l	23,708	—	—	—	23,708
Other reserves	b,c,g	(3,449)	2,166	(20)	5,663	4,360
Retained earnings	b,c,i	167,586	(4,470)	20	(2,291)	160,845
Total shareholders' equity		196,682	(2,304)	—	3,372	197,750
Non-controlling interests	d,m,o	399	(12)	(38)	—	349
Total equity at 30 Jun 2026		197,081	(2,316)	(38)	3,372	198,099
Total liabilities and equity at 30 Jun 2026		3,438,161	(148,915)	32,626	3,372	3,325,244

† The references (a)–(p) 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.

Risk Management

Our risk management framework

We recognise that the primary role of risk management is to help protect our customers, business, colleagues, shareholders and the communities that we serve, while ensuring we are able to support our strategy and provide sustainable growth.

All our people are responsible for the management of risk, with the ultimate supervisory oversight residing with the Board. Our Group Risk and Compliance function, led by the Group Chief Risk and Compliance Officer, plays an important role in reinforcing our culture and values. We are focused on creating an environment that encourages our people to speak up and do the right thing.

Group Risk and Compliance is independent from the business segments, including our sales and trading functions, to provide challenge, oversight and appropriate balance of risk and reward in decision making.

The Group Risk Management Framework ('RMF') sets out our risk management approach across the organisation and across all risk types, underpinned by our culture and values. This helps us form an enterprise-wide view of the risks we run, informed by both the level of risk and the resources we have available to mitigate these risks. The RMF promotes risk awareness, drives a positive risk culture and lays out the key principles and practices that we employ in managing risks, both financial and non-financial. It encourages sound operational and strategic decision making and escalation, and also supports a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur in our activities, with clear accountabilities. We continue to actively review and develop our risk management framework and enhance our approach to managing risk.

- ▶ A summary of our current policies and practices regarding the management of risk is set out in the 'Risk management' section on pages 98 to 99 of the Annual Report and Accounts 2025.

Treasury Risk

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. This includes the risk of 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 risk and insurance risk.

The Group Treasurer owns all treasury risks, except pension and insurance risks. Pension risk is jointly owned with the Group Head of Performance and Reward, while insurance risk is owned by the Chief Executive Officer for Global Insurance. The Global Head of Traded and Treasury Risk Management and Risk Analytics is the risk steward for all treasury risks.

Treasury risks excluding pension and insurance risks are the responsibility of the Group Finance Management Meeting ('GFMM') and the Group Risk Committee ('GRC'). These risks are actively managed by Global Treasury with support from the Holdings Asset and Liability Management Committee ('ALCO') and local ALCOs, overseen by Treasury Risk Management and Risk Management Meetings.

Pension risk is monitored through local and regional pension risk management meetings, with global oversight provided by the Global Pension Financial Risk Management Meeting, chaired by the accountable risk steward. Insurance risk is overseen by the Global Insurance Risk Management Meeting, chaired by the Chief Risk and Compliance Officer for Global Insurance.

HSBC employs stress testing to guide management of capital and liquidity required to withstand both internal and external shocks, such as a systems failure or economic downturn.

- ▶ For further details of our approach to treasury risk management including capital risk, liquidity risk, interest rate in the banking book, non-trading foreign exchange exposure and pension risk, see page 156 of the Annual Report and Accounts 2025.

Capital Risk

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

As at 30 June 2026, capital securities included in the capital base of HSBC have been issued in accordance with the Prudential rules. Capital securities are regularly reviewed for compliance with guidelines. Effective 1 January 2025, the IFRS 9 transitional arrangements came to an end, followed by the end of the UK Capital Requirements Regulation grandfathering provisions on 28 June 2025. Our capital figures are therefore the same, for both the transitional and end-point basis. A list of the main features of our capital instruments and eligible liabilities, in accordance with Articles 437 and 437a of the PRA Rulebook, is published on our website at www.hsbc.com with reference to our balance sheet on 30 June 2026. 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 had capital resources below their minimum regulatory requirement as at 30 June 2026.

Own funds

The table below provides a detailed breakdown of the key components of our CET1, T1 and T2 capital, and the regulatory adjustments impacting our capital base. Additional value adjustments are calculated on assets measured at fair value. The minimum deductions for holdings of own CET1, AT1 and T2 capital instruments are set by the PRA. The threshold deduction for significant investments relates to balances recorded on numerous lines on the balance sheet and includes: investments in insurance subsidiaries and non-consolidated associates; other CET1 equity held in financial institutions; connected funding of a capital nature; and other balance sheet lines.

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

	Ref †	At	
		30 Jun 2026 \$m	31 Dec 2025 \$m
1 Capital instruments and the related share premium accounts		8,837	8,699
– ordinary shares	a	8,837	8,699
2 Retained earnings	b	154,385	152,936
3 Accumulated other comprehensive income (and other reserves)	c	(2,378)	(27)
5 Minority interests (amount allowed in consolidated CET1)	d	41	3,303
UK-5a Independently reviewed interim net profits net of any foreseeable charge or dividend	b	7,073	8,076
6 Common equity tier 1 capital before regulatory adjustments		167,958	172,987
Common equity tier 1 capital: regulatory adjustments			
7 Additional value adjustments (negative amount)		(1,546)	(1,348)
8 Intangible assets (net of related deferred tax liability) (negative amount)	e	(13,377)	(13,626)
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR II are met) (negative amount)	f	(2,747)	(3,076)
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	g	786	(450)
12 Negative amounts resulting from the calculation of expected loss amounts	h	(2,892)	(3,593)
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	i	1,436	1,725
15 Defined-benefit pension fund assets (negative amount)	j	(6,271)	(6,167)
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)		(15,593)	(13,779)
27a Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	k	(22)	(40)
28 Total regulatory adjustments to common equity tier 1 capital		(40,266)	(40,394)
29 Common equity tier 1 ('CET1') capital		127,692	132,593
Additional tier 1 ('AT1') capital: instruments			
30 Capital instruments and the related share premium accounts		23,708	20,716
31 – classified as equity under IFRSs	l	23,708	20,716
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	14	158
36 Additional tier 1 capital before regulatory adjustments		23,722	20,874
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		23,652	20,804
45 Tier 1 capital (T1 = CET1 + AT1)		151,344	153,397
Tier 2 capital: instruments and provisions			
46 Capital instruments and the related share premium accounts	n	28,170	29,061
48 Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in CET1 or AT1) issued by subsidiaries and held by third parties	o	972	1,106
51 Tier 2 capital before regulatory adjustments		29,142	30,167
Tier 2 capital: regulatory adjustments			
52 Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		(110)	(110)
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)	p	(1,600)	(1,083)
57 Total regulatory adjustments to tier 2 capital		(1,710)	(1,193)
58 Tier 2 capital		27,432	28,974
59 Total capital (TC = T1 + T2)		178,776	182,371
60 Total Risk exposure amount		906,417	888,647
Capital ratios and buffers (%)			
61 Common equity tier 1 (as a percentage of total risk exposure amount)		14.1	14.9
62 Tier 1 (as a percentage of total risk exposure amount)		16.7	17.3
63 Total capital (as a percentage of total risk exposure amount)		19.7	20.5
64 Institution CET1 overall capital requirement (per Article 92 (1) CRR II, plus additional requirement in accordance with point (a) of Article 104(1) CRR II, and combined buffer requirement in accordance with Article 128(6) CRR II as a percentage of risk exposure amount)		11.2	11.1
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		8.2	9.0

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

		At	
	Ref †	30 Jun 2026 \$m	31 Dec 2025 \$m
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)	6,931	5,756
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)	14,328	14,637
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR II are met)	3,983	4,028
Applicable caps on the inclusion of provisions in tier 2			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,631	2,555
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	3,185	3,067

† The references (a)–(p) identify balance sheet components in 'Table 2: Reconciliation of regulatory own funds to balance sheet in the audited 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.

At 30 June 2026, our CET1 capital ratio decreased to 14.1% from 14.9% at 31 December 2025, driven by a decrease in CET1 capital of \$4.9bn and an increase in RWAs of \$17.8bn. The overall decrease in our CET1 ratio during the period was primarily due to:

- a 1.1 percentage point decrease due to the impact of strategic transactions, mainly the privatisation of Hang Seng Bank;
- a 0.5 percentage point decrease due to higher RWAs excluding foreign exchange translation differences, mainly from asset size, partly offset by methodology and policy changes;
- a 0.1 percentage point decrease mainly due to a fall in the fair value of hold-to-collect-and-sell debt instruments, following higher yields; and
- a 0.9 percentage point increase in CET1 capital generation, mainly through regulatory profits net of dividends.

At 30 June 2026, our Pillar 2A requirement was equivalent to \$23.0bn of RWAs, as per the PRA's Individual Capital Requirement of 2.5% based on a point-in-time assessment, of which 1.4% was met by CET1 capital. Throughout the first half of 2026, 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 68 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 exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the advanced IRB ('AIRB') approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.	For consolidated Group reporting, we have adopted the AIRB approach for the majority of our business. Some portfolios utilise the standardised or FIRB approaches: pending the IRB model roll-out; following supervisory prescription of a non-advanced approach or under exemption from IRB treatment.
Counterparty credit risk	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and securities financing transactions ('SFTs'). The potential for mark-to-market losses is known as credit valuation adjustment ('CVA') risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, Standardised Approach for Counterparty Credit Risk ('SA-CCR'), or by IMM. For SFTs either the simple or comprehensive approach is applied to recognition of collateral with SFTs or the Value at Risk ('VaR') approach. For CVA, permissible approaches are the Standardised Approach ('SA-CVA') and Advanced Approach ('AA-CVA').	We primarily use the SA-CCR and internal model method ('IMM') approaches for CCR. For CVA, we apply an approach consistent with our permissions. Details of the IMM permission we have received from the PRA can be found in the Financial Services Register on the PRA's website.
Equity	Capital requirements for non-trading book holdings of equity can be assessed under the standardised or IRB approaches. Underlying equity positions within collective investment undertakings ('CIUs') 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 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 the definition of Regency securities, see page 58.
Market risk	Market risk capital requirements can be determined under either the standardised rules or the internal models approach ('IMA'). The latter involves the use of internal VaR models to measure market risks and determine the appropriate capital requirement. In addition to the VaR models, other internal models permitted under IMA include stressed value at risk ('SVaR'), incremental risk charge ('IRC') and comprehensive risk measure.	The market risk capital requirement is measured using internal market risk models, where approved by the PRA, or under the standardised rules. Our internal market risk models comprise VaR, SVaR and IRC. Non-proprietary details of the scope of our IMA permissions are available in the Financial Services Register on the PRA's website.
Operational risk	The PRA allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	We use the standardised approach to determine our operational risk capital requirement. We have in place an economic capital model to assess operational risk capital requirements under Pillar 2.

Risk-weighted assets

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

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

		At		At		At	
		30 Jun 2026	30 Jun 2026	31 Mar 2026	31 Mar 2026	31 Dec 2025	31 Dec 2025
		Total own funds requirements		Total own funds requirements		Total own funds requirements	
		RWAs	requirements	RWAs	requirements	RWAs	requirements
		\$m	\$m	\$m	\$m	\$m	\$m
1	Credit risk (excluding counterparty credit risk)	696,178	55,694	677,725	54,219	675,976	54,079
2	– standardised approach	202,904	16,232	197,483	15,799	198,810	15,905
3	– foundation IRB approach	90,990	7,279	85,644	6,852	87,373	6,989
4	– slotting approach	20,787	1,663	20,999	1,680	21,883	1,751
UK-4a	– equities under the simple risk-weighted approach	4,894	392	4,949	396	4,895	392
5	– advanced IRB approach	376,603	30,128	368,650	29,492	363,015	29,042
6	Counterparty credit risk	48,179	3,855	42,917	3,434	42,380	3,390
7	– standardised approach	11,974	949	10,508	841	9,641	771
8	– internal model method	15,508	1,250	14,868	1,189	15,011	1,201
UK-8a	– exposures to a central counterparty	2,683	215	2,148	172	2,293	183
UK-8b	– credit valuation adjustment	1,478	118	1,599	128	1,294	104
9	– other counterparty credit risk	16,536	1,323	13,794	1,104	14,141	1,131
15	Settlement risk	71	6	153	12	54	4
16	Securitisation exposures in the non-trading book (after the cap)	11,748	941	11,322	905	11,031	882
17	– internal ratings-based approach ('SEC-IRBA')	3,883	311	3,393	271	3,836	307
18	– external ratings-based approach ('SEC-ERBA') (including internal assessment approach ('IAA'))	1,396	112	1,455	116	1,436	115
19	– standardised approach ('SEC-SA')	6,469	518	6,286	503	5,541	443
UK-19a	– 1250%/deduction	–	–	188	15	218	17
20	Position, foreign exchange and commodities risks (market risk)	30,631	2,450	32,085	2,567	38,490	3,079
21	– standardised approach	10,239	819	9,712	777	16,182	1,294
22	– internal models approach	20,392	1,631	22,373	1,790	22,308	1,785
	Operational risk	119,610	9,569	119,557	9,565	120,716	9,657
UK-23b	– standardised approach	119,610	9,569	119,557	9,565	120,716	9,657
29	Total	906,417	72,515	883,759	70,702	888,647	71,091
24	– of which: Amounts below the thresholds for deduction (subject to 250% risk weight)	45,932	3,675	44,872	3,590	46,665	3,733

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

Credit risk, including securitisation

Credit risk RWAs at 30 June 2026, including securitisation, increased by \$18.9bn compared with 31 March 2026. This included a \$0.2bn increase from foreign currency translation differences, and the remaining \$18.7bn increase was mainly attributable to:

- a \$18.9bn increase in asset size, primarily due to lending growth in our CIB, Hong Kong and UK business segments;
- a \$3.4bn increase from asset quality movements, driven by portfolio mix changes, credit risk migrations in our UK business and other risk parameter changes in our Hong Kong and CIB business segments; and
- a \$3.9bn decrease from methodology and policy changes reflecting credit risk parameter refinements mainly in our CIB business.

Counterparty credit risk, including settlement risk

Counterparty credit risk RWAs increased by \$5.2bn due to higher securities financing transactions and derivatives driven by growth in client business, and increased mark to market movements, in HSBC Bank plc and Asia within our CIB business.

Market risk

Market risk RWAs decreased by \$1.5bn mainly due to lower SVaR and risks not in VaR ('RNIV'), reflecting the changes in the trading portfolio's risk profile.

Operational risk

Operational risk RWAs increased marginally, driven by foreign currency translation differences.

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

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

	30 Jun 2026 \$m	Quarter ended		
		31 Mar 2026 \$m	31 Dec 2025 \$m	30 Sep 2025 \$m
1 RWAs at the opening period	461,900	460,105	471,315	477,551
2 Asset size	14,603	9,556	2,389	727
3 Asset quality	3,883	(3,122)	(3,387)	(460)
4 Model updates	393	(390)	(17)	(1,458)
5 Methodology and policy	(5,171)	(432)	(10,538)	(3,271)
6 Acquisitions and disposals	—	(835)	(36)	—
7 Foreign exchange movements	(152)	(2,982)	379	(1,774)
9 RWAs at the closing period	475,456	461,900	460,105	471,315

Excluding the \$0.2bn foreign exchange movements, RWAs under the IRB approach increased by \$13.7bn during 2Q26, primarily due to lending growth in our CIB, Hong Kong and UK business segments. Asset quality RWAs increased due to portfolio mix changes, credit risk migrations in our UK business and other risk parameter changes in our Hong Kong and CIB business segments, which was offset by methodology and policy changes driven by credit risk parameter refinements mainly in our CIB business.

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

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

	30 Jun 2026 \$m	Quarter ended		
		31 Mar 2026 \$m	31 Dec 2025 \$m	30 Sep 2025 \$m
1 RWAs at the opening period	14,868	15,011	14,381	15,199
2 Asset size	658	187	410	(720)
3 Credit quality of counterparties	(18)	(216)	(28)	(35)
5 Methodology and policy (IMM only)	—	(114)	248	(63)
9 RWAs at the closing period	15,508	14,868	15,011	14,381

RWAs under the IMM increased by \$0.6bn in 2Q26, mainly due to higher derivatives driven by growth in client business in HSBC Bank plc.

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

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

	VaR \$m	Stressed VaR \$m	IRC \$m	Other \$m	Total RWAs \$m	Total own funds requirements \$m
1 RWAs at 1 Apr 2026	5,810	9,711	5,224	1,628	22,373	1,790
1a Regulatory adjustment	(4,038)	(7,103)	(10)	—	(11,151)	(892)
1b RWAs at the previous quarter end (end of day)	1,772	2,608	5,214	1,628	11,222	898
2 Movement in risk levels	(77)	(289)	(589)	(41)	(996)	(80)
4 Methodology and policy	—	—	—	—	—	—
8a RWAs at the end of the reporting period (end of day)	1,695	2,319	4,625	1,587	10,226	818
8b Regulatory adjustment	4,891	5,158	117	—	10,166	813
8 RWAs at 30 Jun 2026	6,586	7,477	4,742	1,587	20,392	1,631
1 RWAs at 1 Jan 2026	5,697	9,461	5,156	1,994	22,308	1,785
1a Regulatory adjustment	(4,011)	(6,492)	(962)	—	(11,465)	(918)
1b RWAs at the previous quarter end (end of day)	1,686	2,969	4,194	1,994	10,843	867
2 Movement in risk levels	86	(361)	1,020	(299)	446	36
4 Methodology and policy	—	—	—	(67)	(67)	(5)
8a RWAs at the end of the reporting period (end of day)	1,772	2,608	5,214	1,628	11,222	898
8b Regulatory adjustment	4,038	7,103	10	—	11,151	892
8 RWAs at 31 Mar 2026	5,810	9,711	5,224	1,628	22,373	1,790

RWAs under IMA decreased by \$2.0bn during 2Q26, mainly due to lower SVaR and RNIV reflecting changes in the trading portfolio's risk profile under stressed market conditions, partly offset by an increase in VaR due to increased market volatility.

Leverage

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

► For further details of our Treasury risk management framework see page 156 of the Annual Report and Accounts 2025.

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

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

		At	
		30 Jun 2026 \$bn	31 Dec 2025 \$bn
On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2,668.4	2,531.7
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	12.2	11.6
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(56.6)	(56.0)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(41.0)	(40.4)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	2,583.0	2,446.9
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	48.6	42.4
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	143.3	132.1
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(31.2)	(30.1)
11	Adjusted effective notional amount of written credit derivatives	104.1	62.6
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(98.9)	(57.1)
13	Total derivative exposures	165.9	149.9
SFT exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	744.1	641.5
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(360.4)	(286.4)
16	Counterparty credit risk exposure for SFT assets	18.9	22.5
18	Total securities financing transaction exposures	402.6	377.6
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,042.5	1,015.8
20	(Adjustments for conversion to credit equivalent amounts)	(773.5)	(752.0)
22	Total off-balance sheet exposures	269.0	263.8
Capital and total exposures measure			
23	Tier 1 capital (leverage)	151.3	153.4
24	Total exposure measure including claims on central banks	3,420.5	3,238.2
UK-24a	(-) Claims on central banks excluded	(344.3)	(361.1)
UK-24b	Total exposure measure excluding claims on central banks	3,076.2	2,877.1
Leverage ratios			
25	Leverage ratio excluding claims on central banks (%)	4.9	5.3
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	4.9	5.3
UK-25c	Leverage ratio including claims on central banks (%)	4.4	4.7
26	Regulatory minimum leverage ratio requirement (%)	3.3	3.3
Additional leverage ratio disclosure requirements – leverage ratio buffers			
27	Leverage ratio buffer (%)	1.0	0.9
UK-27a	– of which: G-SII or O-SII additional leverage ratio buffer (%)	0.7	0.7
UK-27b	– of which: countercyclical leverage ratio buffer (%)	0.3	0.2
Additional leverage ratio disclosure requirements – disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	392.8	359.6
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	383.7	355.1
UK-31	Average total exposure measure including claims on central banks	3,354.6	3,220.7
UK-32	Average total exposure measure excluding claims on central banks	3,017.6	2,862.2
UK-33	Average leverage ratio including claims on central banks (%)	4.5	4.7
UK-34	Average leverage ratio excluding claims on central banks (%)	5.0	5.3

Our leverage ratio was 4.9% at 30 June 2026, down from 5.3% at 31 December 2025. The increase in leverage exposures, driven by growth in the balance sheet, led to a 0.3 percentage point fall in the leverage ratio. This was further compounded by a 0.1 percentage point impact from lower T1 capital.

At 30 June 2026, our UK minimum leverage ratio requirement was 3.25%, with an additional buffer of 1.0% comprising a 0.7% additional leverage ratio buffer and a 0.3% countercyclical leverage ratio buffer.

These buffers translated into capital values of \$21.5bn and \$9.2bn, respectively. We exceeded these leverage requirements throughout 1H26.

The average leverage ratio was 5.0% at 30 June 2026, down from 5.3% at 31 December 2025. This was driven by an increase in the average leverage exposures, which led to a 0.3 percentage point fall in the average leverage ratio, mainly driven by growth in the average balance sheet, and marginally by a reduction in average T1 capital.

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

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

		At	
		30 Jun 2026	31 Dec 2025
		\$bn	\$bn
1	Total assets as per published financial statements	3,438.2	3,233.0
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(112.9)	(103.2)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	(0.8)	(0.8)
4	(Adjustment for exemption of exposures to central banks)	(344.3)	(361.1)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(50.8)	(24.3)
7	Adjustment for eligible cash pooling transactions	(5.3)	(7.1)
8	Adjustment for derivative financial instruments	(134.8)	(132.5)
9	Adjustment for securities financing transactions ('SFTs')	51.3	41.6
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	269.0	263.8
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	(41.0)	(40.4)
12	Other adjustments	7.6	8.1
13	Total leverage ratio exposure	3,076.2	2,877.1

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

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

		At	
		30 Jun 2026	31 Dec 2025
		\$bn	\$bn
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	2,267.5	2,114.6
UK-2	Trading book exposures	396.8	342.6
UK-3	Banking book exposures, of which:	1,870.7	1,772.0
UK-4	– Covered bonds	3.5	3.1
UK-5	– Exposures treated as sovereigns	522.6	483.9
UK-6	– Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	5.9	2.0
UK-7	– Institutions	71.6	73.4
UK-8	– Secured by mortgages of immovable properties	394.3	389.4
UK-9	– Retail exposures	73.2	71.3
UK-10	– Corporates	556.9	515.3
UK-11	– Exposures in default	15.5	17.3
UK-12	– Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	227.2	216.3

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 the PRA Rulebook.

The average Group LCR for the 12 months to 30 June 2026 was 134% or \$179bn above the regulatory requirement and 137% or \$190bn for the 12 months to 31 December 2025. At 30 June 2026, our Group LCR and all of the material operating entities remained above their minimum required regulatory levels. 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 \$153bn to LCR HQLA and \$5bn to LCR inflows on an average basis.

The average Group LCR HQLA of \$714bn (31 December 2025: \$702bn) was held in a range of asset classes and currencies.

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

Cross-currency management

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

Net stable funding ratio

We use the NSFR or other appropriate metrics as a basis for ensuring operating entities maintain a stable funding profile 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 140% at 30 June 2026 and 143% at 31 December 2025.

Sources 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.

The funding risk management framework seeks to ensure operating entities maintain a diversified funding profile defined in their funding plans, which are taken through regular governance, in line with globally consistent policies and standards. Diversification is achieved through a balanced mix of funding sources, tenors, currencies and geographies, seeking to mitigate concentration risks and to avoid extraordinary reliance on central banks or intra-group funding support. The framework requires entities to have policies, processes and controls for monitoring and managing funding by tenors and sources, supported by governance of limits. Entities also model cashflows from maturing short-term debts within the internal liquidity monitoring to help ensure sufficient liquidity is maintained to meet the maturing debt obligations.

- ▶ For further details of our approach to treasury risk management, see page 156 of the Annual Report and Accounts 2025.
- ▶ More details on the concentration of funding and liquidity sources may be found on page 161 of the Annual Report and Accounts 2025.

The table below sets out the granular split of cash outflows and cash inflows, as well as the available HQLA on both an unweighted and weighted basis, which are used to derive the LCR. All figures are based on the average over the preceding 12 months. The unsecured wholesale funding in the below table includes excess operational deposits of \$194bn for the period ended 30 June 2026 (\$178bn for the period ended 31 December 2025).

Table 11: Quantitative information of LCR (UK LIQ1)

		Quarter ended 30 Jun 2026		Quarter ended 31 Mar 2026		Quarter ended 31 Dec 2025		Quarter ended 30 Sep 2025	
		Total unweighted value \$m	Total weighted value \$m	Total unweighted value \$m	Total weighted value \$m	Total unweighted value \$m	Total weighted value \$m	Total unweighted value \$m	Total weighted value \$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')		713,669		710,604		702,123		690,157
Cash outflows									
2	Retail deposits and small business funding	903,344	97,200	895,966	96,447	880,824	95,013	869,479	93,823
	– of which:								
3	stable deposits	401,455	20,072	395,407	19,770	385,826	19,291	380,105	19,005
4	less stable deposits	501,889	77,128	500,559	76,677	494,998	75,722	489,374	74,818
5	Unsecured wholesale funding	881,587	403,596	859,158	393,877	836,769	384,384	822,617	377,597
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	275,311	67,053	266,616	64,958	256,413	62,495	252,512	61,565
7	– non-operational deposits (all counterparties)	595,019	325,286	581,544	317,921	568,558	310,091	558,161	304,088
8	– unsecured debt	11,257	11,257	10,998	10,998	11,798	11,798	11,944	11,944
9	Secured wholesale funding		47,488		41,145		37,536		35,283
10	Additional requirements	396,979	113,891	386,785	110,253	372,458	104,840	362,110	102,302
11	– outflows related to derivative exposures and other collateral requirements	58,657	49,599	55,763	47,178	52,608	44,140	52,655	43,828
13	– credit and liquidity facilities	338,322	64,292	331,022	63,075	319,850	60,700	309,455	58,474
14	Other contractual funding obligations	94,228	48,559	93,712	49,703	90,722	48,016	88,439	47,481
15	Other contingent funding obligations	685,246	29,392	674,080	28,407	664,016	27,232	657,033	25,713
16	Total cash outflows		740,126		719,832		697,021		682,199
Cash inflows									
17	Secured lending transactions (including reverse repos)	502,008	68,873	475,918	62,681	447,356	57,670	424,841	55,385
18	Inflows from fully performing exposures	101,174	73,535	97,281	70,907	95,474	70,108	95,654	70,797
19	Other cash inflows	102,824	63,197	99,806	61,122	94,592	57,151	97,671	57,737
20	Total cash inflows	706,006	205,605	673,005	194,710	637,422	184,929	618,166	183,919
UK-20c	Inflows subject to 75% Cap	706,006	205,605	673,005	194,710	637,422	184,929	618,166	183,919
Liquidity coverage ratio (Adjusted value)									
UK-21	Liquidity Buffer		713,669		710,604		702,123		690,157
22	Total net cash outflows		534,521		525,122		512,092		498,280
23	Liquidity coverage ratio (%)		134		135		137		139

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 (UK LIQ2)

		30 Jun 2026				Weighted value (average) \$m
		Unweighted value by residual maturity (average)				
		No maturity \$m	< 6 months \$m	6 months to < 1yr \$m	≥ 1yr \$m	
Available stable funding ('ASF') Items						
1	Capital items and instruments	188,593	—	—	29,841	218,434
2	– Own funds	188,593	—	—	29,841	218,434
4	Retail deposits		914,208	1,742	2,181	846,764
5	– Stable deposits		406,857	48	—	386,520
6	– Less stable deposits		507,351	1,694	2,181	460,244
7	Wholesale funding:		1,268,253	41,384	162,796	593,431
8	– Operational deposits		290,305	—	—	145,152
9	– Other wholesale funding		977,948	41,384	162,796	448,279
10	Interdependent liabilities		10,609	—	—	—
11	Other liabilities:	2,592	234,557	185	5,445	4,922
12	– NSFR derivative liabilities	2,592				
13	– All other liabilities and capital instruments not included in the above categories		234,557	185	5,445	4,922
14	Total available stable funding ('ASF')					1,663,551
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')					76,474
16	Deposits held at other financial institutions for operational purposes		536	—	—	268
17	Performing loans and securities:		570,967	107,775	869,527	889,267
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		175,511	10,597	7,495	20,008
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		102,183	7,019	12,791	26,754
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		145,628	51,186	287,902	336,570
21	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		2,143	1,631	15,010	8,092
22	– Performing residential mortgages		9,517	7,759	369,333	265,052
23	– of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		6,218	6,774	334,946	233,681
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		138,128	31,214	192,006	240,883
25	Interdependent assets		—	—	11,700	—
26	Other assets:		200,784	49	118,994	168,037
27	– Physical traded commodities				23,800	20,230
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		43,485	—	—	36,962
30	– NSFR derivative liabilities before deduction of variation margin posted		93,507	—	—	4,826
31	– All other assets not included in the above categories		63,792	49	95,194	106,019
32	Off-balance sheet items		219,155	87,404	717,856	50,559
33	Total RSF					1,184,605
34	Net stable funding ratio (%)					140

Table 12: Net stable funding ratio (UK LIQ2) (continued)

31 Dec 2025					
Unweighted value by residual maturity (average)					Weighted value (average)
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	\$m	\$m	\$m	\$m	\$m
Available stable funding ('ASF') items					
1 Capital items and instruments	186,580	—	—	29,142	215,722
2 – Own funds	186,580	—	—	29,142	215,722
4 Retail deposits		899,863	1,424	2,375	833,131
5 – Stable deposits		394,419	47	1	374,704
6 – Less stable deposits		505,444	1,377	2,374	458,427
7 Wholesale funding:		1,199,160	39,089	155,334	563,522
8 – Operational deposits		268,777	—	—	134,389
9 – Other wholesale funding		930,383	39,089	155,334	429,133
10 Interdependent liabilities		8,982	—	—	—
11 Other liabilities:	1,852	226,098	235	9,039	8,629
12 – NSFR derivative liabilities	1,852				
13 – All other liabilities and capital instruments not included in the above categories		226,098	235	9,039	8,629
14 Total available stable funding ('ASF')					1,621,004
Required stable funding ('RSF') Items					
15 Total high-quality liquid assets ('HQLA')					69,728
16 Deposits held at other financial institutions for operational purposes		453	—	—	226
17 Performing loans and securities:		550,215	108,811	837,926	858,528
18 – Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		175,957	12,275	5,283	18,790
19 – Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions		89,686	6,372	11,036	23,531
20 – Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		143,937	51,357	280,038	330,391
21 – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		2,348	1,721	17,148	11,317
22 – Performing residential mortgages		9,665	7,688	365,270	262,944
23 – of which: With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk		6,571	6,624	328,146	229,309
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		130,970	31,119	176,299	222,872
25 Interdependent assets		—	—	9,987	—
26 Other assets:		188,096	54	111,262	157,505
27 – Physical traded commodities				19,248	16,361
28 – Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		39,862	—	—	33,883
30 – NSFR derivative liabilities before deduction of variation margin posted		89,763	—	—	4,676
31 – All other assets not included in the above categories		58,471	54	92,014	102,585
32 Off-balance sheet items		196,727	85,966	703,410	47,362
33 Total RSF					1,133,349
34 Net stable funding ratio (%)					143

Interest rate risk in the banking book

Banking net interest income sensitivity and Economic value of equity sensitivity

Banking net interest income ('banking NII') sensitivity is the sensitivity of our banking net interest income to interest rate shocks. This metric includes the sensitivity arising from the use of banking book liabilities to fund trading assets, as well as the impacts of vanilla foreign exchange swaps to optimise cash management across the Group. It is aligned with the presentation in the Group's financial disclosures of banking NII as an alternative performance measure intended to approximate the Group's banking revenue that is directly impacted by changes in interest rates.

The BNII sensitivities are shown in the Δ NII column in the UK IRRBB1 table.

EVE sensitivity measures the impact to the present value of banking book assets and liabilities excluding equity, based on a run-off balance sheet, from a movement in interest rates, including the assumed term profile of non-maturing deposits ('NMDs') 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 disclosure. The Group and operating entities monitor EVE sensitivities as a percentage of their capital resources.

The measurement frequency of BNII sensitivity and EVE sensitivity is quarterly, and for material entities we assess this monthly.

Interest rate shock and stress scenarios applied

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

The BNII sensitivity calculations are completed 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 pounds sterling to the current market-implied path of interest rates across all four currencies (effects over one year); and other currency shocks are as per the regulatory guidelines (effects over one year).

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

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

Key modelling assumptions

The banking NII sensitivities shown represent a hypothetical simulation of the base case banking NII, assuming a static balance sheet (specifically no assumed migration from current account to term deposits), and no management actions from Global Treasury. This also incorporates the effect of interest rate behaviouralisation, prepayment of mortgages and commercial margins. The sensitivity calculations exclude pensions, insurance exposures, and our interests in associates.

All forecasted market rates are based on implied forward rates from the reporting date. Customer pricing includes flooring where there are contractual obligations.

As the market and policy rates move, the degree to which these changes are passed on to customers will vary based on a number of factors, including the absolute level of market interest rates, regulatory and contractual frameworks, and competitive dynamics. To aid comparability between markets, we have simplified the basis of preparation for our disclosure and have used a 50% pass-on assumption for major entities on certain interest-bearing deposits. Our asset pass-on assumptions are largely in line with our contractual agreements or established market practice, which typically results in a significant portion of interest rate changes being passed on.

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 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.

NMDs are deposits that have no explicit maturity and no explicit repricing date, thus behavioural assumptions are applied.

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

Quantitative information on IRRBB

The most adverse BNII sensitivity scenario over the next 12 months is the parallel down shock, resulting in a decrease in projected BNII of \$7.1bn as at 30 June 2026, compared with \$8.1bn as at 31 December 2025. At 30 June 2026, the maximum decline in EVE was in the parallel up shock at \$9.4bn. This is equivalent to 6.2% of T1 capital.

The changes in sensitivities have been driven by factors including additional stabilisation activities in line with our strategy and balance sheet evolution. Additionally the BNII sensitivity in the down scenario is impacted by the reduced effects of flooring on deposits due to higher market rates.

The average repricing maturity for NMDs as of 30 June 2026 is 17 months. The longest repricing maturity for NMDs as of 30 June 2026 was 120 months.

- For further details of our IRRBB and BNII, see page 164 of the Annual Report and Accounts 2025.

The table below discloses our changes in interest rate risk in the banking book for economic value of equity and banking 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 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
		\$m	\$m	\$m	\$m	\$m	\$m
10	Parallel shock up	(9,449)	(10,881)	4,379	5,118		
20	Parallel shock down	4,541	5,355	(7,065)	(8,136)		
30	Steeper shock	(465)	(607)				
40	Flattener shock	(2,010)	(2,188)				
50	Short rates shock up	(4,967)	(5,559)				
60	Short rates shock down	2,479	2,810				
70	Maximum	(9,449)	(10,881)	(7,065)	(8,136)		
80	Tier 1 capital					151,344	153,397

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 eligible 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 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](https://www.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, avoid the destruction of value associated with a disorderly and/or sudden break-up of our business segment 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 to ensure an effective stabilisation of the Group as a whole and the continuity of critical functions, while also facilitating an orderly restructuring process, 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 their resolution groups for which they are responsible. This may occur, for example, in the event that host resolution authorities felt 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 its existing structure and business model, HSBC has three resolution groups - the European resolution group ('ERG'), the Asian resolution group ('ARG') and the US resolution group ('URG'). 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 that are subject to TLAC requirements.

Resolution structure

Resolution group	Resolution entity	Material entity or subgroup 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

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

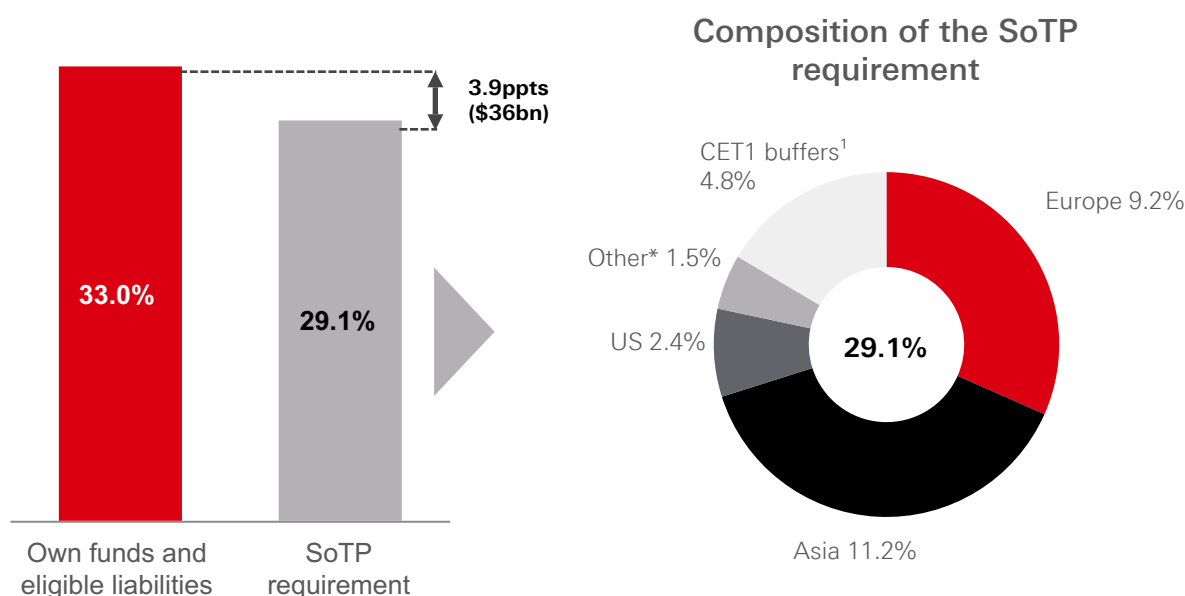
Including capital buffers this requirement is equivalent to 29.1% of RWAs as at 30 June 2026 against which we have a buffer of \$36bn. The chart below highlights the Group's binding requirements.

The external MREL requirement applicable in 2026 was the highest of the following:

- the sum of all loss absorbing capital ('LAC') requirements and other capital requirements relating to other Group entities or sub-groups; or
- 18.0% of the Group's consolidated RWAs; or
- 6.75% of the Group's consolidated leverage exposure; or
- twice the combined Pillar 1 and Pillar 2A requirements (effective 1 January 2026).

MREL/TLAC position versus requirements of Group RWAs

Current binding requirement



¹ MREL CET1 buffer of \$43bn, equivalent to 4.8% of RWAs is determined by taking the difference between our capital RWA requirement of 15.8% (including CET1 buffers) and the minimum leverage requirements of 3.25% (which is equivalent to 11.0% RWA requirement).

* Capital or TLAC requirements relating to other Group entities.

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 not eligible as external or internal MREL if issued by a non-resolution entity.

Therefore, non-CET1 own funds issued by HSBC Bank plc and HSBC Bank USA do not qualify as external or internal MREL. Their eligibility as own funds is not impacted.

► For further details of our approach to capital management, see 'Treasury risk management' on page 70 of the Interim Report 2026.

Key metrics of the resolution groups

The Group and the ERG report in accordance with Prudential rules, while reporting for the ARG and URG follow the Hong Kong Monetary Authority ('HKMA') regulatory rules and US regulatory rules respectively. The ARG results reflect the implementation of the Basel 3.1 standards in Hong Kong from 1 January 2025.

Leverage exposures and ratios in the ERG exclude central bank claims, in line with UK PRA rules. For URG, leverage exposures and ratios are based on 'total assets for the leverage ratio' as reported in US regulatory capital calculations.

The following tables summarise key metrics for the TLAC of each of the Group's three resolution groups.

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

		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
		\$bn	\$bn	\$bn	\$bn	\$bn
1	Total loss absorbing capacity ('TLAC') available	116.9	113.0	116.5	111.0	114.7
2	Total RWAs at the level of the resolution group	334.1	324.3	327.7	319.4	322.6
3	TLAC as a percentage of RWA (row1/row2) (%)	35.0	34.8	35.5	34.7	35.6
4	Leverage exposure measure at the level of the resolution group	1,239.3	1,189.3	1,163.3	1,144.6	1,123.6
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	9.4	9.5	10.0	9.7	10.2
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 group¹ (KM2)

		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
		\$bn	\$bn	\$bn	\$bn	\$bn
1	Total loss absorbing capacity ('TLAC') available	123.2	119.5	120.6	116.4	116.8
2	Total RWAs at the level of the resolution group	399.6	385.6	380.0	388.7	383.4
3	TLAC as a percentage of RWA (row1/row2) (%)	30.8	31.0	31.7	29.9	30.5
4	Leverage exposure measure at the level of the resolution group	1,504.3	1,432.5	1,384.6	1,379.9	1,354.3
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	8.2	8.3	8.7	8.4	8.6
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

1 From 31 March 2026, the regulatory valuation of T2 capital and TLAC excludes own credit standing and includes accrued interest. Prior periods have not been restated.

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

		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
		\$bn	\$bn	\$bn	\$bn	\$bn
1	Total loss absorbing capacity ('TLAC') available	24.9	24.8	24.0	24.2	26.1
2	Total RWAs at the level of the resolution group	112.7	110.5	109.7	110.9	110.8
3	TLAC as a percentage of RWA (row1/row2) (%)	22.1	22.4	21.9	21.8	23.6
4	Leverage exposure measure at the level of the resolution group	239.9	236.9	237.6	238.4	237.5
5	TLAC as a percentage of leverage exposure measure (row1/row4) (%)	10.4	10.5	10.1	10.1	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 ERG must meet minimum eligible liabilities requirements and it has no capital or leverage requirements. Total TLAC resources are reduced to avoid duplication of own funds and TLAC eligible liabilities across resolution groups and non-resolution group entities. This deduction is made on a corresponding basis in that the deduction is made from the same tier at which it is invested in each subsidiary.

To allow for this, we exclude these investments from the RWA calculation. The leverage exposure measure also excludes all items excluded from total TLAC resources rather than solely those from T1, as the ERG is not subject to capital or leverage requirements. This approach ensures that all items are treated consistently in both the numerators and denominators of both the TLAC/RWA and TLAC/leverage ratios.

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.

Table 15: TLAC composition (TLAC1)

		At 30 Jun 2026				At 31 Dec 2025			
		Group	Resolution group			Group	Resolution group		
			European	Asian	US		European	Asian	US
	Regulatory capital elements of TLAC and adjustments (\$bn)								
1	Common equity tier 1 capital ('CET1')	127.7	16.7	67.8	12.8	132.6	19.3	72.4	12.4
2	Additional tier 1 capital ('AT1') before TLAC adjustments	23.7	23.5	12.8	1.6	20.8	20.5	10.2	1.6
4	Other adjustments	—	(15.8)	—	—	—	(11.3)	—	—
5	AT1 instruments eligible under the TLAC framework	23.7	7.7	12.8	1.6	20.8	9.2	10.2	1.6
6	Tier 2 capital ('T2') before TLAC adjustments	27.4	28.5	7.3	2.1	29.0	29.4	7.0	2.1
7	Amortised portion of T2 instruments where remaining maturity > 1 year	1.9	1.9	—	—	1.6	1.6	—	—
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	(1.0)	(0.5)	—	—	(1.0)	(0.5)	—	—
9	Other adjustments	—	(10.0)	—	(2.1)	—	(10.0)	—	(2.1)
10	T2 instruments eligible under the TLAC framework	28.3	19.9	7.3	—	29.6	20.5	7.0	—
11	TLAC arising from regulatory capital	179.7	44.3	87.9	14.4	183.0	49.0	89.6	14.0
	Non-regulatory capital elements of TLAC								
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	119.4	119.4	35.3	10.5	109.3	109.3	31.0	10.0
17	TLAC arising from non-regulatory capital instruments before adjustments	119.4	119.4	35.3	10.5	109.3	109.3	31.0	10.0
	Non-regulatory capital elements of TLAC: adjustments								
18	TLAC before deductions	299.1	163.7	123.2	24.9	292.3	158.3	120.6	24.0
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC	—	(46.8)	—	—	—	(41.8)	—	—
22	TLAC after deductions	299.1	116.9	123.2	24.9	292.3	116.5	120.6	24.0
	Risk-weighted assets and leverage exposure measure for TLAC purposes								
23	Total risk-weighted assets	906.4	334.1	399.6	112.7	888.6	327.7	380.0	109.7
24	Leverage exposure measure	3,076.2	1,239.3	1,504.3	239.9	2,877.1	1,163.3	1,384.6	237.6
	TLAC ratios and buffers								
25	TLAC (as a percentage of risk-weighted assets)	33.0	35.0	30.8	22.1	32.9	35.5	31.7	21.9
26	TLAC (as a percentage of leverage exposure)	9.7	9.4	8.2	10.4	10.2	10.0	8.7	10.1
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	8.2	N/A	N/A	4.1	9.0	N/A	N/A	3.9
28	Institution-specific buffer 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 HSBC legal entities at 30 June 2026.

- The main features of capital instruments disclosure for the Group, ARG and URG are published on our website, <https://www.hsbc.com/investors/fixed-income-investors/regulatory-debt-main-features>.

European resolution group

The ERG 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 below present the ranking of creditors of HSBC Holdings plc and its 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)	
		Ordinary shares ¹	Preference shares, AT1 instruments and certain Subordinated notes	Subordinated notes ⁴	Senior notes and other pari passu liabilities	
1	Description of creditor ranking					
2	Total capital and liabilities net of credit risk mitigation	8,592	23,829	34,924	126,822	194,167
3	– of row 2 that are excluded liabilities ²	—	—	—	258	258
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3) ³	8,592	23,829	34,924	126,564	193,909
5	– of row 4 that are potentially eligible as TLAC ³	8,592	23,829	31,138	120,407	183,966
6	– of row 5:					
7	with 1 year ≤ residual maturity < 2 years	—	—	2,002	12,839	14,841
8	with 2 years ≤ residual maturity < 5 years	—	—	861	52,989	53,850
9	with 5 years ≤ residual maturity < 10 years	—	—	20,674	43,352	64,026
10	with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	6,709	11,227	17,936
10	that are perpetual securities	8,592	23,829	—	—	32,421

- 1 Excludes the value of share premium and reserves attributable to ordinary shareholders.
2 Excluded liabilities are defined in s48B(7A) of Banking Act 2009, as amended. The current balance mainly relates to intercompany accruals for service company recharges.
3 The total difference of \$9.9bn between rows 4 and 5 represents senior securities of \$1.9bn (which are maturing within one year hence ineligible for TLAC), pari passu liabilities of \$2.2bn, securities called but not yet repaid of \$1.3bn and voluntarily derecognised legacy securities comprised of \$0.7bn senior securities and \$3.8bn subordinated securities.
4 The total difference of \$0.9bn between row 5 and the sum of rows 6-10 represents the full notional value of instruments maturing within one year, which are considered eligible for TLAC up to the value included in own funds.

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	
		Ordinary shares ²	AT1 instruments	Subordinated loans	Senior subordinated loans	
2	Description of creditor ranking					
3	Total capital and liabilities net of credit risk mitigation	—	3,914	5,114	18,628	27,656
5	Total capital and liabilities less excluded liabilities	—	3,914	5,114	18,628	27,656
6	– of row 5 that are eligible as TLAC	—	3,914	5,114	18,628	27,656
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	3,174	3,174
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	12,143	12,143
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	5,114	3,311	8,425
11	– of row 6 that are perpetual securities	—	3,914	—	—	3,914

- 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 (most junior)	2	3	4 (most senior)	4 (most senior)	
1	Is the resolution entity the creditor/investor? ¹	Yes	Yes	No	No	Yes	
2	Description of creditor ranking	Ordinary shares ²	Third Dollar preference shares and AT1 instruments	Deeply Subordinated Notes	Subordinated notes and subordinated loans ³	Subordinated notes and subordinated loans ³	
3	Total capital and liabilities net of credit risk mitigation	1,055	6,446	927	615	25,879	34,922
5	Total capital and liabilities less excluded liabilities ³	1,055	6,446	927	615	25,879	34,922
6	– of row 5 that are eligible as TLAC	1,055	6,446	—	—	25,879	33,380
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	—	1,515	1,515
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	—	13,300	13,300
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	—	—	10,072	10,072
10	– of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	—	992	992
11	– of row 6 that are perpetual securities	1,055	6,446	—	—	—	7,501

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 difference between row 5 and 6 relates to externally issued non-CET1 own funds.

Asian resolution group

The ARG comprises HSBC Asia Holdings Limited, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank and their subsidiaries. HSBC Asia Holdings Ltd is the designated resolution entity and the entity's capital and LAC are held by HSBC Holdings plc. The following tables present information regarding the ranking of creditors of HSBC Asia Holdings Limited, The Hongkong and Shanghai Banking Corporation Limited, and Hang Seng Bank.

Table 19: HSBC Asia Holdings Ltd 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	AT1 instruments	Tier 2 instruments	LAC loans	
2	Total capital and liabilities net of credit risk mitigation	63,187	13,028	3,109	35,845	115,169
4	Total capital and liabilities less excluded liabilities	63,187	13,028	3,109	35,845	115,169
5	– of row 4 that are potentially eligible as TLAC	63,187	13,028	3,109	35,845	115,169
6	– of row 5	—	—	—	5,627	5,627
7	with 1 year ≤ residual maturity < 2 years	—	—	—	15,038	15,038
8	with 2 years ≤ residual maturity < 5 years	—	—	3,109	9,277	12,386
9	with 5 years ≤ residual maturity < 10 years	—	—	—	5,903	5,903
10	with residual maturity ≥ 10 years, but excluding perpetual securities	63,187	13,028	—	—	76,215

Table 20: The Hongkong and Shanghai Banking Corporation Limited 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?	Yes	Yes	Yes	Yes	
2	Description of creditor ranking	Ordinary shares	AT1 instruments	Tier 2 instruments	LAC loans	
3	Total capital and liabilities net of credit risk mitigation	28,538	13,028	3,109	35,845	80,520
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	28,538	13,028	3,109	35,845	80,520
6	– of row 5 that are eligible as TLAC	28,538	13,028	3,109	35,845	80,520
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	—	5,627	5,627
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	—	15,038	15,038
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	3,109	9,277	12,386
10	– of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	5,903	5,903
11	– of row 6 that are perpetual securities	28,538	13,028	—	—	41,566

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	AT1 instruments	LAC loans	
3	Total capital and liabilities net of credit risk mitigation	1,231	1,500	3,032	5,763
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	1,231	1,500	3,032	5,763
6	– of row 5 that are eligible as TLAC	1,231	1,500	3,032	5,763
7	– of row 6 with 1 year ≤ residual maturity < 2 years	—	—	1,716	1,716
8	– of row 6 with 2 years ≤ residual maturity < 5 years	—	—	997	997
9	– of row 6 with 5 years ≤ residual maturity < 10 years	—	—	319	319
11	– of row 6 that are perpetual securities	1,231	1,500	—	2,731

US resolution group

The URG 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 ranking¹ (TLAC3)

Table 22: FSDC North America Holdings Inc. Creditor Ranking (Y2023)

		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	—	14,160	15,800
3	– of row 2 that are excluded liabilities ³	—	—	—	230	230
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3) ⁴	—	1,640	—	13,930	15,570
5	– of row 4 that are potentially eligible as TLAC	—	1,640	—	10,500	12,140
7	– of row 5					
	with 2 years ≤ residual maturity < 5 years	—	—	—	5,250	5,250
8	with 5 years ≤ residual maturity < 10 years	—	—	—	3,250	3,250
9	with residual maturity ≥ 10 years, but excluding perpetual securities	—	—	—	2,000	2,000
10	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 consists of 'unrelated liabilities' as defined in the Final US TLAC rules. This mainly represents accrued employee benefit obligations.

4 Row 4 includes liabilities related to intercompany borrowings with URG 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 2025.

► Further details of our approach to credit risk may be found in 'Credit Risk' on page 45 of the Interim Report 2026.

Credit risk linkage to Interim Report 2026

In addition to prudential consolidations differences, financial reporting has scoping treatment differences for acceptance and settlement balances, reverse purchase agreements, other demands deposits, in the below tables 23 to 30.

Credit quality of assets

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			Collateral and financial guarantees received	
		Performing exposures			Non- performing exposures			Performing exposures			Non- performing exposures			Accu- mulated partial write- off \$bn	On per- form- ing expo- sures \$bn	On non- per- form- ing expo- sures \$bn
		of which: stage 1		of which: stage 2	of which: stage 3		of which: stage 1		of which: stage 2	of which: stage 3						
		\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn				
005	Cash balances at central banks and other demand deposits	279.8	279.7	0.1	—	—	—	—	—	—	—	—	—	—	—	
010	Loans and advances	1,488.3	1,387.6	88.2	25.0	25.0	(4.0)	(1.4)	(2.6)	(8.4)	(8.4)	(4.8)	1,010.7	14.0		
020	Central banks	22.1	22.1	—	—	—	—	—	—	—	—	—	4.1	—		
030	General governments	9.0	9.0	—	0.1	0.1	—	—	—	—	—	—	1.9	0.1		
040	Credit institutions	194.2	193.7	0.2	—	—	—	—	—	—	—	—	136.4	—		
050	Other financial corporations	326.7	314.6	5.0	1.3	1.3	(0.1)	(0.1)	—	(0.8)	(0.8)	(0.2)	210.1	0.5		
060	Non-financial corporations	448.2	386.1	59.8	19.6	19.6	(1.9)	(0.6)	(1.3)	(6.7)	(6.7)	(3.4)	222.9	10.8		
070	– of which: SMEs	16.4	13.1	3.4	0.8	0.8	(0.2)	—	(0.1)	(0.1)	(0.1)	—	12.4	0.5		
080	Households	488.1	462.1	23.2	4.0	4.0	(2.0)	(0.7)	(1.3)	(0.9)	(0.9)	(1.2)	435.3	2.6		
090	Debt securities	607.0	603.5	0.2	—	—	—	—	—	—	—	—	42.1	—		
100	Central banks	25.7	25.7	—	—	—	—	—	—	—	—	—	—	—		
110	General governments	521.6	520.6	0.1	—	—	—	—	—	—	—	—	40.9	—		
120	Credit institutions	42.1	41.8	0.1	—	—	—	—	—	—	—	—	1.1	—		
130	Other financial corporations	11.9	11.1	—	—	—	—	—	—	—	—	—	—	—		
140	Non-financial corporations	5.7	4.3	—	—	—	—	—	—	—	—	—	0.1	—		
150	Off-balance-sheet exposures	1,191.6	793.5	22.3	2.6	1.5	(0.4)	(0.2)	(0.1)	(0.4)	(0.2)		113.2	0.1		
160	Central banks	2.0	2.0	—	—	—	—	—	—	—	—		—	—		
170	General governments	6.8	5.4	0.1	0.2	0.2	—	—	—	—	—		—	—		
180	Credit institutions	98.2	90.9	0.1	—	—	—	—	—	—	—		—	—		
190	Other financial corporations	174.1	145.8	2.7	—	—	—	—	—	—	—		6.8	—		
200	Non-financial corporations	628.5	269.5	17.4	2.3	1.2	(0.4)	(0.2)	(0.1)	(0.4)	(0.2)		37.5	0.1		
210	Households	282.0	279.9	2.0	0.1	0.1	—	—	—	—	—		68.9	—		
220	Total at 30 Jun 2026	3,566.7	3,064.3	110.8	27.6	26.5	(4.4)	(1.6)	(2.7)	(8.8)	(8.6)	(4.8)	1,166.0	14.1		

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					Collateral and financial guarantees received		
		Performing exposures		Non-performing exposures		Performing exposures		Non-performing exposures		Accu- mulated partial write-off	On perform- ing expo- sures	On non- perform- ing expo- sures		
		of which: stage 1	of which: stage 2	of which: stage 3	of which: stage 1	of which: stage 2	of which: stage 3							
		\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn					
005	Cash balances at central banks and other demand deposits	294.2	294.1	0.1	—	—	—	—	—	—	—	—	—	—
010	Loans and advances	1,398.9	1,305.8	83.7	25.4	25.4	(3.8)	(1.3)	(2.5)	(7.5)	(7.5)	(4.9)	980.7	14.9
020	Central banks	22.8	22.8	—	—	—	—	—	—	—	—	—	6.3	—
030	General governments	10.2	10.1	0.1	0.1	0.1	—	—	—	—	—	—	3.0	—
040	Credit institutions	159.2	158.9	—	—	—	—	—	—	—	—	—	119.2	—
050	Other financial corporations	305.1	295.0	3.5	0.7	0.7	(0.1)	(0.1)	—	(0.3)	(0.3)	(0.2)	208.5	0.4
060	Non-financial corporations	424.3	365.9	56.0	20.6	20.6	(1.8)	(0.5)	(1.3)	(6.3)	(6.3)	(3.3)	218.4	12.0
070	– of which: SMEs	21.0	17.1	3.8	1.0	1.0	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	—	16.4	0.5
080	Households	477.3	453.1	24.1	4.0	4.0	(1.9)	(0.7)	(1.2)	(0.9)	(0.9)	(1.4)	425.3	2.5
090	Debt securities	570.6	566.8	0.3	—	—	—	—	—	—	—	—	40.1	—
100	Central banks	25.7	25.7	—	—	—	—	—	—	—	—	—	—	—
110	General governments	485.6	484.4	0.3	—	—	—	—	—	—	—	—	38.5	—
120	Credit institutions	41.7	41.3	—	—	—	—	—	—	—	—	—	1.4	—
130	Other financial corporations	12.2	11.5	—	—	—	—	—	—	—	—	—	0.1	—
140	Non-financial corporations	5.4	3.9	—	—	—	—	—	—	—	—	—	0.1	—
150	Off-balance-sheet exposures	1,087.1	701.7	22.3	2.2	1.1	(0.3)	(0.2)	(0.1)	(0.4)	(0.2)		108.9	0.1
160	Central banks	1.1	1.0	—	—	—	—	—	—	—	—		—	—
170	General governments	6.7	5.5	0.1	—	—	—	—	—	—	—		—	—
180	Credit institutions	65.5	58.7	—	—	—	—	—	—	—	—		—	—
190	Other financial corporations	116.6	91.9	4.0	—	—	—	—	—	—	—		12.4	—
200	Non-financial corporations	623.3	272.7	16.2	2.1	1.0	(0.3)	(0.2)	(0.1)	(0.4)	(0.2)		34.9	0.1
210	Households	273.9	271.9	2.0	0.1	0.1	—	—	—	—	—		61.6	—
220	Total at 31 Dec 2025	3,350.8	2,868.4	106.4	27.6	26.5	(4.1)	(1.5)	(2.6)	(7.9)	(7.7)	(4.9)	1,129.7	15.0

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

Table 24: Maturity of exposures (CR1-A)

		Net exposure value					Total \$m
		On demand \$m	<= 1 year \$m	> 1 year <= 5 years \$m	> 5 years \$m	No stated maturity \$m	
1	Loans and advances	84,427	639,489	307,747	435,521	33,699	1,500,883
2	Debt securities	144	208,325	280,967	117,212	362	607,010
3	Total at 30 Jun 2026	84,571	847,814	588,714	552,733	34,061	2,107,893
1	Loans and advances	79,782	583,555	293,568	427,746	28,391	1,413,042
2	Debt securities	51	198,316	270,334	101,392	436	570,529
3	Total at 31 Dec 2025	79,833	781,871	563,902	529,138	28,827	1,983,571

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

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

		Half-year to 30 Jun 2026
		Gross carrying value \$m
10	Initial stock of non-performing loans and advances	25,394
20	Inflows to non-performing portfolios	4,147
30	Outflows from non-performing portfolios	(789)
40	Outflows due to write-offs	(1,462)
50	Outflow due to other situations	(2,289)
60	Final stock of non-performing loans and advances	25,001

Non-performing and forborne exposures

Tables 26 to 29 are presented in accordance with the European Banking Authority's ('EBA') 'Guidelines on disclosure of non-performing and forborne exposures'. The PRA has acknowledged that, while the EBA's guidelines relating to the management of non-performing exposures and forborne exposures are not applicable in the UK, the prudential aspects of these guidelines broadly represent good credit risk management standards.

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

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

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

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

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

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

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

Table 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	
		Performing forborne \$m	Non-performing forborne			On performing forborne exposures \$m	On non performing forborne exposures \$m	Total \$m	of which: forborne non-performing exposures \$m
			Total \$m	of which: defaulted \$m	of which: impaired \$m				
010	Loans and advances	4,346	10,736	10,736	10,736	(311)	(3,017)	9,033	5,929
050	Other financial corporations	33	30	30	30	(1)	(20)	11	—
060	Non-financial corporations	3,717	8,854	8,854	8,854	(233)	(2,631)	7,889	5,006
070	Households	596	1,852	1,852	1,852	(77)	(366)	1,133	923
090	Loan commitments given	431	368	368	368	(2)	(1)	111	50
100	Total at 30 Jun 2026	4,777	11,104	11,104	11,104	(313)	(3,018)	9,144	5,979
010	Loans and advances	4,735	9,998	9,998	9,998	(372)	(2,701)	7,945	5,304
050	Other financial corporations	165	4	4	4	(4)	—	137	—
060	Non-financial corporations	3,951	8,336	8,336	8,336	(303)	(2,373)	6,775	4,468
070	Households	619	1,658	1,658	1,658	(65)	(328)	1,033	836
090	Loan commitments given	525	254	254	254	(4)	(3)	120	78
100	Total at 31 Dec 2025	5,260	10,252	10,252	10,252	(376)	(2,704)	8,065	5,382

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

Table 27: Collateral obtained by taking possession and execution processes (CQ7)

		At			
		At 30 Jun 2026		At 31 Dec 2025	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
		\$m	\$m	\$m	\$m
020	Other than property, plant and equipment	101	(23)	100	(19)
030	– Residential immovable property	64	(6)	70	(4)
040	– Commercial immovable property	37	(17)	30	(15)
080	Total	101	(23)	100	(19)

Concentration risk

Concentration of credit risk occurs when multiple counterparties share similar economic traits or operate in the same sectors or regions, making them collectively vulnerable to changes in economic or political conditions. To mitigate this risk, the bank uses various

controls such as portfolio and counterparty limits, approval and review processes, and stress testing across industries, countries and businesses.

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

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

		Gross carrying/ Nominal amount				Provisions on off-balance sheet commit- ments and financial guarantee given	
		of which: non-performing			of which: subject to impairment		Accumulated impairment
		Total	of which: defaulted				
		\$m	\$m	\$m	\$m	\$m	
010	On-balance sheet exposures	2,120,322	25,014	25,014	2,104,464	(12,429)	
020	United Kingdom	475,824	4,835	4,835	474,004	(2,585)	
030	Hong Kong	357,997	10,666	10,666	353,634	(3,985)	
040	United States	400,713	1,299	1,299	397,680	(356)	
070	Other countries/territories	885,788	8,214	8,214	879,146	(5,503)	
080	Off-balance sheet exposures	1,194,204	2,635	2,635		(765)	
090	Hong Kong	238,355	164	164		(25)	
100	United Kingdom	155,611	496	496		(182)	
110	United States	165,527	365	365		(97)	
140	Other countries/territories	634,711	1,610	1,610		(461)	
150	Total at 30 Jun 2026	3,314,526	27,649	27,649	2,104,464	(12,429)	
010	On-balance sheet exposures	1,994,883	25,405	25,405	1,981,994	(11,305)	
020	United Kingdom	448,703	4,553	4,553	447,023	(2,008)	
030	Hong Kong	333,040	11,551	11,551	330,095	(3,735)	
040	United States	375,936	1,204	1,204	373,774	(378)	
070	Other countries/territories	837,204	8,097	8,097	831,102	(5,184)	
080	Off-balance sheet exposures	1,089,286	2,217	2,217		(727)	
090	Hong Kong	234,498	128	128		(27)	
100	United Kingdom	143,337	445	445		(148)	
110	United States	136,833	288	288		(92)	
140	Other countries/territories	574,618	1,356	1,356		(460)	
150	Total at 31 Dec 2025	3,084,169	27,622	27,622	1,981,994	(11,305)	

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				Accumulated impairment	
		of which:					
		non-performing		of which: defaulted			of which: subject to impairment
		Total					
		\$m	\$m	\$m	\$m	\$m	
010	Agriculture, forestry and fishing	8,214	384	384	8,214	(99)	
020	Mining and quarrying	9,583	205	205	9,583	(83)	
030	Manufacturing	101,450	2,552	2,552	100,896	(1,076)	
040	Electricity, gas, steam and air conditioning supply	23,815	227	227	23,667	(143)	
050	Water supply	2,776	91	91	2,776	(39)	
060	Construction	28,107	2,768	2,768	27,337	(1,624)	
070	Wholesale and retail trade	102,169	2,868	2,868	102,012	(1,646)	
080	Transport and storage	23,893	299	299	23,818	(306)	
090	Accommodation and food service activities	14,068	1,245	1,245	13,964	(417)	
100	Information and communication	28,971	404	404	28,934	(211)	
110	Financial and insurance activities	881	79	79	881	(47)	
120	Real estate activities	59,783	6,930	6,930	59,706	(1,969)	
130	Professional, scientific and technical activities	24,766	508	508	24,460	(275)	
140	Administrative and support service activities	19,130	567	567	19,061	(407)	
150	Public administration and defence, compulsory social security	15	—	—	15	(3)	
160	Education	4,236	44	44	4,236	(52)	
170	Human health services and social work activities	4,588	89	89	4,535	(31)	
180	Arts, entertainment and recreation	2,226	114	114	2,226	(82)	
190	Other services	9,131	216	216	9,101	(130)	
200	Total at 30 Jun 2026	467,802	19,590	19,590	465,422	(8,640)	
010	Agriculture, forestry and fishing	7,686	355	355	7,686	(98)	
020	Mining and quarrying	7,908	126	126	7,908	(88)	
030	Manufacturing	93,648	2,405	2,405	92,581	(1,035)	
040	Electricity, gas, steam and air conditioning supply	21,848	240	240	21,789	(147)	
050	Water supply	2,570	112	112	2,570	(41)	
060	Construction	27,404	3,286	3,286	26,810	(1,668)	
070	Wholesale and retail trade	95,435	2,790	2,790	95,213	(1,529)	
080	Transport and storage	22,398	307	307	22,375	(177)	
090	Accommodation and food service activities	14,392	1,436	1,436	14,389	(399)	
100	Information and communication	25,445	377	377	25,408	(198)	
110	Financial and insurance activities	981	93	93	981	(43)	
120	Real estate activities	61,686	7,256	7,256	61,642	(1,682)	
130	Professional, scientific and technical activities	24,877	520	520	24,571	(218)	
140	Administrative and support service activities	19,554	672	672	19,548	(407)	
150	Public administration and defence, compulsory social security	80	—	—	80	(3)	
160	Education	3,230	74	74	3,230	(49)	
170	Human health services and social work activities	4,460	98	98	4,404	(32)	
180	Arts, entertainment and recreation	2,313	123	123	2,313	(52)	
190	Other services	8,961	329	329	8,940	(173)	
200	Total at 31 Dec 2025	444,876	20,599	20,599	442,438	(8,039)	

Risk mitigation

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

Mitigation of credit risk is a key aspect of effective risk management and takes many forms. Our general policy is to promote the use of credit risk mitigation, justified by commercial prudence and capital

efficiency. Detailed policies cover the acceptability, structuring and terms relating to the availability of credit risk mitigation, such as in the form of collateral security. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

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

Table 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	1,780,669	756,009	1,024,660	911,817	112,843
Central banks	287,312	283,215	4,097	4,054	43
General governments	9,110	7,112	1,998	1,820	178
Credit Institutions	208,730	72,399	136,331	135,249	1,082
Other financial corporations	327,185	116,599	210,586	199,966	10,620
Non-financial corporations	459,162	225,409	233,753	134,048	99,705
Households	489,170	51,275	437,895	436,680	1,215
2 Debt securities	607,010	564,913	42,097	—	42,097
Central banks	25,680	25,680	—	—	—
General governments	521,535	480,662	40,873	—	40,873
Credit Institutions	42,142	41,087	1,055	—	1,055
Other financial corporations	11,914	11,862	52	—	52
Non-financial corporations	5,739	5,622	117	—	117
3 Total at 30 Jun 2026	2,387,679	1,320,922	1,066,757	911,817	154,940
4 – of which: non-performing exposures	16,636	2,662	13,974	11,965	2,009
5 – of which: defaulted	16,636	2,662	13,974		
1 Loans and advances	1,707,263	711,602	995,661	890,002	105,659
Central banks	301,584	295,267	6,317	6,267	50
General governments	10,316	7,285	3,031	2,693	338
Credit Institutions	174,608	55,379	119,229	118,495	734
Other financial corporations	305,503	96,624	208,879	200,106	8,773
Non-financial corporations	436,838	206,439	230,399	135,359	95,040
Households	478,414	50,608	427,806	427,082	724
2 Debt securities	570,529	530,436	40,093	—	40,093
Central banks	25,641	25,641	—	—	—
General governments	485,572	447,128	38,444	—	38,444
Credit Institutions	41,737	40,297	1,440	—	1,440
Other financial corporations	12,175	12,084	91	—	91
Non-financial corporations	5,404	5,286	118	—	118
3 Total at 31 Dec 2025	2,277,792	1,242,038	1,035,754	890,002	145,752
4 – of which: non-performing exposures	17,941	3,013	14,928	13,139	1,789
5 – of which: defaulted	17,941	3,013	14,928		

The table below shows the composition of total exposures for loans and advances reported in the above table 30, credit risk mitigation techniques – overview ('CR3'), based on Group's financial balance sheet line items. Cash and balances at central banks recognised as loans and advances excludes cash in hand of \$4,883m. 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, and de-consolidation 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 2026	31 Dec 2025
	\$m	\$m
Assets as reported in financial statements		
Cash and balances at central banks	222,917	237,728
Loans and advances to banks	110,529	108,462
Loans and advances to customers	1,022,105	988,399
Reverse repurchase agreement - non trading	311,871	298,392
Other financial assets	113,247	74,282
Carrying amount reported in the table CR3	1,780,669	1,707,263

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

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

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWAs and 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	278,417	2,163	303,213	3,977	3,772	1.2
2	Regional governments or local authorities	15,019	366	18,085	83	3,333	18.3
3	Public sector entities	11,655	2,443	464	607	488	45.6
4	Multilateral development banks	23,582	666	26,403	323	309	1.2
5	International organisations	9,992	—	9,992	—	—	—
6	Institutions	2,038	3,306	2,950	3,613	2,170	33.1
7	Corporates	113,182	114,091	92,118	18,648	99,278	89.6
8	Retail	23,809	66,981	23,334	315	17,592	74.4
9	Secured by mortgages on immovable property	51,865	1,332	51,865	305	19,006	36.4
10	Exposures in default	3,039	588	2,871	206	3,789	123.2
11	Exposures associated with particularly high risk	186	87	152	13	248	150.0
14	Collective investment undertakings	2,524	18	2,524	12	1,768	69.7
15	Equity	16,990	—	16,990	—	38,503	226.6
16	Other items	19,046	246	19,046	246	12,648	65.6
17	Total at 30 Jun 2026	571,344	192,287	570,007	28,348	202,904	33.9
1	Central governments or central banks	291,952	1,677	317,402	3,804	4,522	1.4
2	Regional governments or local authorities	3,431	365	6,446	65	599	9.2
3	Public sector entities	12,268	1,620	1,871	348	1,105	49.8
4	Multilateral development banks	22,166	482	24,810	306	125	0.5
5	International organisations	8,783	—	8,783	—	—	—
6	Institutions	1,394	2,913	2,159	3,685	1,942	33.2
7	Corporates	108,211	104,808	90,385	18,244	96,954	89.3
8	Retail	23,285	64,583	22,430	330	16,896	74.2
9	Secured by mortgages on immovable property	52,797	1,261	52,797	320	19,441	36.6
10	Exposures in default	3,363	574	3,012	173	3,965	124.5
11	Exposures associated with particularly high risk	193	76	160	13	260	150.0
14	Collective investment undertakings	2,132	12	2,132	6	1,683	78.7
15	Equity	18,024	—	18,024	—	39,981	221.8
16	Other items	15,715	248	15,715	248	11,337	71.0
17	Total at 31 Dec 2025	563,714	178,619	566,126	27,542	198,810	33.5

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

		At			
		At 30 Jun 2026		At 31 Dec 2025	
		Pre-credit derivatives RWAs	Actual RWAs	Pre-credit derivatives RWAs	Actual RWAs
		\$m	\$m	\$m	\$m
1	Exposures under FIRB	91,601	90,990	87,987	87,373
2	Central governments and central banks	67	67	56	56
3	Institutions	4	4	67	67
4	Corporates	91,530	90,919	87,864	87,250
4.1	– of which: SMEs	4,214	4,214	4,135	4,135
4.3	– of which: Others	87,315	86,704	83,729	83,115
5	Exposures under AIRB	365,077	363,680	352,385	350,849
6	Central governments and central banks	60,277	60,247	59,359	59,329
7	Institutions	16,062	16,017	15,579	15,549
8	Corporates	212,584	211,262	201,113	199,637
8.1	– of which: SMEs	3,816	3,816	6,110	6,110
8.2	– of which: Specialised lending	7,628	7,628	6,722	6,722
8.3	– of which: Others	201,140	199,818	188,281	186,805
9	Retail	76,154	76,154	76,334	76,334
9.1	– of which Retail – SMEs - Secured by immovable property collateral	58	58	66	66
9.2	– of which Retail – non-SMEs - Secured by immovable property collateral	43,416	43,416	44,405	44,405
9.3	– of which Retail – Qualifying revolving	16,944	16,944	16,632	16,632
9.4	– of which Retail – SMEs - Other	2,905	2,905	2,936	2,936
9.5	– of which Retail – Non-SMEs- Other	12,831	12,831	12,295	12,295
10	Total	456,678	454,670	440,372	438,222

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

Table 33: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A)

AIRB		Credit risk mitigation techniques									Credit risk mitigation methods in the calculation of RWAs	
		Funded credit Protection ('FCP')									Unfunded credit Protection ('UFCP')	
		Part of exposures covered by Other eligible collateral (%)						Part of exposures covered by Other funded credit protection (%)				
		Part of exposures covered by Immo- vable pro- perty colla- teral			Part of expo- sures covered by receivab- les		Part of expo- sures covered by other physical colla- teral					
		Total exposures \$bn	Part of expo- sures covered by finan- cial colla- teral %	Total %	%	%	%	Total %	Part of exposures covered by life insurance policies %	Part of exposures covered by guarantees %		
1	Central governments and central banks	532.0	5.2	—	—	—	—	—	—	—	59.9	60.2
2	Institutions	85.6	1.6	0.8	—	0.8	—	—	—	0.7	16.2	16.0
3	Corporates	443.3	7.5	9.7	6.6	3.0	0.1	0.3	0.3	1.2	211.3	211.3
3.1	– of which: Corporates – SMEs	6.5	9.4	55.1	47.7	1.6	5.8	5.3	5.3	3.1	3.8	3.8
3.2	Corporates – specialised lending	19.1	0.8	1.3	1.0	0.3	—	—	—	9.6	7.7	7.6
3.3	Corporates – other	417.7	7.8	9.3	6.2	3.0	0.1	0.3	0.3	0.8	199.8	199.9
4	Retail	470.6	4.4	74.0	73.8	—	0.2	1.1	1.1	2.6	76.1	76.2
4.1	– of which: Retail – immovable property SMEs	0.1	0.4	99.4	95.4	4.0	—	—	—	—	0.1	0.1
4.2	Retail – immovable property non-SMEs	360.1	0.1	96.4	96.4	—	—	—	—	3.4	43.4	43.4
4.3	Retail – qualifying revolving	72.3	—	—	—	—	—	—	—	—	16.9	17.0
4.4	Retail – other SMEs	4.5	0.7	—	—	—	—	—	—	0.1	2.9	2.9
4.5	Retail – other non-SMEs	33.6	60.1	2.2	—	—	2.2	15.2	15.2	—	12.8	12.8
5	Total at 30 Jun 2026	1,531.5	5.4	25.6	24.6	0.9	0.1	0.4	0.4	1.2	363.5	363.7
FIRB												
1	Central governments and central banks	—	—	—	—	—	—	—	—	—	—	0.1
2	Institutions	—	—	—	—	—	—	—	—	—	—	—
3	Corporates	180.0	20.3	13.3	8.6	4.7	—	—	—	—	91.1	90.9
3.1	– of which: Corporates – SMEs	6.9	0.3	47.6	38.1	9.5	—	—	—	—	4.2	4.2
3.3	Corporates – other	173.1	21.1	11.9	7.4	4.5	—	—	—	—	86.9	86.7
4	Total at 30 Jun 2026	180.0	20.3	13.3	8.6	4.7	—	—	—	—	91.1	91.0
IRB												
1	Specialised lending under the slotting approach	31.4	—	—	—	—	—	—	—	—	20.8	20.8
2	Equity exposures	2.1	—	—	—	—	—	—	—	—	4.9	4.9

Table 33: IRB approach – Disclosure of the extent of the use of CRM techniques (CR7-A) (continued)

Credit risk mitigation techniques											Credit risk mitigation methods in the calculation of RWAs				
Funded credit Protection ('FCP')															
Part of exposures covered by Other eligible collateral (%)											Part of exposures covered by Other funded credit protection (%)	Unfunded credit protection ('UFCP')			
Part of exposures covered by											Part of exposures covered by life insurance policies	Part of exposures covered by guarantees	RWA post- all CRM assigned to the obligor exposure class	RWA with substitution effects	
Part of exposures covered by financial collateral											Part of exposures covered by receivables	Part of exposures covered by other physical collateral			
Total exposures											Total	Total	Total	Total	Total
\$bn											%	%	%	%	%
%											%	%	%	%	%
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Credit risk approaches

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.

Table 34: Standardised approach – exposures by asset classes and risk weights (CR5)

Risk weight ('RW%')		0%	2%	20%	35%	50%	75%	100%	150%	250%	1250%	Total credit exposure amount (post-CCF and CRM)	of which: un-rated
		\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn	\$bn
Asset classes													
1	Central governments or central banks	304.6	—	0.2	—	1.1	—	0.1	—	1.2	—	307.2	0.1
2	Regional governments or local authorities	6.0	—	10.3	—	1.5	—	0.3	—	0.1	—	18.2	0.2
3	Public sector entities	—	—	0.2	—	0.9	—	—	—	—	—	1.1	—
4	Multilateral development banks	25.8	—	0.5	—	0.4	—	—	—	—	—	26.7	—
5	International organisations	10.0	—	—	—	—	—	—	—	—	—	10.0	—
6	Institutions	—	2.2	0.9	—	2.9	—	0.6	—	—	—	6.6	2.4
7	Corporates	—	—	11.7	0.4	3.7	—	94.0	0.9	—	—	110.7	63.6
8	Retail	—	—	—	—	—	23.6	—	—	—	—	23.6	23.6
9	Secured by mortgages on immovable property	—	—	—	51.1	—	—	1.1	—	—	—	52.2	52.2
10	Exposures in default	—	—	—	—	—	—	1.7	1.4	—	—	3.1	3.1
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	0.2	—	—	0.2	0.2
14	Units or shares in collective investment undertakings	0.6	—	0.4	—	0.2	—	1.3	—	—	—	2.5	1.1
15	Equity exposures	—	—	—	—	—	—	2.6	—	14.4	—	17.0	5.6
16	Other items	0.2	—	8.1	—	—	—	11.0	—	—	—	19.3	19.3
17	Total at 30 Jun 2026	347.2	2.2	32.3	51.5	10.7	23.6	112.7	2.5	15.7	—	598.4	171.4
Asset classes													
1	Central governments or central banks	318.4	—	0.3	—	0.8	—	0.1	—	1.6	—	321.2	0.1
2	Regional governments or local authorities	5.9	—	—	—	0.2	—	0.3	—	0.1	—	6.5	0.2
3	Public sector entities	—	—	0.1	—	2.0	—	0.1	—	—	—	2.2	—
4	Multilateral development banks	24.7	—	0.2	—	0.2	—	—	—	—	—	25.1	—
5	International organisations	8.8	—	—	—	—	—	—	—	—	—	8.8	—
6	Institutions	—	2.5	0.3	—	2.4	—	0.6	—	—	—	5.8	2.4
7	Corporates	—	—	11.9	0.6	3.5	—	91.7	0.9	—	—	108.6	63.3
8	Retail	—	—	—	—	—	22.8	—	—	—	—	22.8	22.8
9	Secured by mortgages on immovable property	—	—	—	51.8	—	—	1.3	—	—	—	53.1	53.1
10	Exposures in default	—	—	—	—	—	—	1.6	1.6	—	—	3.2	3.2
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	0.2	—	—	0.2	0.2
14	Units or shares in collective investment undertakings	0.6	—	0.4	—	0.2	—	0.8	—	—	0.1	2.1	0.7
15	Equity exposures	—	—	—	—	—	—	3.4	—	14.6	—	18.0	6.7
16	Other items	0.2	—	5.6	—	—	—	10.2	—	—	—	16.0	16.0
17	Total at 31 Dec 2025	358.6	2.5	18.8	52.4	9.3	22.8	110.1	2.7	16.3	0.1	593.6	168.7

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 discloses the single obligor with multiple PD ratings, 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 for the specialised lending and equity exposures, under the simple risk-weight approach (CR10).

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6)

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 \$bn
AIRB – Central government and central banks												
0.00 to <0.15	515.8	1.4	21.1	515.9	0.02	260	43.4	2.3	42.8	8.3	—	—
– 0.00 to <0.10	502.3	0.8	33.5	504.1	0.01	151	43.4	2.3	38.6	7.7	—	—
– 0.10 to <0.15	13.5	0.6	0.3	11.8	0.13	109	45.0	2.1	4.2	35.7	—	—
0.15 to <0.25	1.5	0.3	3.3	1.5	0.22	16	45.0	1.0	0.5	36.1	—	—
0.25 to <0.50	0.7	—	4.6	0.6	0.37	6	44.8	1.5	0.3	54.8	—	—
0.50 to <0.75	1.4	—	41.2	1.4	0.63	8	44.9	1.0	1.0	65.8	—	—
0.75 to <2.50	7.8	0.5	25.6	7.3	1.85	16	45.0	1.1	7.7	104.2	0.1	—
– 0.75 to <1.75	2.7	0.3	19.1	2.3	1.01	7	44.9	0.8	2.0	83.0	—	—
– 1.75 to <2.5	5.1	0.2	44.5	5.0	2.25	9	45.0	1.2	5.7	114.3	0.1	—
2.50 to <10.00	1.2	0.3	82.0	1.0	3.84	8	44.8	1.1	1.3	132.7	—	—
– 2.5 to <5	0.7	—	6.2	0.7	3.06	4	44.7	1.0	0.9	122.7	—	—
– 5 to <10	0.5	0.3	85.7	0.3	5.75	4	45.0	1.2	0.4	157.1	—	—
10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
– 10 to <20	—	—	—	—	—	—	—	—	—	—	—	—
100.00 (Default)	0.1	0.2	—	0.1	100.00	2	4.6	3.9	—	57.2	—	—
Sub-total at 30 Jun 2026	528.5	2.7	18.4	527.8	0.06	316	43.4	2.2	53.6	10.2	0.1	—
0.00 to <0.15	490.8	3.4	32.5	492.1	0.02	291	43.3	2.2	41.7	8.5	—	—
– 0.00 to <0.10	478.5	2.0	47.3	481.5	0.01	177	43.3	2.2	37.8	7.8	—	—
– 0.10 to <0.15	12.3	1.4	0.2	10.6	0.13	114	45.0	2.2	3.9	37.2	—	—
0.15 to <0.25	1.9	0.1	17.0	1.9	0.22	17	44.9	1.1	0.7	36.6	—	—
0.25 to <0.50	1.4	—	16.0	1.3	0.37	9	44.9	1.3	0.7	53.0	—	—
0.50 to <0.75	2.2	—	22.4	2.1	0.63	13	44.9	1.0	1.3	65.8	—	—
0.75 to <2.50	7.4	0.2	93.1	7.1	1.75	98	45.0	1.2	7.4	104.0	0.1	—
– 0.75 to <1.75	3.1	0.1	16.7	3.0	1.08	90	44.9	1.3	2.7	89.9	—	—
– 1.75 to <2.5	4.3	0.1	94.8	4.1	2.25	8	45.0	1.2	4.7	114.4	0.1	—
2.50 to <10.00	1.5	0.4	21.5	1.3	3.96	11	42.6	1.2	1.7	128.6	—	—
– 2.5 to <5	0.8	0.1	10.9	0.9	3.08	7	41.4	1.3	1.0	114.4	—	—
– 5 to <10	0.7	0.3	100.0	0.4	5.82	4	45.0	1.1	0.7	158.5	—	—
10.00 to <100.00	—	0.2	—	—	13.00	2	93.0	1.0	—	450.6	—	—
– 10 to <20	—	0.2	—	—	13.00	2	93.0	1.0	—	450.6	—	—
100.00 (Default)	0.1	—	—	0.1	100.00	1	4.6	4.0	—	57.2	—	—
Sub-total at 31 Dec 2025	505.3	4.3	33.1	505.9	0.07	442	43.3	2.2	53.5	10.6	0.1	—

Table 35: 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) years	Risk weighted exposure amount after supporting factors \$bn	Density of risk weighted exposure amount %	Expected loss amount \$bn	Value adjustments and provisions \$bn
AIRB – Institutions												
0.00 to <0.15	74.3	15.1	27.7	77.0	0.06	2,562	37.9	1.3	12.2	15.8	—	—
– 0.00 to <0.10	59.9	12.8	27.6	62.5	0.04	1,631	36.8	1.3	7.8	12.5	—	—
– 0.10 to <0.15	14.4	2.3	28.5	14.5	0.13	931	42.9	1.2	4.4	30.2	—	—
0.15 to <0.25	2.4	1.3	24.3	2.5	0.22	161	45.9	1.2	1.2	46.2	—	—
0.25 to <0.50	0.3	0.6	56.8	0.7	0.37	230	50.0	1.7	0.5	79.2	—	—
0.50 to <0.75	2.8	0.2	8.5	2.3	0.63	74	35.2	0.7	1.3	58.7	—	—
0.75 to <2.50	0.9	0.7	33.0	0.8	1.48	157	43.0	1.1	0.8	99.2	—	—
– 0.75 to <1.75	0.5	0.5	32.6	0.6	1.21	125	44.9	1.2	0.6	99.1	—	—
– 1.75 to <2.5	0.4	0.2	46.1	0.2	2.25	32	37.9	0.7	0.2	99.5	—	—
2.50 to <10.00	—	0.1	3.4	—	4.20	13	76.7	0.4	—	251.8	—	—
– 2.5 to <5	—	0.1	3.4	—	4.20	13	76.8	0.4	—	251.9	—	—
10.00 to <100.00	—	—	—	—	74.68	1	45.0	1.0	—	146.3	—	—
– 30.00 to <100.00	—	—	—	—	74.68	1	45.0	1.0	—	146.3	—	—
100.00 (Default)	—	—	—	—	100.00	3	3.9	2.9	—	13.3	—	—
Sub-total at 30 Jun 2026	80.7	18.0	28.3	83.3	0.10	3,201	38.2	1.3	16.0	19.2	—	—
0.00 to <0.15	76.7	14.4	27.2	80.3	0.05	2,462	38.5	1.3	12.6	15.7	—	—
– 0.00 to <0.10	66.7	11.1	27.5	69.5	0.04	1,509	38.1	1.2	9.0	12.9	—	—
– 0.10 to <0.15	10.0	3.3	26.1	10.8	0.13	953	40.9	1.6	3.6	33.2	—	—
0.15 to <0.25	2.1	1.3	25.6	2.2	0.22	172	31.2	1.6	0.7	31.5	—	—
0.25 to <0.50	0.5	0.4	26.2	0.6	0.37	222	45.6	0.8	0.3	55.8	—	—
0.50 to <0.75	1.9	0.4	16.3	1.2	0.63	78	44.7	0.7	0.8	67.2	—	—
0.75 to <2.50	1.2	1.0	21.6	1.1	1.22	177	41.3	1.2	1.0	91.0	—	—
– 0.75 to <1.75	1.0	0.8	21.4	1.0	1.14	137	42.1	1.2	0.9	90.9	—	—
– 1.75 to <2.5	0.2	0.2	29.0	0.1	2.25	40	30.9	1.3	0.1	92.9	—	—
2.50 to <10.00	—	0.1	45.9	—	4.18	16	45.0	4.1	0.1	225.6	—	—
– 2.5 to <5	—	0.1	45.9	—	4.18	16	45.0	4.1	0.1	225.6	—	—
10.00 to <100.00	—	—	20.0	—	10.00	1	56.6	—	—	219.0	—	—
– 10 to <20	—	—	20.0	—	10.00	1	56.6	—	—	219.0	—	—
100.00 (Default)	—	—	—	—	100.00	1	1.0	3.5	—	12.5	—	—
Sub-total at 31 Dec 2025	82.4	17.6	26.7	85.4	0.10	3,129	38.5	1.3	15.5	18.2	—	—

Table 35: 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) years	Risk weighted exposure amount after supporting factors \$bn	Density of risk weighted exposure amount %	Expected loss amount \$bn	Value adjustments and provisions \$bn
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	4.6	2.0	53.1	5.4	0.09	67	23.9	3.7	0.9	17.9	—	—
– 0.00 to <0.10	2.9	1.1	70.7	3.5	0.06	41	24.3	4.1	0.6	17.9	—	—
– 0.10 to <0.15	1.7	0.9	30.1	1.9	0.13	26	23.1	2.9	0.3	17.7	—	—
0.15 to <0.25	1.8	1.4	51.0	2.3	0.22	50	25.0	3.6	0.7	30.4	—	—
0.25 to <0.50	2.5	2.0	41.4	3.2	0.37	59	30.5	3.6	1.6	49.3	—	—
0.50 to <0.75	1.8	2.2	43.7	2.7	0.63	56	32.4	3.2	1.4	53.2	—	—
0.75 to <2.50	3.3	2.3	48.6	3.8	1.10	75	31.7	3.3	2.6	67.8	—	—
– 0.75 to <1.75	3.2	2.3	48.6	3.7	1.08	73	31.6	3.3	2.5	66.7	—	—
– 1.75 to <2.5	0.1	—	46.4	0.1	2.25	2	35.9	3.6	0.1	112.0	—	—
2.50 to <10.00	0.2	0.1	55.7	0.2	5.35	16	31.5	4.0	0.2	120.8	—	—
– 2.5 to <5	—	—	21.0	—	4.07	7	12.5	4.7	—	39.5	—	—
– 5 to <10	0.2	0.1	64.7	0.2	5.75	9	37.5	3.8	0.2	146.1	—	—
10.00 to <100.00	0.1	—	72.9	—	16.58	3	33.5	1.4	0.1	137.7	—	—
– 10 to <20	0.1	—	72.9	—	16.58	3	33.5	1.4	0.1	137.7	—	—
100.00 (Default)	0.1	—	34.2	0.1	100.00	3	82.1	4.8	0.1	102.9	0.1	0.1
Sub-total at 30 Jun 2026	14.4	10.0	47.4	17.7	1.04	329	28.6	3.5	7.6	43.2	0.1	0.1
0.00 to <0.15	4.2	1.3	56.8	4.5	0.09	54	21.9	3.7	0.8	17.1	—	—
– 0.00 to <0.10	2.7	0.6	86.3	2.9	0.06	32	23.2	4.1	0.5	18.3	—	—
– 0.10 to <0.15	1.5	0.7	27.9	1.6	0.13	22	19.6	3.0	0.3	15.1	—	—
0.15 to <0.25	1.8	1.5	52.2	2.5	0.22	48	24.4	3.7	0.7	28.7	—	—
0.25 to <0.50	2.3	1.4	47.3	3.0	0.37	58	30.8	3.4	1.4	47.1	—	—
0.50 to <0.75	1.7	1.3	37.6	2.0	0.63	45	30.2	3.2	1.0	49.3	—	—
0.75 to <2.50	3.0	2.3	56.9	3.2	1.09	68	33.7	3.4	2.1	70.6	0.1	0.1
– 0.75 to <1.75	2.8	2.2	57.2	3.0	1.02	61	34.2	3.3	2.0	70.4	0.1	0.1
– 1.75 to <2.5	0.2	0.1	45.4	0.2	2.25	7	25.5	4.5	0.1	73.8	—	—
2.50 to <10.00	0.3	0.3	54.9	0.4	4.46	13	26.6	2.5	0.4	94.1	—	—
– 2.5 to <5	0.2	0.2	54.5	0.3	4.10	11	23.0	2.0	0.2	73.9	—	—
– 5 to <10	0.1	0.1	56.6	0.1	5.75	2	39.3	4.3	0.2	165.8	—	—
10.00 to <100.00	0.1	—	86.5	0.1	15.81	7	29.2	2.4	0.2	141.7	—	—
– 10 to <20	0.1	—	86.5	0.1	15.81	7	29.2	2.4	0.2	141.7	—	—
100.00 (Default)	0.1	—	35.0	0.1	100.00	4	30.0	1.5	0.1	70.3	—	—
Sub-total at 31 Dec 2025	13.5	8.1	51.1	15.8	1.19	297	27.6	3.5	6.7	42.7	0.1	0.1

Table 35: 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) years	Risk weighted exposure amount after supporting factors \$bn	Density of risk weighted exposure amount %	Expected loss amount \$bn	Value adjustments and provisions \$bn
AIRB – Corporate – SME												
0.00 to <0.15	—	0.2	23.2	0.2	0.11	152	45.3	1.2	—	14.9	—	—
– 0.00 to <0.10	—	—	27.7	0.1	0.05	28	54.1	1.4	—	10.8	—	—
– 0.10 to <0.15	—	0.2	22.1	0.1	0.13	124	41.7	1.1	—	16.5	—	—
0.15 to <0.25	0.2	0.6	23.5	0.4	0.22	346	41.0	1.6	0.1	24.8	—	—
0.25 to <0.50	0.4	1.0	21.0	0.6	0.37	516	36.9	1.6	0.2	30.1	—	—
0.50 to <0.75	0.6	0.6	22.8	0.7	0.63	412	35.9	1.9	0.3	41.9	—	—
0.75 to <2.50	2.9	2.3	22.7	3.4	1.54	1,686	35.4	1.9	1.9	55.9	—	—
– 0.75 to <1.75	2.0	1.8	22.4	2.5	1.29	1,267	36.7	1.9	1.4	55.2	—	—
– 1.75 to <2.5	0.9	0.5	23.9	0.9	2.25	419	31.5	1.9	0.5	57.9	—	—
2.50 to <10.00	1.0	0.6	22.2	1.0	4.26	594	45.1	1.9	0.9	99.1	—	—
– 2.5 to <5	0.8	0.5	21.9	0.8	3.68	455	44.7	1.9	0.7	93.6	—	—
– 5 to <10	0.2	0.1	24.1	0.2	6.81	139	46.8	1.8	0.2	123.2	—	—
10.00 to <100.00	0.1	—	63.7	0.1	18.41	81	28.8	1.6	0.1	88.6	—	—
– 10 to <20	0.1	—	27.8	0.1	11.75	73	33.4	1.8	0.1	104.4	—	—
– 30.00 to <100.00	—	—	78.8	—	43.33	8	11.7	1.0	—	29.4	—	—
100.00 (Default)	0.1	—	18.1	0.1	100.00	39	40.1	2.0	0.3	202.0	0.1	0.1
Sub-total at 30 Jun 2026	5.3	5.3	22.6	6.5	3.97	3,826	37.6	1.8	3.8	59.0	0.1	0.1
0.00 to <0.15	0.1	0.4	23.1	0.2	0.11	222	49.2	1.2	—	17.5	—	—
– 0.00 to <0.10	—	0.1	25.2	0.1	0.06	53	55.2	1.0	—	12.2	—	—
– 0.10 to <0.15	0.1	0.3	22.1	0.1	0.13	169	46.3	1.3	—	20.2	—	—
0.15 to <0.25	0.3	0.9	25.0	0.6	0.22	541	44.3	1.8	0.2	29.4	—	—
0.25 to <0.50	0.4	1.2	23.1	0.7	0.37	692	40.7	1.6	0.3	35.9	—	—
0.50 to <0.75	0.6	1.1	23.1	1.0	0.63	611	40.5	1.7	0.4	46.7	—	—
0.75 to <2.50	4.3	3.5	23.5	5.0	1.54	2,645	35.0	1.9	2.9	58.0	—	—
– 0.75 to <1.75	3.0	2.7	23.4	3.7	1.28	1,952	34.8	2.0	2.0	55.1	—	—
– 1.75 to <2.5	1.3	0.8	23.8	1.3	2.25	693	35.8	1.8	0.9	66.1	—	—
2.50 to <10.00	1.7	1.0	25.1	1.8	4.10	951	42.6	1.7	1.7	96.1	—	—
– 2.5 to <5	1.4	0.8	25.0	1.5	3.65	759	41.9	1.7	1.3	91.7	—	—
– 5 to <10	0.3	0.2	25.6	0.3	6.41	192	46.1	1.6	0.4	118.8	—	—
10.00 to <100.00	0.1	0.1	41.9	0.1	23.74	121	44.6	2.1	0.2	163.1	—	—
– 10 to <20	0.1	0.1	24.4	0.1	13.57	108	52.4	2.4	0.2	198.7	—	—
– 30.00 to <100.00	—	—	77.3	—	54.10	13	21.5	1.2	—	56.8	—	—
100.00 (Default)	0.2	—	26.7	0.3	10.00	52	32.7	2.3	0.4	151.6	0.1	0.1
Sub-total at 31 Dec 2025	7.7	8.2	23.8	9.7	4.56	5,835	38.3	1.8	6.1	63.1	0.1	0.1

Table 35: 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) years	Risk weighted exposure amount after supporting factors \$bn	Density of risk weighted exposure amount %	Expected loss amount \$bn	Value adjustments and provisions \$bn
AIRB – Corporate – Other												
0.00 to <0.15	106.3	185.8	30.3	189.0	0.07	9,149	44.1	1.6	39.7	21.0	0.1	0.1
– 0.00 to <0.10	72.2	126.2	31.1	133.4	0.05	5,172	43.3	1.6	22.6	17.0	—	0.1
– 0.10 to <0.15	34.1	59.6	28.6	55.6	0.13	3,977	46.2	1.6	17.1	30.7	0.1	—
0.15 to <0.25	31.6	56.0	29.2	52.9	0.22	4,495	43.7	1.7	21.9	41.3	—	—
0.25 to <0.50	24.4	40.4	28.3	37.6	0.37	4,596	42.2	1.6	19.0	50.5	0.1	—
0.50 to <0.75	24.0	34.2	28.3	35.3	0.63	4,146	41.5	1.5	24.3	68.8	0.1	0.1
0.75 to <2.50	72.2	95.9	23.9	70.7	1.33	20,503	40.5	1.6	62.1	87.9	0.4	0.2
– 0.75 to <1.75	47.6	63.5	23.5	60.6	1.18	15,512	40.8	1.6	52.1	86.0	0.3	0.1
– 1.75 to <2.5	24.6	32.4	26.2	10.1	2.24	4,991	38.3	1.8	10.0	99.1	0.1	0.1
2.50 to <10.00	18.7	25.1	28.8	14.1	4.09	5,689	41.2	1.7	17.9	126.6	0.2	0.1
– 2.5 to <5	13.4	18.7	28.8	11.7	3.58	4,317	41.6	1.7	14.4	123.0	0.1	0.1
– 5 to <10	5.3	6.4	28.9	2.4	6.52	1,372	39.2	1.8	3.5	143.3	0.1	—
10.00 to <100.00	5.4	3.3	32.0	4.5	18.12	1,178	30.7	2.0	6.7	147.8	0.3	0.3
– 10 to <20	4.8	3.0	30.7	4.0	13.08	885	31.4	2.1	6.1	154.2	0.2	0.2
– 20 to <30	—	—	2.0	—	29.26	69	4.2	1.0	—	20.5	—	—
– 30.00 to <100.00	0.6	0.3	43.1	0.5	56.71	224	26.8	1.6	0.6	104.8	0.1	0.1
100.00 (Default)	7.8	1.0	39.5	8.0	100.00	2,285	40.1	1.5	8.3	103.5	3.5	3.1
Sub-total at 30 Jun 2026	290.4	441.7	28.7	412.1	2.67	52,041	42.7	1.6	199.9	48.5	4.7	3.9
0.00 to <0.15	90.6	177.4	30.8	170.1	0.07	8,876	43.8	1.6	35.6	21.0	—	0.1
– 0.00 to <0.10	62.4	117.4	31.8	118.5	0.05	5,043	43.0	1.6	19.6	16.6	—	0.1
– 0.10 to <0.15	28.2	60.0	28.9	51.6	0.13	3,833	45.4	1.7	16.0	31.0	—	—
0.15 to <0.25	29.0	56.6	27.9	49.5	0.22	4,270	43.1	1.7	20.1	40.5	—	—
0.25 to <0.50	22.2	40.7	26.9	35.5	0.37	4,168	42.1	1.6	18.0	50.7	0.1	—
0.50 to <0.75	24.3	34.2	28.1	34.9	0.63	3,957	41.4	1.5	22.3	63.9	0.1	0.1
0.75 to <2.50	66.6	93.2	23.8	64.9	1.35	20,266	40.9	1.5	57.9	89.2	0.4	0.2
– 0.75 to <1.75	42.6	62.8	23.4	54.9	1.19	14,852	41.1	1.5	48.8	88.8	0.3	0.1
– 1.75 to <2.5	24.0	30.4	26.2	10.0	2.24	5,414	39.5	1.6	9.1	91.6	0.1	0.1
2.50 to <10.00	18.9	23.5	28.8	14.1	4.33	5,302	42.0	1.7	18.5	131.6	0.3	0.2
– 2.5 to <5	12.8	17.4	28.5	10.7	3.59	3,983	42.8	1.8	13.7	127.8	0.2	0.1
– 5 to <10	6.1	6.1	30.1	3.4	6.68	1,319	39.5	1.6	4.8	143.6	0.1	0.1
10.00 to <100.00	5.5	3.5	29.4	4.2	22.10	1,101	31.1	1.9	5.9	140.9	0.3	0.2
– 10 to <20	4.9	3.2	27.7	3.5	12.68	885	30.6	1.9	5.1	145.8	0.1	0.1
– 20 to <30	—	—	19.9	—	23.19	35	36.4	2.9	—	212.8	—	—
– 30.00 to <100.00	0.6	0.3	39.0	0.7	70.31	181	33.2	1.9	0.8	115.2	0.2	0.1
100.00 (Default)	8.0	1.2	39.6	8.3	100.00	2,239	38.9	1.4	8.5	102.5	3.5	2.9
Sub-total at 31 Dec 2025	265.1	430.3	28.6	381.5	2.97	50,179	42.5	1.6	186.8	49.0	4.7	3.7
Wholesale AIRB – Total at 30 Jun 2026	919.3	477.7	29.0	1,047.4		59,713		1.9	280.9	26.8	5.0	4.1
Wholesale AIRB – Total at 31 Dec 2025	874.0	468.5	28.8	998.3		59,882		1.9	268.6	26.9	5.0	3.9

Table 35: 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 \$bn
AIRB – Secured by mortgages on immovable property SME												
0.00 to <0.15	—	0.1	—	—	0.11	37	26.1	—	—	5.4	—	—
– 0.00 to <0.10	—	0.1	—	—	0.07	9	26.3	—	—	3.8	—	—
– 0.10 to <0.15	—	—	—	—	0.13	28	26.1	—	—	6.1	—	—
0.15 to <0.25	—	—	—	—	0.22	43	25.6	—	—	8.9	—	—
0.25 to <0.50	—	—	75.0	—	0.37	51	28.2	—	—	14.3	—	—
0.50 to <0.75	—	—	—	—	0.63	53	24.5	—	—	18.2	—	—
0.75 to <2.50	—	—	15.2	—	1.30	104	25.1	—	—	29.7	—	—
– 0.75 to <1.75	—	—	15.2	—	1.11	84	24.9	—	—	26.8	—	—
– 1.75 to <2.5	—	—	—	—	2.25	20	25.9	—	—	44.0	—	—
2.50 to <10.00	0.1	—	18.7	0.1	4.02	458	24.8	—	0.1	58.6	—	—
– 2.5 to <5	0.1	—	17.5	0.1	3.82	428	24.4	—	0.1	56.1	—	—
– 5 to <10	—	—	20.2	—	7.05	30	30.2	—	—	96.4	—	—
10.00 to <100.00	—	—	18.0	—	18.42	79	25.2	—	—	90.6	—	—
– 10 to <20	—	—	18.0	—	10.59	62	25.6	—	—	95.6	—	—
– 30 to <100	—	—	—	—	70.46	17	22.2	—	—	57.1	—	—
100.00 (Default)	—	—	97.6	—	100.00	65	38.4	—	—	28.4	—	—
Sub-total at 30 Jun 2026	0.1	0.1	0.8	0.1	11.32	890	26.2	—	0.1	45.1	—	—
0.00 to <0.15	—	—	—	—	0.12	39	25.3	—	—	5.6	—	—
– 0.00 to <0.10	—	—	—	—	0.07	8	21.0	—	—	3.0	—	—
– 0.10 to <0.15	—	—	—	—	0.13	31	26.0	—	—	6.1	—	—
0.15 to <0.25	—	—	—	—	0.22	60	25.6	—	—	8.9	—	—
0.25 to <0.50	—	—	—	—	0.37	67	25.2	—	—	12.8	—	—
0.50 to <0.75	—	—	1.1	—	0.64	57	24.2	—	—	17.9	—	—
0.75 to <2.50	—	—	35.9	—	1.35	127	25.1	—	—	30.4	—	—
– 0.75 to <1.75	—	—	43.8	—	1.16	103	25.0	—	—	27.7	—	—
– 1.75 to <2.5	0.0	—	15.6	0.0	2.25	24	25.8	—	—	43.5	—	—
2.50 to <10.00	0.1	—	15.4	0.1	4.09	485	24.8	—	0.1	59.1	—	—
– 2.5 to <5	0.1	—	15.1	0.1	3.84	442	24.6	—	0.1	56.7	—	—
– 5 to <10	—	—	15.7	—	6.41	43	26.8	—	—	80.4	—	—
10.00 to <100.00	—	—	20.3	—	19.93	83	26.6	—	—	94.3	—	—
– 10 to <20	—	—	20.3	—	10.27	66	27.3	—	—	100.9	—	—
– 30 to <100	—	—	—	—	70.71	17.00	23.4	—	—	59.7	—	—
100.00 (Default)	—	—	—	—	100.00	72	37.7	—	—	34.8	—	—
Sub-total at 31 Dec 2025	0.1	—	1.0	0.1	11.23	990	26.0	—	0.1	44.8	—	—

Table 35: 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 \$bn
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	107.7	15.6	74.7	119.1	0.07	441,401	14.1	—	5.2	4.4	—	—
– 0.00 to <0.10	78.7	10.5	78.2	86.8	0.05	277,333	13.4	—	2.9	3.3	—	—
– 0.10 to <0.15	29.0	5.1	67.2	32.3	0.12	164,068	15.9	—	2.3	7.2	—	—
0.15 to <0.25	37.2	2.8	59.7	38.7	0.20	179,296	13.8	—	3.5	9.1	—	—
0.25 to <0.50	104.9	2.5	47.4	106.0	0.33	523,531	15.2	—	10.5	10.0	0.1	—
0.50 to <0.75	36.3	0.4	80.4	36.6	0.51	195,814	15.7	—	5.3	14.4	—	—
0.75 to <2.50	51.4	2.3	34.9	52.3	1.11	243,750	14.6	—	12.5	23.9	0.1	—
– 0.75 to <1.75	46.9	2.2	34.6	47.8	1.03	209,830	14.6	—	10.7	22.3	0.1	—
– 1.75 to <2.5	4.5	0.1	40.1	4.5	1.99	33,920	14.8	—	1.8	41.2	—	—
2.50 to <10.00	5.0	0.4	29.3	5.1	4.57	26,567	16.4	—	3.5	67.5	0.1	—
– 2.5 to <5	3.6	0.3	30.6	3.7	3.54	19,837	15.0	—	2.2	58.3	0.1	—
– 5 to <10	1.4	0.1	21.9	1.4	7.29	6,730	20.1	—	1.3	92.0	—	—
10.00 to <100.00	0.7	—	180.8	0.8	27.15	6,263	10.4	—	0.7	91.8	—	—
– 10 to <20	0.4	—	214.7	0.5	14.56	4,706	10.4	—	0.5	113.6	—	—
– 20 to <30	—	—	100.0	—	22.97	106	8.1	—	—	49.4	—	—
– 30.00 to <100.00	0.3	—	78.0	0.3	46.49	1,451	10.6	—	0.2	59.2	—	—
100.00 (Default)	1.5	—	2.5	1.5	100.00	8,921	13.9	—	2.2	147.4	0.1	0.1
Sub-total at 30 Jun 2026	344.7	24.0	65.8	360.1	0.90	1,625,543	14.6	—	43.4	12.1	0.4	0.1
0.00 to <0.15	83.2	13.1	69.1	91.9	0.08	360,017	11.4	—	3.9	4.2	—	—
– 0.00 to <0.10	44.1	8.6	73.9	50.3	0.05	167,915	11.4	—	1.8	3.6	—	—
– 0.10 to <0.15	39.1	4.5	60.0	41.6	0.12	192,102	11.5	—	2.1	5.0	—	—
0.15 to <0.25	40.7	2.5	53.2	41.8	0.19	181,197	11.3	—	3.1	7.4	—	—
0.25 to <0.50	105.9	2.3	43.5	106.8	0.32	533,071	13.9	—	9.5	9.0	0.1	—
0.50 to <0.75	42.3	0.3	66.3	42.5	0.52	214,545	14.7	—	8.2	19.2	0.1	—
0.75 to <2.50	56.5	2.3	33.6	57.5	1.10	258,260	13.3	—	12.5	21.7	0.1	0.1
– 0.75 to <1.75	51.3	2.2	33.3	52.3	1.01	222,856	13.2	—	10.5	20.1	0.1	0.1
– 1.75 to <2.5	5.2	0.1	39.7	5.2	1.97	35,404	14.4	—	2.0	38.8	—	—
2.50 to <10.00	8.0	0.4	27.2	8.1	4.16	35,015	12.9	—	4.0	49.1	—	—
– 2.5 to <5	7.5	0.3	28.2	7.6	3.99	31,902	12.1	—	3.4	44.3	—	—
– 5 to <10	0.5	0.1	20.8	0.5	6.57	3,113	23.6	—	0.6	115.3	—	—
10.00 to <100.00	0.8	—	226.4	0.9	23.16	7,460	10.8	—	0.8	89.8	—	—
– 10 to <20	0.6	—	250.4	0.7	13.27	6,014	11.1	—	0.7	104.4	—	—
– 20 to <30	—	—	—	—	22.53	94	13.2	—	—	79.5	—	—
– 30.00 to <100.00	0.2	—	99.3	0.2	48.31	1,352	10.0	—	0.1	52.9	—	—
100.00 (Default)	1.5	—	23.2	1.5	100.00	9,138	13.4	—	2.4	156.9	0.1	0.1
Sub-total at 31 Dec 2025	338.9	20.9	59.9	351.0	0.98	1,598,703	12.9	—	44.4	12.7	0.4	0.2

Table 35: 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 \$bn
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	6.0	86.0	46.6	46.0	0.07	17,684,644	88.7	—	2.0	4.5	—	0.2
– 0.00 to <0.10	3.8	63.5	48.7	34.6	0.05	14,037,682	86.5	—	1.2	3.6	—	0.2
– 0.10 to <0.15	2.2	22.5	40.7	11.4	0.12	3,646,962	95.2	—	0.8	7.4	—	—
0.15 to <0.25	1.3	8.1	49.7	5.3	0.20	1,952,984	89.8	—	0.7	12.7	—	—
0.25 to <0.50	2.3	7.3	46.0	5.7	0.37	1,647,712	89.5	—	1.1	19.4	—	—
0.50 to <0.75	1.5	2.3	50.4	2.7	0.60	614,897	90.1	—	0.8	29.0	—	—
0.75 to <2.50	4.7	5.2	52.9	7.4	1.38	1,442,063	91.3	—	5.0	66.5	0.1	0.1
– 0.75 to <1.75	3.8	4.8	51.1	6.1	1.22	1,175,975	91.7	—	3.0	48.3	0.1	0.1
– 1.75 to <2.5	0.9	0.4	71.9	1.3	2.15	266,088	89.2	—	2.0	153.5	—	—
2.50 to <10.00	2.9	1.2	77.5	3.9	4.47	706,123	86.5	—	4.5	117.3	0.2	0.1
– 2.5 to <5	2.1	1.0	70.7	2.8	3.63	495,369	86.3	—	2.9	102.7	0.1	—
– 5 to <10	0.8	0.2	112.2	1.1	6.73	210,754	87.1	—	1.6	156.4	0.1	0.1
10.00 to <100.00	0.9	0.3	87.2	1.2	22.20	230,093	84.7	—	2.7	228.1	0.3	0.1
– 10 to <20	0.7	0.2	91.5	0.9	14.51	154,256	83.9	—	2.0	222.8	0.1	0.1
– 20 to <30	0.1	0.1	47.8	0.2	24.89	41,308	89.0	—	0.4	296.0	0.1	—
– 30.00 to <100.00	0.1	—	189.2	0.1	71.92	34,529	85.9	—	0.3	196.2	0.1	—
100.00 (Default)	0.1	—	9.3	0.1	100.00	48,542	86.3	—	0.2	167.9	0.1	0.2
Sub-total at 30 Jun 2026	19.7	110.4	47.6	72.3	1.00	24,327,058	89.0	—	17.0	23.5	0.7	0.7
0.00 to <0.15	6.8	85.9	46.6	46.9	0.06	17,459,119	88.7	—	1.9	4.0	—	0.3
– 0.00 to <0.10	5.2	72.9	47.3	39.7	0.05	14,640,352	88.3	—	1.3	3.3	—	0.3
– 0.10 to <0.15	1.6	13.0	42.9	7.2	0.13	2,818,767	91.0	—	0.6	7.9	—	—
0.15 to <0.25	1.2	7.6	50.5	5.1	0.20	1,936,010	89.6	—	0.6	12.6	—	—
0.25 to <0.50	2.2	6.9	46.8	5.4	0.38	1,615,460	89.3	—	1.0	19.3	—	—
0.50 to <0.75	1.5	2.3	51.0	2.6	0.60	603,944	90.0	—	0.8	28.9	—	—
0.75 to <2.50	4.7	5.1	53.8	7.4	1.37	1,449,525	91.0	—	5.1	68.8	0.1	0.1
– 0.75 to <1.75	3.8	4.7	52.0	6.2	1.22	1,191,737	91.4	—	3.0	48.8	0.1	0.1
– 1.75 to <2.5	0.9	0.4	74.5	1.2	2.15	257,788	88.7	—	2.1	171.8	—	—
2.50 to <10.00	2.9	1.2	74.5	3.8	4.44	705,428	86.2	—	4.4	116.1	0.2	0.1
– 2.5 to <5	2.1	1.0	67.5	2.8	3.61	495,234	86.0	—	2.8	102.4	0.1	0.1
– 5 to <10	0.8	0.2	111.8	1.0	6.68	210,194	86.8	—	1.6	152.9	0.1	—
10.00 to <100.00	0.9	0.2	86.5	1.1	22.11	220,271	84.8	—	2.6	231.2	0.3	—
– 10 to <20	0.7	0.2	95.1	0.9	14.56	149,263	84.1	—	2.0	226.4	0.2	—
– 20 to <30	0.1	—	42.8	0.1	24.98	35,870	88.6	—	0.4	294.9	—	—
– 30.00 to <100.00	0.1	—	105.7	0.1	71.00	35,138	85.8	—	0.2	200.4	0.1	—
100.00 (Default)	0.1	—	9.4	0.1	100.00	57,223	86.3	—	0.2	162.9	0.1	0.2
Sub-total at 31 Dec 2025	20.3	109.2	47.7	72.4	0.97	24,046,980	88.9	—	16.6	23.0	0.7	0.7

Table 35: 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 \$bn
AIRB – Other SME												
0.00 to <0.15	—	5.3	0.5	0.1	0.09	31,603	48.6	—	—	9.8	—	—
– 0.00 to <0.10	—	5.2	0.2	0.1	0.05	10,504	37.8	—	—	5.8	—	—
– 0.10 to <0.15	—	0.1	29.9	—	0.13	21,099	60.6	—	—	14.2	—	—
0.15 to <0.25	0.1	0.3	15.0	0.1	0.19	36,711	38.9	—	—	12.9	—	—
0.25 to <0.50	0.3	0.3	39.6	0.4	0.32	94,311	42.4	—	0.1	23.1	—	—
0.50 to <0.75	—	0.2	60.6	0.1	0.62	77,212	89.0	—	0.1	63.9	—	—
0.75 to <2.50	1.2	1.2	41.5	1.3	1.57	348,800	91.8	—	1.2	87.9	—	0.1
– 0.75 to <1.75	1.0	0.9	45.4	1.1	1.46	268,955	92.5	—	0.9	78.3	—	0.1
– 1.75 to <2.5	0.2	0.3	29.2	0.2	2.13	79,845	88.4	—	0.3	136.4	—	—
2.50 to <10.00	1.0	0.8	16.9	0.8	4.87	176,553	77.5	—	0.8	104.6	—	—
– 2.5 to <5	0.6	0.7	12.5	0.5	3.68	106,948	71.9	—	0.5	95.5	—	—
– 5 to <10	0.4	0.1	50.0	0.3	6.91	69,605	87.2	—	0.3	120.3	—	—
10.00 to <100.00	0.6	0.2	44.0	0.4	18.84	92,642	83.9	—	0.5	156.7	0.1	—
– 10 to <20	0.4	0.2	42.4	0.3	13.25	65,176	81.6	—	0.3	132.7	0.1	—
– 20 to <30	0.1	—	55.9	0.1	24.23	15,707	89.0	—	0.1	197.0	—	—
– 30.00 to <100.00	0.1	—	53.5	—	41.89	11,759	88.8	—	0.1	231.1	—	—
100.00 (Default)	0.3	—	21.4	0.1	100.00	10,013	71.2	—	0.2	223.2	0.1	0.1
Sub-total at 30 Jun 2026	3.5	8.3	12.3	3.3	6.02	867,845	77.7	—	2.9	87.9	0.2	0.2
0.00 to <0.15	0.3	5.4	0.5	0.3	0.09	24,665	14.1	—	—	2.8	—	—
– 0.00 to <0.10	0.2	5.4	0.1	0.3	0.09	6,896	7.5	—	—	1.2	—	—
– 0.10 to <0.15	0.1	—	66.3	—	0.13	17,769	66.5	—	—	15.6	—	—
0.15 to <0.25	—	0.1	49.9	0.1	0.21	38,964	72.5	—	—	24.1	—	—
0.25 to <0.50	0.1	0.4	27.3	0.2	0.36	80,162	69.6	—	—	37.8	—	—
0.50 to <0.75	0.1	0.2	55.0	0.2	0.61	72,062	83.2	—	0.1	59.0	—	—
0.75 to <2.50	1.4	1.1	51.2	1.3	1.57	382,342	87.3	—	1.2	88.9	—	—
– 0.75 to <1.75	1.1	0.9	50.7	1.1	1.45	290,341	87.0	—	0.9	79.5	—	—
– 1.75 to <2.5	0.3	0.2	53.3	0.2	2.10	92,001	88.8	—	0.3	132.4	—	—
2.50 to <10.00	1.4	0.8	21.5	1.1	4.52	194,596	56.4	—	0.9	76.2	—	—
– 2.5 to <5	1.0	0.7	16.5	0.8	3.72	112,680	46.5	—	0.5	61.9	—	—
– 5 to <10	0.4	0.1	53.8	0.3	6.91	81,916	86.3	—	0.4	119.0	—	—
10.00 to <100.00	0.8	0.3	26.5	0.4	18.87	101,842	80.4	—	0.5	152.8	0.1	0.1
– 10 to <20	0.6	0.3	24.1	0.3	13.45	73,829	77.2	—	0.3	127.8	0.1	0.1
– 20 to <30	0.1	—	64.7	0.1	24.32	15,300	87.9	—	0.1	202.2	—	—
– 30.00 to <100.00	0.1	—	60.4	—	41.16	12,713	88.6	—	0.1	229.2	—	—
100.00 (Default)	0.3	—	61.1	0.1	100.00	12,235	69.9	—	0.2	219.5	0.1	0.1

Table 35: 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 \$bn
Sub-total at 31 Dec 2025	4.4	8.3	13.0	3.7	6.11	906,868	69.3	—	2.9	81.9	0.2	0.2
AIRB – Other non-SME												
0.00 to <0.15	6.7	17.2	17.5	9.7	0.07	196,657	32.3	—	0.6	6.2	—	0.2
– 0.00 to <0.10	5.3	13.6	12.5	7.0	0.05	146,439	35.8	—	0.4	6.0	—	0.2
– 0.10 to <0.15	1.4	3.6	36.2	2.7	0.13	50,218	22.9	—	0.2	6.9	—	—
0.15 to <0.25	1.5	3.2	30.0	2.5	0.20	76,298	28.3	—	0.3	12.7	—	—
0.25 to <0.50	4.7	2.5	19.3	5.1	0.36	204,799	48.9	—	1.6	30.7	—	—
0.50 to <0.75	5.6	0.9	25.3	5.8	0.61	125,867	36.3	—	1.7	29.0	—	—
0.75 to <2.50	7.5	26.2	1.2	7.9	1.31	289,129	53.3	—	5.8	74.6	0.1	—
– 0.75 to <1.75	6.0	25.7	0.6	6.2	1.12	176,052	48.4	—	3.3	54.6	0.1	—
– 1.75 to <2.5	1.5	0.5	34.0	1.7	2.00	113,077	71.4	—	2.5	148.5	—	—
2.50 to <10.00	1.6	0.5	29.2	1.7	4.35	143,811	76.0	—	2.0	117.1	0.1	—
– 2.5 to <5	1.1	0.4	29.9	1.2	3.41	111,658	74.4	—	1.4	111.8	0.1	—
– 5 to <10	0.5	0.1	22.1	0.5	6.84	32,153	80.5	—	0.6	131.1	—	—
10.00 to <100.00	0.8	0.1	23.9	0.8	66.21	28,561	42.9	—	0.6	74.4	0.1	0.1
– 10 to <20	0.2	—	29.0	0.2	13.36	12,371	74.0	—	0.3	146.3	—	—
– 20 to <30	0.1	—	26.4	0.1	26.82	4,400	95.1	—	0.2	249.5	—	—
– 30.00 to <100.00	0.5	0.1	22.7	0.5	92.34	11,790	24.2	—	0.1	24.6	0.1	0.1
100.00 (Default)	0.1	—	17.2	0.1	100.00	5,990	74.9	—	0.2	169.4	0.1	0.1
Sub-total at 30 Jun 2026	28.5	50.6	10.2	33.6	2.63	1,071,112	42.8	—	12.8	38.2	0.4	0.4
0.00 to <0.15	6.0	16.7	17.7	9.0	0.07	183,559	31.5	—	0.6	5.3	—	0.3
– 0.00 to <0.10	4.8	13.7	13.1	6.6	0.05	143,422	36.4	—	0.4	5.2	—	0.3
– 0.10 to <0.15	1.2	3.0	39.0	2.4	0.13	40,137	17.6	—	0.2	5.6	—	—
0.15 to <0.25	1.5	3.3	31.1	2.5	0.20	95,337	29.6	—	0.3	13.4	—	—
0.25 to <0.50	5.3	2.4	19.8	5.7	0.36	206,396	48.1	—	1.7	30.2	—	—
0.50 to <0.75	4.3	0.8	32.6	4.6	0.62	128,429	43.3	—	1.7	37.1	—	—
0.75 to <2.50	6.8	26.2	1.5	7.2	1.33	254,108	50.7	—	5.2	72.4	0.1	0.1
– 0.75 to <1.75	5.5	25.7	0.6	5.7	1.15	153,006	44.6	—	2.9	50.9	—	—
– 1.75 to <2.5	1.3	0.5	47.7	1.5	2.01	101,102	73.4	—	2.3	152.6	0.1	0.1
2.50 to <10.00	1.6	0.5	28.0	1.8	4.39	142,545	74.8	—	2.0	115.5	0.1	—
– 2.5 to <5	1.2	0.5	27.5	1.3	3.52	110,388	73.9	—	1.4	111.6	—	—
– 5 to <10	0.4	—	35.5	0.5	6.72	32,157	77.3	—	0.6	126.0	0.1	—
10.00 to <100.00	0.6	0.1	15.8	0.6	61.40	29,002	56.4	—	0.6	99.9	0.1	—
– 10 to <20	0.2	—	26.2	0.2	13.12	12,436	85.0	—	0.3	167.6	—	—
– 20 to <30	0.1	—	26.9	0.1	27.95	4,606	95.0	—	0.2	252.2	—	—
– 30.00 to <100.00	0.3	0.1	14.6	0.3	92.40	11,960	34.4	—	0.1	36.4	0.1	—
100.00 (Default)	0.1	—	18.1	0.1	100.00	5,800	74.5	—	0.2	181.1	0.1	—
Sub-total at 31 Dec 2025	26.2	50.0	10.6	31.5	2.25	1,045,176	43.5	—	12.3	39.1	0.4	0.4
Retail AIRB – Total at 30 Jun 2026	396.5	193.4	38.5	469.4		27,892,448		—	76.2	16.2	1.7	1.4
Retail AIRB – Total at 31 Dec 2025	389.9	188.4	37.7	458.7		27,598,717		—	76.3	16.6	1.7	1.5

Table 35: 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) years	Risk weighted exposure amount after supporting factors \$bn	Density of risk weighted exposure amount %	Expected loss amount \$bn	Value adjustments and provisions \$bn
FIRB – Central government and central banks												
0.00 to <0.15	—	—	49.3	0.4	0.02	—	45.0	3.7	0.1	18.9	—	—
– 0.00 to <0.10	—	—	49.3	0.4	0.02	—	45.0	3.7	0.1	18.9	—	—
0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
– 1.75 to <2.5	—	—	—	—	—	—	—	—	—	—	—	—
Sub-total at 30 Jun 2026	—	—	49.3	0.4	0.02	—	45.0	3.7	0.1	18.9	—	—
0.00 to <0.15	—	—	75.0	0.3	0.02	—	45.0	3.5	0.1	17.1	—	—
– 0.00 to <0.10	—	—	75.0	0.3	0.02	—	45.0	3.5	0.1	17.1	—	—
0.75 to <2.50	—	—	75.0	—	2.25	—	45.0	5.0	—	158.9	—	—
– 1.75 to <2.5	—	—	75.0	—	2.25	—	45.0	5.0	—	158.9	—	—
Sub-total at 31 Dec 2025	—	—	75.0	0.3	0.02	—	45.0	3.5	0.1	17.1	—	—
FIRB – Institutions												
0.00 to <0.15	—	—	4.0	—	0.04	—	45.0	0.9	—	9.5	—	—
– 0.00 to <0.10	—	—	4.0	—	0.04	—	45.0	0.9	—	9.5	—	—
0.25 to <0.50	—	—	—	—	—	—	—	—	—	—	—	—
Sub-total at 30 Jun 2026	—	—	4.0	—	0.04	—	45.0	0.9	—	9.5	—	—
0.00 to <0.15	—	—	7.4	—	0.04	—	45.0	0.9	—	9.7	—	—
– 0.00 to <0.10	—	—	7.4	—	0.04	—	45.0	0.9	—	9.7	—	—
0.25 to <0.50	—	—	75.0	0.1	0.37	—	45.0	3.5	0.1	103.1	—	—
Sub-total at 31 Dec 2025	—	—	58.8	0.1	0.24	—	45.0	2.5	0.1	66.1	—	—

Table 35: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

	On- balance sheet expo- sures	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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust- ments and provi- sions
PD scale	\$bn	\$bn	%	\$bn	%		%	years	\$bn	%	\$bn	\$bn
FIRB – Corporate – SME												
0.00 to <0.15	0.3	0.1	20.3	0.3	0.13	505	41.5	2.5	0.1	26.8	—	—
– 0.00 to <0.10	—	—	38.8	—	0.07	3	45.0	2.2	—	15.4	—	—
– 0.10 to <0.15	0.3	0.1	19.4	0.3	0.13	502	41.4	2.5	0.1	26.9	—	—
0.15 to <0.25	0.9	0.4	9.6	0.9	0.22	1,456	40.4	2.7	0.3	36.6	—	—
0.25 to <0.50	1.2	0.4	7.8	1.3	0.37	1,507	39.7	2.8	0.6	47.1	—	—
0.50 to <0.75	1.0	0.3	5.6	1.0	0.63	1,053	40.0	2.9	0.6	59.5	—	—
0.75 to <2.50	2.1	0.5	11.7	2.1	1.38	2,287	39.9	2.7	1.6	75.6	—	—
– 0.75 to <1.75	1.7	0.4	7.2	1.7	1.17	1,871	39.8	2.7	1.2	72.3	—	—
– 1.75 to <2.5	0.4	0.1	23.6	0.4	2.25	416	40.6	2.7	0.4	89.8	—	—
2.50 to <10.00	0.6	0.1	9.1	0.6	4.51	707	39.8	2.4	0.6	103.1	0.1	—
– 2.5 to <5	0.4	0.1	11.6	0.4	3.67	491	40.2	2.5	0.4	99.8	0.1	—
– 5 to <10	0.2	—	3.0	0.2	6.40	216	38.9	2.3	0.2	110.5	—	—
10.00 to <100.00	0.3	—	20.5	0.3	19.74	219	39.9	2.3	0.4	147.9	—	—
– 10 to <20	0.2	—	4.4	0.2	11.70	182	40.0	2.5	0.3	147.4	—	—
– 30.00 to <100.00	0.1	—	44.1	0.1	53.07	37	39.5	1.8	0.1	150.1	—	—
100.00 (Default)	0.3	—	12.2	0.3	100.00	270	41.2	2.7	—	—	0.1	0.1
Sub-total at 30 Jun 2026	6.7	1.8	10.3	6.8	6.66	8,004	40.1	2.7	4.2	61.9	0.2	0.1
FIRB – Corporate – SME												
0.00 to <0.15	0.4	0.2	10.1	0.4	0.13	601	40.6	2.8	0.1	28.4	—	—
– 0.00 to <0.10	—	—	26.7	—	0.07	8	44.4	2.5	—	16.9	—	—
– 0.10 to <0.15	0.4	0.2	8.5	0.4	0.13	593	40.5	2.8	0.1	28.6	—	—
0.15 to <0.25	0.9	0.4	8.2	0.9	0.22	1,434	39.4	2.8	0.3	35.7	—	—
0.25 to <0.50	1.2	0.4	8.1	1.2	0.37	1,467	39.6	2.8	0.6	47.8	—	—
0.50 to <0.75	1.0	0.2	10.0	1.0	0.63	1,061	39.4	2.8	0.6	60.9	—	—
0.75 to <2.50	2.1	0.5	11.9	2.1	1.37	2,202	39.3	2.6	1.6	74.5	—	—
– 0.75 to <1.75	1.7	0.4	10.9	1.7	1.17	1,804	39.3	2.6	1.3	71.8	—	—
– 1.75 to <2.5	0.4	0.1	16.2	0.4	2.25	398	39.3	2.7	0.3	87.0	—	—
2.50 to <10.00	0.6	0.1	8.6	0.6	4.44	728	39.4	2.5	0.6	104.3	—	—
– 2.5 to <5	0.4	0.1	10.3	0.4	3.71	465	39.7	2.6	0.4	101.7	—	—
– 5 to <10	0.2	—	2.5	0.2	6.56	263	38.7	2.4	0.2	112.1	—	—
10.00 to <100.00	0.2	—	21.9	0.3	18.33	209	39.8	2.1	0.3	150.0	—	—
– 10 to <20	0.2	—	22.5	0.2	12.72	177	39.5	2.1	0.3	149.5	—	—
– 30.00 to <100.00	—	—	16.9	0.1	54.76	32	41.5	2.5	—	153.3	—	—
100.00 (Default)	0.3	—	27.4	0.3	100.00	282	41.5	2.5	—	—	0.2	0.1
Sub-total at 31 Dec 2025	6.7	1.8	10.1	6.8	6.41	7,984	39.6	2.7	4.1	61.1	0.2	0.1

Table 35: 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 (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	\$bn	\$bn	%	\$bn	%		%	years	\$bn	%	\$bn	\$bn
FIRB – Corporate – Other												
0.00 to <0.15	43.5	63.3	28.2	64.6	0.08	9,644	29.8	1.8	11.0	17.0	—	—
– 0.00 to <0.10	23.0	43.4	29.2	38.2	0.05	3,044	33.7	1.9	5.9	15.3	—	—
– 0.10 to <0.15	20.5	19.9	26.0	26.4	0.13	6,600	24.2	1.7	5.1	19.4	—	—
0.15 to <0.25	14.2	17.1	28.1	19.6	0.22	6,565	35.2	1.8	7.3	37.3	—	—
0.25 to <0.50	14.6	11.5	27.8	17.8	0.37	5,893	33.0	1.8	8.2	46.2	—	—
0.50 to <0.75	10.8	8.6	23.7	12.4	0.63	4,667	36.9	2.0	8.5	68.5	—	—
0.75 to <2.50	32.4	25.2	25.9	33.1	1.41	39,245	38.4	1.9	30.6	92.2	0.2	0.2
– 0.75 to <1.75	23.3	16.8	24.1	26.3	1.19	35,500	38.5	1.9	23.0	87.1	0.1	0.1
– 1.75 to <2.5	9.1	8.4	33.3	6.8	2.25	3,745	38.4	2.0	7.6	111.9	0.1	0.1
2.50 to <10.00	12.5	9.2	37.6	12.7	4.12	6,404	38.2	2.3	17.0	134.3	0.3	0.2
– 2.5 to <5	9.9	7.8	38.1	10.2	3.56	4,902	38.4	2.4	13.4	132.2	0.2	0.1
– 5 to <10	2.6	1.4	33.9	2.5	6.37	1,502	37.2	1.8	3.6	142.7	0.1	0.1
10.00 to <100.00	2.0	1.1	31.3	2.0	16.40	965	42.4	1.7	4.1	207.6	0.2	0.1
– 10 to <20	1.8	0.9	32.0	1.8	12.52	855	42.4	1.7	3.8	210.3	0.1	0.1
– 20 to <30	—	—	—	—	—	—	—	—	—	—	—	—
– 30.00 to <100.00	0.2	0.2	17.7	0.2	60.71	110	41.6	1.3	0.3	176.9	0.1	—
100.00 (Default)	3.6	0.6	40.6	3.5	100.00	1,645	42.9	1.8	—	—	1.5	1.3
Sub-total at 30 Jun 2026	133.6	136.6	28.1	165.7	3.04	75,028	34.1	1.9	86.7	52.3	2.2	1.8
FIRB – Corporate – Other												
0.00 to <0.15	39.8	59.1	33.0	62.2	0.09	9,626	29.1	1.9	11.4	18.3	—	—
– 0.00 to <0.10	20.5	37.6	32.5	33.7	0.06	3,153	32.8	2.0	5.6	16.6	—	—
– 0.10 to <0.15	19.3	21.5	33.9	28.5	0.13	6,473	24.8	1.7	5.8	20.3	—	—
0.15 to <0.25	11.7	17.0	29.2	16.9	0.22	6,634	39.5	2.0	7.3	43.1	—	—
0.25 to <0.50	12.2	11.1	29.5	15.8	0.37	5,777	35.2	1.8	7.6	48.6	—	—
0.50 to <0.75	10.2	8.9	26.5	12.3	0.63	4,807	34.7	2.0	8.1	66.1	—	—
0.75 to <2.50	33.6	25.2	28.2	33.9	1.43	37,695	34.9	1.9	29.3	86.3	0.2	0.2
– 0.75 to <1.75	24.3	17.2	27.2	27.5	1.24	33,989	34.7	1.9	22.5	81.6	0.1	0.1
– 1.75 to <2.5	9.3	8	33.0	6.4	2.25	3,706	35.8	2.1	6.8	106.5	0.1	0.1
2.50 to <10.00	10.3	8.5	36.9	11.4	4.21	5,975	38.5	2.2	15.4	135.4	0.2	0.1
– 2.5 to <5	7.5	6.8	37.5	8.9	3.57	4,457	39.2	2.3	12	134.7	0.1	0.1
– 5 to <10	2.8	1.7	33.5	2.5	6.47	1,518	35.7	1.6	3.4	138.0	0.1	—
10.00 to <100.00	2.2	0.9	36.5	1.9	17.23	949	41.9	1.9	4.0	212.7	0.2	0.1
– 10 to <20	2	0.7	37.6	1.7	12.85	833	41.9	2.0	3.6	215.6	0.1	0.1
– 20 to <30	—	—	—	—	—	—	—	—	0.1	—	—	—
– 30.00 to <100.00	0.2	0.2	9.8	0.2	58.03	116	42.0	1.4	0.3	185.3	0.1	—
100.00 (Default)	3.8	0.6	43.8	3.7	100.00	1,675	42.4	1.8	—	—	1.6	1.3
Sub-total at 31 Dec 2025	123.8	131.3	31.3	158.1	3.32	73,138	33.6	1.9	83.1	52.6	2.2	1.7
FIRB – Total at 30 Jun 2026	140.3	138.4	27.9	172.9		83,032		1.9	91.0	52.6	2.4	1.9
FIRB – Total at 31 Dec 2025	130.5	133.1	31.0	165.3		81,122		2.0	87.4	52.9	2.4	1.8

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

Table 36: Specialised lending and equity exposures under the simple risk-weight 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	9	2	50	9	4	—
	Equal to or more than 2.5 years	85	103	70	107	66	1
Category 2	Less than 2.5 years	20	—	70	20	13	—
	Equal to or more than 2.5 years	155	13	90	158	119	1
Category 3	Less than 2.5 years	39	11	115	49	54	1
	Equal to or more than 2.5 years	66	21	115	80	87	2
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 30 Jun 2026	Less than 2.5 years	68	13		78	71	1
	Equal to or more than 2.5 years	306	137		345	272	4
Category 1	Less than 2.5 years	9	—	50	9	4	—
	Equal to or more than 2.5 years	77	120	70	104	71	—
Category 2	Less than 2.5 years	19	—	70	19	13	—
	Equal to or more than 2.5 years	112	—	90	112	88	1
Category 3	Less than 2.5 years	8	—	115	8	7	—
	Equal to or more than 2.5 years	23	9	115	25	22	1
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 31 Dec 2025	Less than 2.5 years	36	—		36	24	—
	Equal to or more than 2.5 years	212	129		241	181	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	9,081	1,069	50	9,671	4,800	—
	Equal to or more than 2.5 years	4,781	367	70	5,005	3,476	20
Category 2	Less than 2.5 years	5,577	524	70	5,789	3,940	23
	Equal to or more than 2.5 years	2,186	155	90	2,274	1,971	18
Category 3	Less than 2.5 years	1,547	69	115	1,575	1,714	44
	Equal to or more than 2.5 years	656	8	115	659	717	19
Category 4	Less than 2.5 years	1,116	380	250	1,292	3,101	103
	Equal to or more than 2.5 years	274	77	250	300	725	24
Category 5	Less than 2.5 years	3,906	89	—	3,940	—	1,970
	Equal to or more than 2.5 years	433	11	—	432	—	216
Total at 30 Jun 2026	Less than 2.5 years	21,227	2,131		22,267	13,555	2,140
	Equal to or more than 2.5 years	8,330	618		8,670	6,889	297
Category 1	Less than 2.5 years	8,384	1,153	50	9,000	4,490	—
	Equal to or more than 2.5 years	5,297	659	70	5,712	3,945	23
Category 2	Less than 2.5 years	5,951	722	70	6,303	4,300	25
	Equal to or more than 2.5 years	2,477	263	90	2,636	2,287	21
Category 3	Less than 2.5 years	2,273	177	115	2,350	2,541	66
	Equal to or more than 2.5 years	604	3	115	605	632	17
Category 4	Less than 2.5 years	891	206	250	952	2,337	76
	Equal to or more than 2.5 years	463	13	250	467	1,146	37
Category 5	Less than 2.5 years	4,394	72	—	4,424	—	2,212
	Equal to or more than 2.5 years	455	9	—	462	—	231
Total at 31 Dec 2025	Less than 2.5 years	21,893	2,330		23,029	13,668	2,379
	Equal to or more than 2.5 years	9,296	947		9,882	8,010	329

Table 36: Specialised lending and equity exposures under the simple risk-weight 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	—	—	70	—	—	—
Category 2	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Total at 30 Jun 2026	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	—	—	—	—	—	—
Category 1	Less than 2.5 years	—	—	50	—	—	—
	Equal to or more than 2.5 years	—	—	70	—	—	—
Category 2	Less than 2.5 years	—	—	70	—	—	—
	Equal to or more than 2.5 years	—	—	90	—	—	—
Category 3	Less than 2.5 years	—	—	115	—	—	—
	Equal to or more than 2.5 years	—	—	115	—	—	—
Category 4	Less than 2.5 years	—	—	250	—	—	—
	Equal to or more than 2.5 years	—	—	250	—	—	—
Category 5	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	1	—	—	1	—	—
Total at 31 Dec 2025	Less than 2.5 years	—	—	—	—	—	—
	Equal to or more than 2.5 years	1	—	—	1	—	—

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

	On-balance sheet amount	Off-balance sheet amount	Risk Weight	Exposure amount	RWAs	Expected losses
Regulatory categories	\$m	\$m	%	\$m	\$m	\$m
Private equity exposures	1,116	—	190	1,116	2,120	9
Exchange-traded equity exposures	369	—	290	369	1,070	3
Other equity exposures	334	—	370	334	1,235	8
Off-balance sheet CIU equity exposures	—	517	—	263	469	2
Total at 30 Jun 2026	1,819	517	—	2,082	4,894	22
Private equity exposures	1,071	—	190	1,071	2,009	9
Exchange-traded equity exposures	325	—	290	325	941	2
Other equity exposures	357	—	370	357	1,323	9
Off-balance sheet CIU equity exposures	—	637	—	324	622	3
Total at 31 Dec 2025	1,753	637	—	2,077	4,895	23

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 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 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 methods are distinct.

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

- co-variance of exposures;
- correlation between exposures and default;

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

- 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.

From a risk management perspective, products not covered by IMM are subject to regulatory 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 have 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.

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

		Replace- ment cost \$m	Potential future exposure \$m	Effective expected positive exposure \$m	Alpha used for computing regulatory exposure value	EAD pre-CRM \$m	EAD post-CRM \$m	Exposure value \$m	RWAs \$m
1	SA-CCR (for derivatives)	6,018	12,186	—	1.40	37,032	25,486	25,486	11,974
2	IMM (for derivatives and SFTs)	—	—	35,387	1.45	102,412	51,311	51,311	15,508
2b	derivatives and long settlement transactions netting sets	—	—	35,387	1.45	102,412	51,311	51,311	15,508
4	Financial collateral comprehensive method (for SFTs)					1,154,650	98,265	98,265	16,536
6	Total at 30 Jun 2026					1,294,094	175,062	175,062	44,018
1	SA-CCR (for derivatives)	4,207	11,095	—	1.40	31,478	20,960	20,960	9,641
2	IMM (for derivatives and SFTs)	—	—	31,229	1.45	100,647	45,282	45,282	15,011
2b	derivatives and long settlement transactions	—	—	31,229	1.45	100,647	45,282	45,282	15,011
4	Financial collateral comprehensive method (for SFTs)					989,410	83,516	83,516	14,141
6	Total at 31 Dec 2025					1,121,535	149,758	149,758	38,793

Credit valuation adjustment

CVAs represent the risk of mark-to-market losses on the expected counterparty risk to OTC derivatives and SFTs that 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 2026		31 Dec 2025	
		Exposure value	RWAs	Exposure value	RWAs
		\$m	\$m	\$m	\$m
1	Total transactions subject to the Advanced method	32,378	553	27,999	612
2	– VaR component (including the 3 × multiplier)		72		96
3	– stressed VaR component (including the 3 × multiplier)		481		516
4	Transactions subject to the Standardised method	11,371	925	10,234	682
5	Total transactions subject to own funds requirements for CVA risk	43,749	1,478	38,233	1,294

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, CVA charge and exposures to central counterparties.

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

		0%	4%	20%	50%	100%	150%	Total exposure value
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
1	Central governments and central banks	14,379	—	58	6	23	—	14,466
2	Regional government or local authorities	169	—	5	37	9	—	220
3	Public sector entities	—	—	176	66	—	—	242
4	Multilateral development banks	1,035	—	10	—	—	—	1,045
5	International organisations	1,133	—	—	—	—	—	1,133
6	Institutions	—	707	527	123	622	—	1,979
7	Corporates	—	—	94	79	5,478	10	5,661
Total at 30 Jun 2026		16,716	707	870	311	6,132	10	24,746
1	Central governments and central banks	15,053	—	9	—	51	—	15,113
2	Regional government or local authorities	232	—	5	—	10	—	247
3	Public sector entities	—	—	94	32	—	—	126
4	Multilateral development banks	921	—	6	—	—	—	927
5	International organisations	970	—	—	—	—	—	970
6	Institutions	—	845	178	13	501	—	1,537
7	Corporates	—	—	108	586	3,765	4	4,463
Total at 31 Dec 2025		17,176	845	400	631	4,327	4	23,383

The table below shows the detailed key parameters used for the calculation of capital requirements of counterparty credit risk exposure under the IRB approach broken down by exposure class 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 %
AIRB – Central government and central banks							
0.00 to <0.15	7,890	0.03	57	44.8	0.4	448	5.7
0.15 to <0.25	401	0.22	8	45.0	0.2	105	26.1
0.25 to <0.50	7	0.37	2	45.0	0.1	4	47.9
0.50 to <0.75	15	0.63	5	45.0	0.2	8	56.5
0.75 to <2.50	—	0.87	1	45.0	1.0	—	78.4
100.00 (Default)	16	100.00	1	45.0	1.0	—	—
Sub-total at 30 Jun 2026	8,329	0.23	74	44.8	0.4	565	6.8
0.00 to <0.15	5,948	0.02	62	45.0	0.4	283	4.8
0.15 to <0.25	290	0.22	12	45.0	0.1	76	26.2
0.25 to <0.50	8	0.37	3	45.0	0.4	4	53.4
0.50 to <0.75	39	0.63	4	45.0	0.1	21	54.6
0.75 to <2.50	—	1.20	1	45.0	1.0	—	90.4
100.00 (Default)	—	100.00	1	45.0	1.0	—	—
Sub-total at 31 Dec 2025	6,285	0.04	83	45.0	0.4	384	6.1
AIRB – Institutions							
0.00 to <0.15	48,040	0.06	1,246	45.0	0.7	7,593	15.8
0.15 to <0.25	2,522	0.22	135	45.1	0.7	1,005	39.9
0.25 to <0.50	378	0.37	65	45.0	0.8	181	47.9
0.50 to <0.75	306	0.63	51	45.5	0.9	224	73.4
0.75 to <2.50	327	1.07	107	45.4	1.0	293	89.7
2.50 to <10.00	3	4.33	9	45.0	0.7	3	100.0
Sub-total at 30 Jun 2026	51,576	0.08	1,613	45.0	0.7	9,299	18.0
0.00 to <0.15	44,491	0.06	1,275	45.0	0.7	7,483	16.8
0.15 to <0.25	2,097	0.22	135	45.0	0.7	794	37.9
0.25 to <0.50	310	0.37	65	45.0	0.8	234	75.6
0.50 to <0.75	249	0.63	52	45.3	0.9	144	57.9
0.75 to <2.50	532	1.10	99	45.7	0.4	432	81.2
2.50 to <10.00	10	3.33	10	45.1	1.1	8	76.5
Sub-total at 31 Dec 2025	47,689	0.08	1,636	45.0	0.7	9,095	19.1
AIRB – Corporates							
0.00 to <0.15	22,269	0.06	4,030	46.4	0.8	3,944	17.7
0.15 to <0.25	4,136	0.23	1,207	47.9	1.2	1,735	42.0
0.25 to <0.50	2,721	0.37	626	47.1	1.8	1,981	72.8
0.50 to <0.75	978	0.63	577	49.2	0.8	762	77.3
0.75 to <2.50	3,054	1.33	1,343	43.5	1.1	2,671	87.0
2.50 to <10.00	241	5.48	234	55.4	1.7	459	190.7
10.00 to <100.00	13	30.84	25	28.1	1.7	36	276.9
100.00 (Default)	—	100.00	2	58.0	1.0	—	—
Sub-total at 30 Jun 2026	33,412	0.29	8,044	46.6	1.0	11,588	34.4
0.00 to <0.15	15,456	0.07	3,924	46.4	1.1	3,257	21.1
0.15 to <0.25	3,628	0.22	1,121	48.4	0.8	1,594	43.9
0.25 to <0.50	1,558	0.37	573	45.4	1.0	842	54.0
0.50 to <0.75	925	0.63	493	46.0	1.0	690	74.6
0.75 to <2.50	3,032	1.50	1,570	39.6	1.3	2,988	98.6
2.50 to <10.00	495	4.19	221	51.3	1.0	783	158.2
10.00 to <100.00	26	24.94	10	45.3	2.6	59	229.8
100.00 (Default)	1	100.00	3	54.3	1.2	—	0.3
Sub-total at 31 Dec 2025	25,121	0.42	7,915	45.9	1.1	10,213	40.7
AIRB – Total at 30 Jun 2026	93,317	0.17	9,731	45.5	0.8	21,452	23.0
AIRB – Total at 31 Dec 2025	79,095	0.18	9,634	45.3	0.8	19,692	24.9

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 %
FIRB – Corporates							
0.00 to <0.15	39,152	0.07	12,295	45.0	0.5	6,139	15.7
0.15 to <0.25	9,917	0.22	1,775	45.0	0.4	3,704	37.4
0.25 to <0.50	2,666	0.37	564	45.0	0.4	1,384	51.9
0.50 to <0.75	1,951	0.63	631	45.0	0.5	1,529	78.4
0.75 to <2.50	3,021	1.29	1,920	45.0	0.7	2,898	96.0
2.50 to <10.00	257	4.12	377	45.0	1.5	371	144.1
10.00 to <100.00	5	12.57	36	45.0	1.1	10	200.0
100.00 (Default)	3	100.00	22	45.0	1.0	—	—
FIRB – Total at 30 Jun 2026	56,972	0.22	17,620	45.0	0.5	16,035	28.2
0.00 to <0.15	30,997	0.07	12,355	45.0	0.5	5,097	16.5
0.15 to <0.25	9,820	0.22	1,810	45.0	0.4	3,653	37.2
0.25 to <0.50	1,833	0.37	566	45.0	0.7	980	53.4
0.50 to <0.75	1,492	0.63	693	45.0	0.7	1,101	73.8
0.75 to <2.50	2,803	1.40	2,082	45.0	0.9	3,035	108.0
2.50 to <10.00	256	3.84	319	45.0	1.5	379	148.0
10.00 to <100.00	21	12.11	47	45.0	1.2	45	209.0
100.00 (Default)	6	100.00	24	45.0	1.4	—	—
FIRB – Total at 31 Dec 2025	47,228	0.25	17,896	45.0	0.5	14,290	30.3
Total (all portfolios) at 30 Jun 2026	150,289	0.19	27,351	45.3	0.7	37,487	24.9
Total (all portfolios) at 31 Dec 2025	126,323	0.21	27,530	45.2	0.7	33,982	26.9

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. 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.

► For further details of gross fair value exposure and the offset due to legally enforceable netting and collateral, see page 339 of the Annual Report and Accounts 2025.

The table below analyses the collateral used in derivatives and SFT transactions. Collateral are presented on a post-haircut basis and including stock borrowing and lending transactions where HSBC acts as an agent.

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	132	118,227	1,057	97,684	1,918	507
2	Debt	23,005	40,496	34,461	12,365	701,968	691,163
3	Equity	—	3,651	1,955	—	171,615	205,460
4	Other	—	—	—	—	5,979	4,737
5	Total at 30 Jun 2026	23,137	162,374	37,473	110,049	881,480	901,867
1	Cash	150	115,487	660	95,939	941	620
2	Debt	19,040	44,657	26,901	13,276	637,121	558,920
3	Equity	—	7,099	—	52	136,474	159,587
4	Other	—	—	—	—	3,342	3,227
5	Total at 31 Dec 2025	19,190	167,243	27,561	109,267	777,878	722,354

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 2026		At 31 Dec 2025	
		Protection bought \$m	Protection sold \$m	Protection bought \$m	Protection sold \$m
Notionals					
1	Single-name credit default swaps	36,081	23,531	40,390	28,726
2	Index credit default swaps	82,705	78,649	40,055	36,784
3	Total return swaps	23,831	1,742	17,449	710
5	Other credit derivatives	700	—	—	—
6	Total notionals	143,317	103,922	97,894	66,220
Fair values					
7	Positive fair value (asset)	281	2,616	27	1,267
8	Negative fair value (liability)	(3,691)	(65)	(2,082)	(130)

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.

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, such as 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 a 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 2026, 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 was \$0.02bn (31 December 2025: \$0.06bn) and for a two-notch downgrade was \$0.07bn (31 December 2025: \$0.12bn).

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 2026		At 31 Dec 2025	
		Exposure value \$m	RWAs \$m	Exposure value \$m	RWAs \$m
1	Exposures to qualifying central counterparties ('QCCPs') (total)		1,992		1,832
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	20,115	402	19,991	400
3	– OTC derivatives	2,971	59	2,493	50
4	– exchange-traded derivatives	7,628	153	11,195	224
5	– securities financing transactions	9,516	190	6,303	126
7	Segregated initial margin	14,224		9,000	
8	Non-segregated initial margin	7,786	156	7,910	158
9	Pre-funded default fund contributions	4,398	1,434	4,125	1,274
10	Unfunded default fund contributions	8,975	—	8,214	—
11	Exposures to non-QCCPs (total)		691		461
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions)	450	450	195	195
13	– OTC derivatives	6	6	—	—
14	– exchange-traded derivatives	32	32	4	4
15	– Securities financing transactions	412	412	191	191
18	Non-segregated initial margin	83	83	102	102
19	Pre-funded default fund contributions	4	53	4	55
20	Unfunded default fund contributions	8	105	9	109

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 set and monitor 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.

The below table presents the securitisation positions where HSBC is acting as on originator.

Region	Special purpose entity ('SPE')	Underlying assets	Start date	Maturity date	EAD (\$m)	Capital requirement before securitisation (\$m)	Capital requirement after securitisation (\$m)
HNAH	NA ¹	Corporate loans	Dec-21	Dec-28	670	57	25
HBCE	NA ¹	Corporate loans	Dec-22	Dec-29	2,775	127	42
HBUK	Neon Portfolio Distribution DAC	Corporate loans	Dec-23	Dec-30	2,367	210	52
HBAP	Metrix Portfolio Distribution plc	Corporate loans	Aug-24	Aug-31	2,246	120	35
HBCE	NA ¹	Corporate loans	Dec-24	Dec-31	2,087	108	32
HBUK	Neon Portfolio Distribution DAC	Corporate loans	Dec-25	Dec-32	5,979	418	90
HBCE	NA ¹	Corporate loans	Feb-26	Feb-33	2,064	101	31

¹ SPE not used. Transfer of risk executed via issue of credit-linked notes by HSBC.

HSBC as originator

We are originator in seven synthetic securitisation programmes outstanding as at 30 June 2026, 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.

We typically 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.

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.

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').

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.

HSBC as sponsor

We are sponsor to one securitisation entity which manages a securitisation programme that purchases exposures from third parties. Details can be found in the table below.

- For further details of structured entities, see Note 20 on page 325 of the Financial Statements in the Annual Report and Accounts 2025.

Securitisation entity	Description and nature of exposure	Accounting consolidation	Regulatory consolidation	Regulatory treatment
Regency	Multi-seller conduit to which senior liquidity facilities and programme-wide credit enhancement are provided. Includes both STS and non-STS positions	✓	x	Exposures (including derivatives and liquidity facilities) are risk-weighted as securitisation positions

Monitoring of securitisation positions

Securitisation positions are managed by a dedicated team that uses 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 pages 275 and 325 respectively in the Financial Statements of the Annual Report and Accounts 2025.

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 318 of the Financial Statements of the Annual Report and Accounts 2025.

Valuation of securitisation positions

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 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 securitisation regulatory treatment, see page 12.

Analysis of securitisation exposures

In 2026, our involvement in securitisation activities reflected the following:

- \$18.2bn positions held as synthetic transactions (2025: \$18.0bn);
- total exposures include off-balance sheet exposure of \$12.0bn (2025: \$12.3bn), 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.

- For further details of our securitisation exposures, see page 325 of the Annual Report and Accounts 2025.

The table below shows 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 2026	37	37	18,188	18,188	18,225	2,177	3,871	6,048	4,347	30,627	34,974
2 Retail (total)	37	37	—	—	37	682	2,285	2,967	4,188	14,883	19,071
3 – residential mortgage	37	37	—	—	37	—	1,888	1,888	1,767	4,607	6,374
4 – credit card	—	—	—	—	—	—	—	—	364	1,928	2,292
5 – other retail exposures	—	—	—	—	—	682	397	1,079	2,057	8,348	10,405
7 Wholesale (total)	—	—	18,188	18,188	18,188	1,495	1,586	3,081	159	15,744	15,903
8 – loans to corporates	—	—	18,188	18,188	18,188	—	—	—	19	4,382	4,401
9 – commercial mortgage	—	—	—	—	—	—	377	377	—	6,630	6,630
10 – lease and receivables	—	—	—	—	—	1,495	1,209	2,704	140	2,848	2,988
11 – other wholesale	—	—	—	—	—	—	—	—	—	1,884	1,884
1 Total at 31 Dec 2025	44	44	18,002	18,002	18,046	2,394	4,035	6,429	4,765	29,613	34,378
2 Retail (total)	44	44	—	—	44	410	2,206	2,616	3,201	14,151	17,352
3 – residential mortgage	44	44	—	—	44	—	2,206	2,206	641	4,561	5,202
4 – credit card	—	—	—	—	—	—	—	—	—	1,354	1,354
5 – other retail exposures	—	—	—	—	—	410	—	410	2,560	8,236	10,796
7 Wholesale (total)	—	—	18,002	18,002	18,002	1,984	1,829	3,813	1,564	15,462	17,026
8 – loans to corporates	—	—	18,002	18,002	18,002	—	—	—	23	4,180	4,203
9 – commercial mortgage	—	—	—	—	—	—	327	327	1,397	5,413	6,810
10 – lease and receivables	—	—	—	—	—	646	348	994	144	2,434	2,578
11 – other wholesale	—	—	—	—	—	1,338	1,154	2,492	—	3,435	3,435

The table below shows the carrying amount of trading securitisation exposures, separately for traditional and synthetic securitisations where the bank acts as originator, sponsor or investor. HSBC does not act as originator or sponsor for securitisation exposures in the trading book.

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

	At 30 Jun 2026			At 31 Dec 2025		
	Bank acts as investor			Bank acts as investor		
	Traditional			Traditional		
	STS	Non-STs	Sub-total	STS	Non-STs	Sub-total
	\$m	\$m	\$m	\$m	\$m	\$m
1 Total exposures	1,312	3,710	5,022	1,612	3,442	5,054
2 Retail (total)	1,263	2,413	3,676	1,576	2,444	4,020
3 – residential mortgage	172	1,692	1,864	162	1,770	1,932
4 – credit card	128	36	164	159	82	241
5 – other retail exposures	963	685	1,648	1,255	592	1,847
7 Wholesale (total)	49	1,297	1,346	36	998	1,034
8 – loans to corporates	3	4	7	—	4	4
9 – commercial mortgage	25	765	790	34	745	779
10 – lease and receivables	15	105	120	2	42	44
11 – other wholesale	6	423	429	—	207	207

The tables 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)				RWEA (by regulatory approach)				Capital charge after cap			
		≤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	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	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1	Total at 30 Jun 2026	20,206	3,986	—	68	13	18,225	6,048	—	—	3,883	1,006	—	—	311	81	—	—
2	Traditional transactions	5,121	962	—	—	2	37	6,048	—	—	38	1,006	—	—	3	81	—	—
3	Securitisation	5,121	962	—	—	2	37	6,048	—	—	38	1,006	—	—	3	81	—	—
4	– retail underlying	2,503	499	—	—	2	37	2,967	—	—	38	489	—	—	3	40	—	—
5	– of which: STS	682	—	—	—	—	—	682	—	—	—	68	—	—	—	5	—	—
6	– wholesale	2,618	463	—	—	—	—	3,081	—	—	—	517	—	—	—	41	—	—
7	– of which: STS	1,495	—	—	—	—	—	1,495	—	—	—	171	—	—	—	14	—	—
9	Synthetic transactions	15,085	3,024	—	68	11	18,188	—	—	—	3,845	—	—	—	308	—	—	—
10	Securitisation	15,085	3,024	—	68	11	18,188	—	—	—	3,845	—	—	—	308	—	—	—
12	– wholesale	15,085	3,024	—	68	11	18,188	—	—	—	3,845	—	—	—	308	—	—	—
1	Total at 31 Dec 2025	23,381	1,007	—	71	16	18,030	6,429	—	16	3,836	1,084	—	196	307	87	—	16
2	Traditional transactions	5,463	1,007	—	—	3	41	6,429	—	3	5	1,084	—	32	—	87	—	3
3	Securitisation	5,463	1,007	—	—	3	41	6,429	—	3	5	1,084	—	32	—	87	—	3
4	– retail underlying	2,062	595	—	—	3	41	2,616	—	3	5	516	—	32	—	42	—	3
5	– of which: STS	410	—	—	—	—	—	410	—	—	—	41	—	—	—	3	—	—
6	– wholesale	3,401	412	—	—	—	—	3,813	—	—	—	568	—	—	—	45	—	—
7	– of which: STS	1,984	—	—	—	—	—	1,984	—	—	—	217	—	—	—	17	—	—
9	Synthetic securitisations	17,918	—	—	71	13	17,989	—	—	13	3,831	—	—	164	307	—	—	13
10	Securitisation	17,918	—	—	71	13	17,989	—	—	13	3,831	—	—	164	307	—	—	13
12	– wholesale	17,918	—	—	71	13	17,989	—	—	13	3,831	—	—	164	307	—	—	13

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)				RWAs (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to < 1250% RW	1250% deductions	SEC-ERBA	SEC-SA	1250%/deductions	SEC-ERBA	SEC-SA	1250%/deductions	SEC-ERBA	SEC-SA	1250%/deductions	SEC-ERBA	SEC-SA	1250%/deductions
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1	Total at 30 Jun 2026	28,922	4,807	924	321	—	2,041	32,933	—	390	6,469	—	31	518	—			
2	Traditional securitisation	28,922	4,807	924	321	—	2,041	32,933	—	390	6,469	—	31	518	—			
3	Securitisation	28,922	4,807	924	321	—	2,041	32,933	—	390	6,469	—	31	518	—			
4	– retail underlying	16,133	2,255	581	102	—	2,027	17,044	—	379	3,361	—	30	269	—			
5	– of which: STS	4,188	—	—	—	—	147	4,041	—	22	405	—	2	32	—			
6	– wholesale	12,789	2,552	343	219	—	14	15,889	—	11	3,108	—	1	249	—			
7	– of which: STS	159	—	—	—	—	—	159	—	—	18	—	—	1	—			
1	Total at 31 Dec 2025	29,630	4,312	334	64	38	1,957	32,383	38	352	5,541	22	28	443	1			
2	Traditional securitisation	29,630	4,312	334	64	38	1,957	32,383	38	352	5,541	22	28	443	1			
3	Securitisation	29,630	4,312	334	64	38	1,957	32,383	38	352	5,541	22	28	443	1			
4	– retail underlying	15,021	2,140	191	—	—	1,769	15,583	—	302	2,721	—	24	218	—			
5	– of which: STS	3,201	—	—	—	—	433	2,768	—	54	278	—	4	22	—			
6	– wholesale	14,609	2,172	143	64	38	188	16,800	38	50	2,820	22	4	225	1			
7	– of which: STS	1,420	144	—	—	—	—	1,564	—	—	181	—	—	15	—			

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)			RWAs (by regulatory approach)			Capital charge after cap		
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to < 1250% RW	1250%/ deductions	SEC-ERBA	SEC-SA	1250%/ deductions	SEC-ERBA	SEC-SA	1250%/ deductions	SEC-ERBA	SEC-SA	1250%/ deductions
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
1 Total at 30 Jun 2026	4,422	280	110	210	—	2,190	2,832	—	1,039	415	—	83	33	—
2 Traditional securitisation	4,422	280	110	210	—	2,190	2,832	—	1,039	415	—	83	33	—
3 Securitisation	4,422	280	110	210	—	2,190	2,832	—	1,039	415	—	83	33	—
4 – retail underlying	3,386	247	28	15	—	1,816	1,860	—	360	266	—	29	21	—
5 – of which: STS	1,176	71	12	5	—	669	595	—	102	61	—	8	5	—
6 – wholesale	1,036	33	82	195	—	374	972	—	679	149	—	54	12	—
7 – of which: STS	49	—	—	—	—	6	43	—	1	5	—	—	—	—
1 Total at 31 Dec 2025	4,468	278	114	189	5	2,275	2,774	5	936	384	62	75	31	5
2 Traditional securitisation	4,468	278	114	189	5	2,275	2,774	5	936	384	62	75	31	5
3 Securitisation	4,468	278	114	189	5	2,275	2,774	5	936	384	62	75	31	5
4 – retail underlying	3,728	242	25	25	—	1,952	2,068	—	416	279	5	33	23	—
5 – of which: STS	1,455	106	10	4	—	691	884	—	103	94	—	8	7	—
6 – wholesale	740	36	89	164	5	323	706	5	520	105	57	42	8	5
7 – of which: STS	36	—	—	—	—	—	36	—	—	4	—	—	—	—

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	
1	Total at 30 Jun 2026	25,220	239	82
2	Retail (total)	3,004	25	—
3	– residential mortgage	1,925	23	—
5	– other retail exposures	1,079	2	—
7	Wholesale (total)	22,216	214	82
8	– loans to corporates	19,135	180	82
9	– commercial mortgage	377	4	—
10	– lease and receivables	2,704	30	—
11	– other wholesale	—	—	—
1	Total at 31 Dec 2025	25,310	174	79
2	Retail (total)	2,710	53	—
3	– residential mortgage	2,250	52	—
5	– other retail exposures	460	1	—
7	Wholesale (total)	22,600	121	79
8	– loans to corporates	18,837	102	79
9	– commercial mortgage	327	—	—
10	– lease and receivables	994	3	—
11	– other wholesale	2,442	16	—

Market risk

Overview of market risk in business segments

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

Exposure 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

portfolios, see the 'Treasury risk' section on page 157 of the Annual Report and Accounts 2025.

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 through prudent oversight, ensuring our market risk profile aligns with our established risk appetite and strategic objectives.

The table below reflect the components of capital requirements under the standardised approach for market risk.

Table 49: Market risk under standardised approach (MR1)

		At 30 Jun 2026 RWAs \$m	31 Dec 2025 RWAs \$m
Outright products			
1	Interest rate risk (general and specific)	1,561	1,362
2	Equity risk (general and specific)	542	242
3	Foreign exchange risk	6,130	12,898
4	Commodity risk	269	296
Options			
5	Simplified approach	281	—
7	Scenario approach	2	2
8	Securitisation (specific risk)	1,454	1,382
9	Total	10,239	16,182

The \$5.9bn decrease in market risk RWAs under the standardised approach was largely driven by reversal of structural foreign exchange following completion of Hang Seng Bank privatisation and hedge rebalancing.

The table below reflects the components of capital requirements under the internal model approach for market risk. VaR average values are calculated on a 60 business days basis. SVaR and IRC average values are calculated on a 12-week basis.

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

		At 30 Jun 2026		At 31 Dec 2025	
		RWAs \$m	Capital requirements \$m	RWAs \$m	Capital requirements \$m
1	VaR (higher of values a and b)	6,586	527	5,697	455
(a)	Previous day's VaR ('VaRt-1')		136		135
(b)	Multiplication factor (mc) x average of previous 60 working days ('VaRavg')		527		455
2	Stressed VaR (higher of values a and b)	7,477	598	9,461	757
(a)	Latest available stressed VaR ('SVaRt-1')		186		242
(b)	Multiplication factor (ms) x average of previous 60 working days ('sVaRavg')		598		757
3	IRC (higher of values a and b)	4,742	379	5,156	413
(a)	Most recent IRC measure		370		335
(b)	12 weeks average IRC measure		379		413
5	Other	1,587	127	1,994	160
6	Total	20,392	1,631	22,308	1,785

Under IMA, RWAs reduced by \$1.9bn compared with 31 December 2025, mainly attributable to lower SVaR reflecting changes in the trading portfolio's risk profile under stressed market conditions. This is partly offset by an increase in VaR due to increased market volatility.

Back-testing

We routinely 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 revenues from intra-day transactions. The hypothetical profit and loss reflects the profit and loss that would be realised if positions were 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, therefore, is not necessarily 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 of a 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 that have approval to use VaR in the calculation of market risk regulatory capital requirements. 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 market risk capital requirement calculation. The multiplier is increased if there are five or more loss exceptions in a 250-day period.

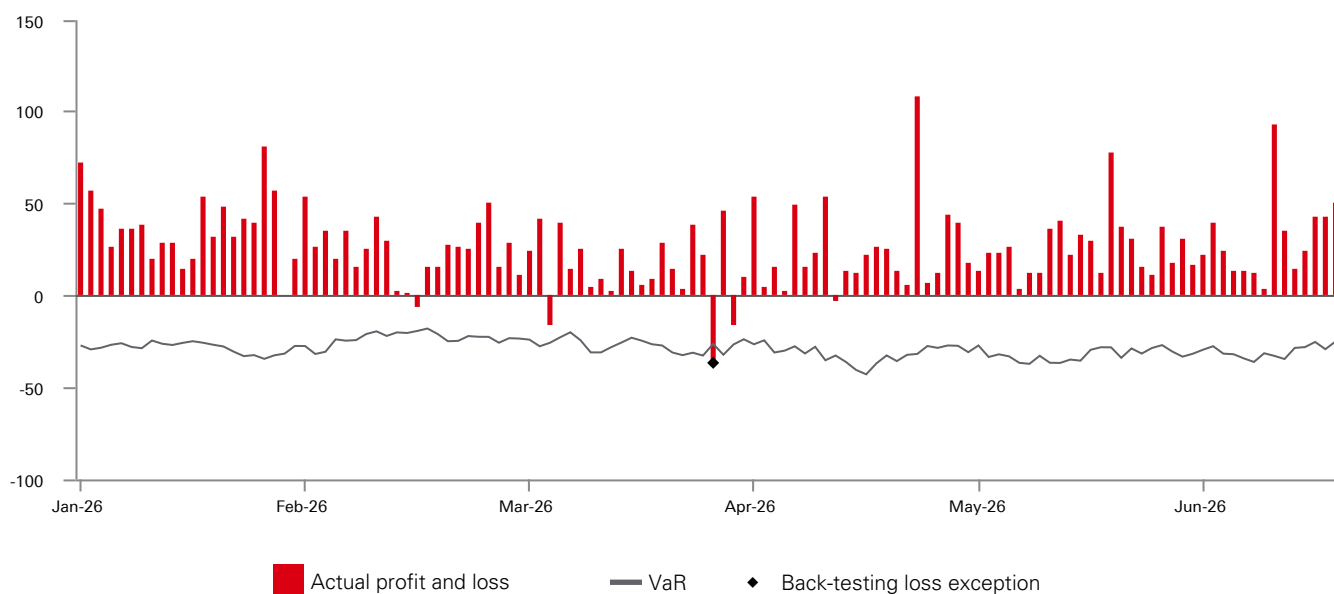
During the first half of 2026, the Group experienced two back-testing exceptions against hypothetical losses and one back-testing exception against actual losses. The back-testing exceptions against hypothetical losses were attributable to interest rate volatility resulting

from the conflict in the Middle East. The back-testing exception against actual losses arose from periodic fair value adjustments, notably for bid-offer spreads widening.

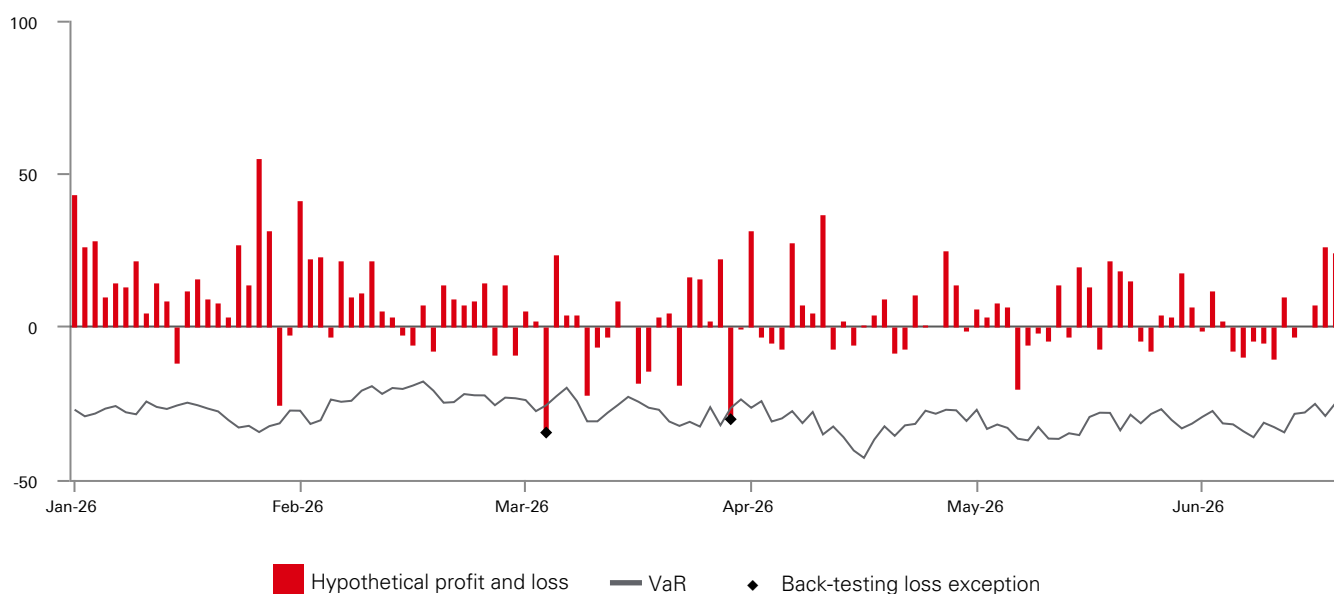
The following graphs show a six-month history for trading book VaR back-testing exceptions against both actual and hypothetical profit and loss.

Table 51: Comparison of VaR estimates with gains/losses (MR4)

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



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



Market risk capital models

HSBC has permission to use a number of market risk capital models to calculate regulatory capital. Market risk capital models, as with any model in HSBC, 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, for example, 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. We use the following market risk capital models.

Model component ¹	Confidence level	Liquidity horizon	Model description and methodology
VaR	99%	10-day	Uses the most recent two years' history of daily returns to determine a loss distribution. VaR is determined as the maximum value between the VaR calculated over a two years' history and the VaR calculated over a one year's history. The result is scaled, using the square root of 10, to provide an equivalent 10-day loss.
SVaR	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.

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

The table below shows the high, average, low and actual values of VaR, SVaR and IRC for the period under the internal models approach.

Table 52: IMA values for trading portfolios (MR3)

		At	
		30 Jun 2026	31 Dec 2025
		\$m	\$m
VaR (10 day 99%)			
1	Maximum value	190	160
2	Average value	143	128
3	Minimum value	105	109
4	Period end	133	131
Stressed VaR (10 day 99%)			
5	Maximum value	260	280
6	Average value	206	201
7	Minimum value	167	137
8	Period end	193	227
Incremental risk charge (99.9%)			
9	Maximum value	468	462
10	Average value	398	387
11	Minimum value	325	336
12	Period end	370	336

In 1H26, the period-end values for the three market risk capital models changed as follows:

- Trading VaR has been relatively stable during the first half of 2026, after a peak in April driven by exposures to interest rates for major currencies and to precious metals.
- SVaR followed a downward trend that was mainly driven by changes in the interest rates and foreign exchange risk profiles under stressed conditions.
- Incremental risk charge increase, was driven primarily by portfolio changes across the governments and financials sectors.

Countercyclical capital buffer

The table below discloses the geographical distribution of credit exposures relevant to the calculation of the CCyB under Article 440 of the PRA Rulebook. Exposures to central governments, central banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions are excluded and therefore differ from those presented in the credit and counterparty credit risk sections. Countries or territories that have a CCyB requirement, or have an own funds requirement of greater than 0.7%, or that are otherwise material in nature, are disclosed below.

Table 53: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1)

Country/ territory	General credit exposures		Relevant credit exposures – Market risk		Securiti- sation exposures		Own funds requirements						
	SA	IRB	Sum of long/ short positions for SA	Internal models	Total Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Securi- tisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirements weights	CCyB rate
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%	%
Albania	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Armenia	—	6	—	—	—	6	—	—	—	—	—	—	1.75
Australia	1,416	53,701	924	93	5,601	61,735	1,276	16	78	1,370	17,125	2.60	1.00
Belgium	107	1,362	—	33	—	1,502	70	2	—	72	900	0.14	1.00
Bulgaria	3	13	—	2	—	18	—	—	—	—	—	—	2.00
Chile	750	2,225	—	249	—	3,224	114	5	—	119	1,488	0.23	0.50
Chinese mainland	21,892	58,214	137	714	5,923	86,880	5,145	10	72	5,227	65,338	9.91	—
Croatia	1	1	—	—	—	2	—	—	—	—	—	—	1.50
Cyprus	31	237	—	—	—	268	7	—	—	7	88	0.01	1.50
Czech Republic	68	328	—	19	—	415	14	1	—	15	188	0.03	1.25
Denmark	330	1,402	—	18	—	1,750	61	1	—	62	775	0.12	2.50
Estonia	—	1	—	—	—	1	—	—	—	—	—	—	1.50
France	3,550	20,565	71	20	8,838	33,044	800	5	122	927	11,588	1.76	1.00
Germany	1,065	15,336	7	78	1,318	17,804	570	7	13	590	7,375	1.12	0.75
Greece	56	1,281	—	16	—	1,353	44	—	—	44	550	0.08	0.25
Hong Kong	27,226	346,358	1	207	2,646	376,438	9,728	4	41	9,773	122,163	18.53	0.50
Hungary	10	786	—	1	—	797	22	—	—	22	275	0.04	1.00
Iceland	—	10	—	—	—	10	—	—	—	—	—	—	2.50
India	7,730	25,607	—	334	2,014	35,685	1,894	7	55	1,956	24,450	3.71	—
Indonesia	512	7,333	—	76	—	7,921	429	2	—	431	5,388	0.82	0.00
Ireland	1,958	5,840	1,493	30	1,577	10,898	234	59	19	312	3,900	0.59	1.50
Korea, Republic Of	3,709	7,213	—	153	850	11,925	356	3	10	369	4,613	0.70	1.00
Latvia	1	1	—	2	—	4	—	—	—	—	—	—	1.00
Lithuania	—	2	—	—	—	2	—	—	—	—	—	—	1.00
Luxembourg	6,562	9,904	287	8	57	16,818	833	7	1	841	10,513	1.59	0.50
North Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	1.75
Malaysia	2,971	13,649	—	15	86	16,721	670	1	1	672	8,400	1.27	0.00
Mexico	25,544	3,872	—	173	776	30,365	1,540	4	9	1,553	19,413	2.95	0.00
Montenegro	—	2	—	—	—	2	—	—	—	—	—	—	1.00
Netherlands	1,221	9,222	546	54	413	11,456	380	9	4	393	4,913	0.75	2.00
Norway	31	320	—	30	—	381	11	2	—	13	163	0.02	2.50
Poland	585	1,039	—	2	208	1,834	75	—	3	78	975	0.15	1.00
Portugal	15	91	106	27	—	239	3	3	—	6	75	0.01	0.75
Romania	4	23	—	2	—	29	1	—	—	1	13	—	1.00
Russian Federation	—	8	—	1	—	9	—	—	—	—	—	—	0.50
Saudi Arabia	37,351	3,695	—	192	—	41,238	2,701	13	—	2,714	33,925	5.15	1.00
Singapore	4,341	39,873	4	239	214	44,671	1,301	5	3	1,309	16,363	2.48	0.00
Slovakia	55	19	—	3	—	77	2	—	—	2	25	—	1.50
Slovenia	—	3	—	18	—	21	—	—	—	—	—	—	1.00
South Africa	33	205	—	33	—	271	11	1	—	12	150	0.02	1.00
Spain	638	2,756	102	46	697	4,239	136	3	6	145	1,813	0.28	0.50
Sweden	711	1,257	—	31	—	1,999	94	2	—	96	1,200	0.18	2.00
Switzerland	4,028	15,517	—	86	—	19,631	486	6	—	492	6,150	0.93	0.00
Taiwan	1,909	16,878	—	403	—	19,190	523	3	—	526	6,575	1.00	—
United Arab Emirates	6,255	23,858	—	7	—	30,120	935	1	—	936	11,700	1.77	0.00
United Kingdom	21,097	443,597	793	515	17,007	483,009	12,641	27	308	12,976	162,200	24.60	2.00
United States	35,467	99,186	322	46	9,872	144,893	5,155	9	158	5,322	66,525	10.09	—
Uruguay	1,352	46	—	—	—	1,398	86	—	—	86	1,075	0.16	1.00
Other countries	19,964	52,786	229	858	1,151	74,988	3,189	44	37	3,270	40,868	6.21	—
Total at 30 Jun 2026	240,549	1,285,628	5,022	4,834	59,248	1,595,281	51,537	262	940	52,739	659,238	100.00	

Table 53: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (UK CCyB1) (continued)

Country/ territory	General credit exposures		Relevant credit exposures – Market risk		Securiti- sation exposures	Own funds requirements							Own funds require- ments weig- hts	CCyB rate
	SA	IRB	Sum of long/ short posi- tions 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	Securi- tisation posi- tions in the non- trading book	Total	Risk weighted exposure amounts			
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	%	%	
Albania	—	—	—	—	—	—	—	—	—	—	—	—	0.50	
Armenia	—	1	—	—	—	1	—	—	—	—	—	—	1.75	
Australia	1,651	51,086	948	19	5,171	58,875	1,285	17	74	1,376	17,200	2.70	1.00	
Belgium	105	1,366	—	11	—	1,482	72	1	—	73	913	0.14	1.00	
Bulgaria	—	14	—	3	—	17	—	—	—	—	—	—	2.00	
Chile	621	2,335	—	165	—	3,121	115	4	—	119	1,488	0.23	0.50	
Chinese mainland	21,096	59,767	151	696	5,644	87,354	5,342	16	68	5,426	67,825	10.65	—	
Croatia	1	1	—	—	—	2	—	—	—	—	—	—	1.50	
Cyprus	43	247	—	—	—	290	9	—	—	9	113	0.02	1.00	
Czech Republic	40	425	—	11	—	476	16	1	—	17	213	0.03	1.25	
Denmark	319	1,992	—	17	—	2,328	71	—	—	71	888	0.14	2.50	
Estonia	—	1	—	—	—	1	—	—	—	—	—	—	1.50	
France	3,931	20,274	180	101	8,382	32,868	839	8	112	959	11,988	1.88	1.00	
Germany	1,218	15,731	25	17	1,108	18,099	672	6	13	691	8,638	1.36	0.75	
Greece	47	678	2	14	—	741	25	—	—	25	313	0.05	0.25	
Hong Kong	23,398	332,827	4	294	2,636	359,159	9,139	7	42	9,188	114,850	18.03	0.50	
Hungary	9	790	—	1	—	800	18	—	—	18	225	0.04	1.00	
Iceland	—	9	—	—	—	9	—	—	—	—	—	—	2.50	
India	7,625	23,028	—	177	2,193	33,023	1,746	4	62	1,812	22,650	3.56	—	
Indonesia	851	6,826	—	94	—	7,771	450	3	—	453	5,663	0.89	—	
Ireland	1,673	6,290	1,291	39	1,555	10,848	207	47	19	273	3,413	0.54	1.50	
Korea, Republic Of	966	5,349	3	83	400	6,801	176	3	5	184	2,300	0.36	1.00	
Latvia	1	1	—	8	—	10	—	—	—	—	—	—	1.00	
Lithuania	—	2	—	1	—	3	—	—	—	—	—	—	1.00	
Luxembourg	5,910	9,844	285	10	57	16,106	829	5	1	835	10,438	1.64	0.50	
North Macedonia	—	—	—	—	—	—	—	—	—	—	—	—	1.75	
Malaysia	3,016	12,564	—	22	86	15,688	664	2	1	667	8,338	1.31	—	
Mexico	28,411	3,876	—	82	864	33,233	1,662	3	11	1,676	20,950	3.29	—	
Montenegro	—	2	—	—	—	2	—	—	—	—	—	—	0.50	
Netherlands	1,599	9,277	442	20	830	12,168	409	7	9	425	5,313	0.83	2.00	
Norway	57	326	—	12	—	395	11	1	—	12	150	0.02	2.50	
Poland	454	1,228	—	4	213	1,899	75	—	3	78	975	0.15	1.00	
Romania	5	21	—	9	—	35	2	—	—	2	25	—	1.00	
Russian Federation	—	8	—	1	—	9	—	—	—	—	—	—	0.50	
Saudi Arabia	35,225	3,096	—	177	—	38,498	2,539	14	—	2,553	31,913	5.01	—	
Singapore	4,802	35,671	1	96	214	40,784	1,218	6	3	1,227	15,338	2.41	—	
Slovakia	50	16	—	1	—	67	2	—	—	2	25	—	1.50	
Slovenia	—	5	—	5	—	10	—	1	—	1	13	—	1.00	
Spain	622	2,884	144	52	664	4,366	142	4	7	153	1,913	0.30	0.50	
Sweden	723	1,606	—	34	—	2,363	99	2	—	101	1,263	0.20	2.00	
Switzerland	3,959	14,298	—	31	239	18,527	482	3	2	487	6,088	0.95	—	
Taiwan	1,761	15,712	—	342	—	17,815	503	3	—	506	6,325	0.99	—	
United Arab Emirates	5,931	20,044	—	46	—	26,021	871	6	—	877	10,963	1.72	—	
United Kingdom	21,695	420,566	969	620	17,947	461,797	12,090	52	277	12,419	155,238	24.36	2.00	
United States	35,614	91,219	210	35	9,414	136,492	4,790	6	153	4,949	61,863	9.71	—	
Other countries	20,977	51,182	399	548	1,139	74,245	3,247	52	20	3,319	41,477	6.49	—	
Total at 31 Dec 2025	234,406	1,222,485	5,054	3,898	58,756	1,524,599	49,817	284	882	50,983	637,288	100.00		

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

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

	30 Jun 2026	31 Dec 2025
Total Risk Exposure Amount (\$m)	906,417	888,647
Institution specific countercyclical capital buffer rate (%)	0.74	0.68
Institution specific countercyclical capital buffer requirement (\$m)	6,707	6,043

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
\$	United States dollar
Period	
2Q26	Second quarter of 2026
1H26	First half of 2026
A	
AIRB ¹	Advanced internal ratings based approach
ALCO	Asset and Liability Management Committee
Apr	April
ARG	Asian resolution group
ASF	Available stable funding
AT1 capital	Additional tier 1 capital
Aug	August
B	
Basel	Basel Committee on Banking Supervision
Basel III	Basel Committee's reforms to strengthen global capital and liquidity rules
Basel 3.1	Outstanding measures to be implemented from the Basel III reforms
BNII	Banking net interest income
Board	Board of directors
BoE	Bank of England
C	
CCF	Credit conversion factor
CCP ¹	Central counterparty
CCR ¹	Counterparty credit risk
CCyB ¹	Countercyclical capital buffer
CET1 ¹	Common equity tier 1
CIB	Corporate and Institutional Banking, a business segment
CIU	Collective investment undertakings
CRA	Credit risk adjustment
CRM ¹	Credit risk mitigation/mitigant
CRR ¹	Customer risk rating
CSA	Credit support annex
CSRD	Corporate Sustainability Reporting Directive
CVA ¹	Credit valuation adjustment
D	
Dec	December
E	
EAD ¹	Exposure at default
EBA	European Banking Authority
EC	European Commission
ECL ¹	Expected Credit Losses
EEPE	Effective Expected Positive Exposure
EFFRAG	Technical advisor on accounting and sustainability standards to the European commission
EL	Expected loss
EPS	Earnings per share
ERG	European resolution group
ESG	Environmental, social and governance
EU	European Union
EVE	Economic value of equity
F	
FCP	Funded credit Protection
Feb	February
FINREP	Financial Reporting templates submitted to BoE
FIRB ¹	Foundation internal rating based approach
Free deliveries ¹	Where the institution paid for securities, foreign currencies or commodities before receiving them or delivered securities, foreign currencies or commodities before receiving payment
FSB	Financial Stability Board
FVOCI ¹	Fair value through other comprehensive income
FPC	Financial Policy Committee
FVTPL	Fair value through profit or loss
FX	Foreign exchange
FY27	Financial year ended 31 December 2027
FY28	Financial year ended 31 December 2028

G	
GDC	Group Disclosure Committee
GFMM	Group Finance Management Meeting
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	
Hang Seng Bank	Hang Seng Bank Limited
HKMA	Hong Kong Monetary Authority
Hong Kong	The Hong Kong Special Administrative Region of the People's Republic of China
HQLA	High-quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
HSBC Bank plc	HSBC Bank plc, which includes the UK non-ring-fenced bank
HSBC Bank USA	HSBC Bank US, N.A., HSBC's retail bank in the US
HSBC UK	HSBC UK Bank plc, also known as the ring-fenced bank
I	
IAA	Internal assessment approach
ICAAP ¹	Internal capital adequacy assessment process
IFRS	International Financial Reporting Standards
IMA	Internal models approach
IMM ¹	Internal model method
IRB ¹	Internal ratings-based approach
IRRBB	Interest rate risk in the banking book
IRC	Incremental risk charge
ISSB	International Sustainability Standards Board
J	
Jan	January
Jun	June
L	
LAC	Loss absorbing capital
LCR ¹	Liquidity coverage ratio
LGD ¹	Loss given default
M	
Mar	March
MPE	Multiple point of entry
MREL	Minimum requirement for own funds and eligible liabilities
N	
NMD	Non-maturing deposits
NSFR ¹	Net stable funding ratio
O	
OTC ¹	Over-the-counter
P	
PD ¹	Probability of default
PRA ¹	Prudential Regulation Authority (UK)
Prudential rules	Refers to the UK Capital Requirements Regulation, the PRA Rulebook and any laws, regulations, requirements, rules, guidelines, standards and policies relating to capital adequacy, leverage and liquidity adopted by the relevant regulators, as applicable, and which are applicable to HSBC
Q	
QCCP	Qualifying central counterparty
R	
RAS	Risk appetite statement
RMF	Risk Management Framework
RNIV	Risks not in VaR
RSF	Required stable funding
RW	Risk weight
RWA ¹	Risk-weighted asset
S	
SA ¹	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SEC-ERBA	Securitisation external rating-based approach
SEC-IRBA	Securitisation internal rating-based approach
SEC-SA	Securitisation standardised approach

Sep	September
SFT	Securities financing transactions
SME	Small and medium-sized enterprise
SPE ¹	Special purpose entity
SREP	Supervisory review and evaluation process
SRS	Sustainability reporting standards
SRT	Significant risk transfer
STS	Simple transparent and standardised
SVaR	Stressed Value at risk
T	
TLAC ¹	Total Loss Absorbing Capacity
T1 capital ¹	Tier 1 capital
T2 capital ¹	Tier 2 capital
U	
UFCP	Unfunded credit protection
UK	United Kingdom
UK Capital Requirements Regulation	Refers to Regulation (EU) No. 575/2013, as amended or supplemented, as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018, as amended
URG	US resolution group
USD	United States dollar
V	
VaR ¹	Value at risk

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

Cautionary statement regarding forward-looking statements

These Pillar 3 Disclosures at 30 June 2026 contain certain forward-looking statements with respect to HSBC's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and environmental, social and governance ('ESG') ambitions, targets and commitments 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, forecasts, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur or will be realised or are complete or accurate. The assumptions and judgments may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of HSBC. 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, the conflict in the Middle East, or any potential military action or conflict elsewhere, 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, the conflict in the Middle East, or any potential military action or conflict elsewhere, inflationary pressures, commodity price changes, and ongoing developments in the commercial real estate sector and the residential property sector in the Chinese mainland and Hong Kong); potential changes in HSBC's dividend policy; changes and volatility in foreign exchange rates and interest rates levels, including fluctuations in HIBOR and the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets and the risk of disruptive correction stemming from high company valuations; 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, the conflict in the Middle East, or any potential military action or conflict elsewhere, and the related imposition of sanctions, export-control and trade and investment restrictions, as well as increased market volatility, supply chain restrictions and disruptions, sustained increases in energy prices and key commodity prices, claims of human rights violations, diplomatic tensions between China and the US, which may extend to and involve other countries and territories, and developments in Hong Kong and Taiwan and the surrounding maritime region, 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-related 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 and fiscal capacity and debt sustainability, particularly for highly-indebted borrowers; adverse changes in the funding status of public or private defined benefit pensions; the significant depreciation of the US dollar through 2025, with volatility expected to persist; 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; and price competition in the market segments we serve;
- changes in government policy and regulation, as well as monetary, fiscal, interest rate and other policies of central banks and other regulatory authorities in the major markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of changes in government following national elections, higher social welfare commitments and increased government expenditure on defence, energy security and climate transition in the markets where the Group operates); continued volatility in trade and tariff policies, changes in tariff rates, including sector-specific measures imposed by various nations, including the US, which could reduce capital investment and consumer spending, disrupt supply chains and dampen global trade growth; 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, 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 markets 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 ambitions, targets, and commitments (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 outcomes of our strategic priorities and may result in reputational risks; technology changes and developments, including the development, deployment and use of artificial intelligence, including generative artificial intelligence, by HSBC, third-party service providers, counterparties, customers, competitors and other market participants, and related operational, cyber, fraud, data, regulatory, compliance, litigation, reputational and competitive risks, as well as such technological developments' impact on how we manage risk; model limitations or failure, including, without limitation, the impact that high inflationary pressures and 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; our ability to successfully execute and implement the announced strategic reorganisation of the Group; 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 an inclusive and skilled workforce; 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' on pages 18 to 19 of the Interim Report 2026.

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 these Pillar 3 Disclosures at 30 June 2026 is available in our Annual Report and Accounts for the fiscal year ended 31 December 2025, which was filed with the SEC on Form 20-F on 26 February 2026, our Earnings Release 1Q26, furnished to the SEC on Form 6-K on 5 May 2026, and our Interim Report 2026, which we furnished to the SEC on Form 6-K on or around 4 August 2026.

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