HSBC UK Bank plc

Pillar 3 Disclosures at 30 June 2024

HSBC

Contents

Presentation of information

This document comprises the 30 June 2024 Pillar 3 disclosures for HSBC UK Bank plc ('the bank') and its subsidiaries (together 'HSBC UK' or 'the group'). 'We', 'us' and 'our' refer to HSBC UK Bank plc together with its subsidiaries. References to 'HSBC Group' or 'the Group' within this document mean HSBC Holdings plc together with its subsidiaries.

When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC UK ordinary shares and capital securities issued by HSBC UK classified as equity.

The abbreviations '£m' and '£bn' represent millions and billions (thousands of millions) of GB pounds respectively.

A full list of abbreviations is provided on page 48.

This document may contain certain forward-looking statements with respect to the financial condition,environment, social and governance ("ESG") related matters, results of operations and business of the group.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'will', 'targets', 'anticipates', intends','plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC UK makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

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

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

Tables

Introduction

Regulatory framework for disclosures

We are supervised on a consolidated basis in the United Kingdom ('UK') by the Prudential Regulation Authority ('PRA'). We have calculated capital for prudential regulatory reporting purposes using the Basel III framework of the Basel Committee ('Basel') as implemented in the UK. Any references to 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 Basel III framework is structured around three 'pillars': the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by the requirements in Pillar 3 on 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 III framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy. These disclosures are made in accordance with the Prudential Regulation Authority ('PRA') Rulebook Disclosure (CRR). They are supplemented by specific additional requirements of the PRA and discretionary disclosures on our part. We refer to the regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876) as 'CRR II'.

Comparatives and references

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

Frequency and location

We publish our Pillar 3 disclosures quarterly on the Group website www.hsbc.com.

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

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 Annual Report and Accounts 2023, Interim Report 2024 or other locations.

Regulatory reporting processes and controls

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

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

Pillar 3 Governance

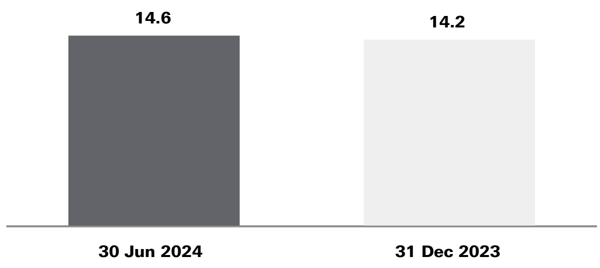
HSBC UK Bank Pillar 3 disclosures are governed by HSBC UK Bank plc's disclosure policy framework approved by the Audit Committee. This document has been approved by the HSBC UK Disclosure Committee as delegated by the HSBC UK Board.

Highlights

CET1 capital movement

Common equity tier 1 ('CET1') capital increased to £14.6bn from £14.2bn at 31 December 2023 primarily from £0.6bn of capital generation through profit net of dividends partly offset by increase of £0.3bn in excess expected loss deduction.

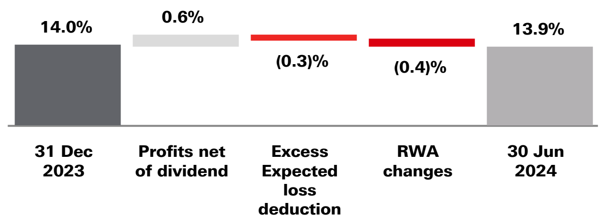
CET1 £bn



CET1 ratio movement %

CET1 capital ratio decreased to 13.9% from 14.0% at 31 December 2023, driven by increase in RWAs and excess expected loss deduction partly offset by capital generation through profits net of dividends.

Common equity tier 1 ratio movement, %



RWAs

RWAs increased by £2.9bn.Excluding a decrease in RWAs of £0.1bn due to foreign currency translation differences, RWAs increased by £3bn, mainly from lending growth of £1.6bn, methodology and policy changes of £1bn and changes in asset quality by £0.3bn.

Risk-weighted assets by risk types
£104,352m (31 December 2023: £101,478m)

Risk-weighted Assets 30 Jun 2024	**£m**	**%**
Credit risk	**90,441**	**86.7**
Operational risk	**13,607**	**13.0**
Market risk	**124**	**0.1**
Counterparty credit risk	**180**	**0.2**

Liquidity

The average HSBC UK LCR and NSFR were 193% and 155% respectively, which is above the regulatory minimum requirements. Liquidity and funding remains stable as at 30 June 2024. The decrease in LCR of 8% is mainly due to decrease in average deposits by £5bn from cost of living impact on customers and competitive pressures, alongside growth in average mortgage lending of £2bn.

Liquidity

	30 Jun 2024	31 Dec 2023
LCR (%)	**193**	201
NSFR (%)	**155**	158

Leverage

Our Leverage ratio was 5.9%, a decrease of 0.2% during the first half of the year. This was mainly driven by the increase in leverage exposure driven by higher lending and increase in financial investments.

Leverage

	30 Jun 2024	31 Dec 2023
Leverage ratio (%)	**5.9**	6.1

Key metrics

Table 1 below sets out the key regulatory metrics covering the group's available capital (including buffer requirements and ratios), RWAs, leverage ratio, LCR and NSFR. Unless stated otherwise, figures have been prepared on an IFRS 9 transitional basis. Capital figures and ratios are reported on a CRR II transitional basis for capital instruments and the leverage ratio is calculated using the CRR II end point basis for capital. The calculation for LCR is the average of the preceding 12 months for each quarter and for the NSFR it is the average of the preceding four quarters.

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

		At				
		30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
Ref*		**2024**	2024	2023	2023	2023
	Available capital (£m)					
1	Common equity tier 1 ('CET1') capital	**14,550**	14,611	14,224	14,818	14,382
	CET1 capital as if IFRS 9 transitional arrangements had not been applied	**14,538**	14,599	14,194	14,794	14,382
2	Tier 1 capital	**16,802**	16,864	16,479	17,072	16,632
	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	**16,790**	16,852	16,449	17,048	16,632
3	Total capital	**19,990**	20,053	19,772	20,140	19,671
	Total capital as if IFRS 9 transitional arrangements had not been applied	**19,978**	20,041	19,742	20,117	19,671
	Risk-weighted assets (£m)					
4	Total RWAs	**104,352**	102,218	101,478	100,563	99,098
	Total RWAs as if IFRS 9 transitional arrangements had not been applied	**104,340**	102,206	101,450	100,542	99,098
	Capital ratios (%)					
5	CET1	**13.9**	14.3	14.0	14.7	14.5
	CET1 as if IFRS 9 transitional arrangements had not been applied	**13.9**	14.3	14.0	14.7	14.5
6	Tier 1	**16.1**	16.5	16.2	17.0	16.8
	Tier 1 as if IFRS 9 transitional arrangements had not been applied	**16.1**	16.5	16.2	17.0	16.8
7	Total capital	**19.2**	19.6	19.5	20.0	19.9
	Total capital as if IFRS 9 transitional arrangements had not been applied	**19.2**	19.6	19.5	20.0	19.9
	Additional own funds requirements based on Supervisory review and evaluation Process ('SREP') as a percentage of RWAs (%)					
UK-7a	Additional CET1 SREP requirements	**2.2**	2.2	2.2	2.2	2.2
UK-7b	Additional additional tier 1 ('AT1') SREP requirements	**0.7**	0.7	0.7	0.8	0.8
UK-7c	Additional tier 2 ('T2') SREP requirements	**1.0**	1.0	1.0	1.0	1.0
UK-7d	Total SREP own funds requirements	**11.9**	11.9	11.9	12.0	12.0
	Combined buffer requirement as a percentage of RWAs (%)					
8	Capital conservation buffer requirement	**2.5**	2.5	2.5	2.5	2.5
9	Institution-specific countercyclical capital buffer (%)	**1.9**	1.9	1.9	1.9	1.0
UK-10a	Other Systemically Important Institution ('OSII') buffer	**1.0**	1.0	1.0	1.0	1.0
11	Combined buffer requirement	**5.4**	5.4	5.4	5.4	4.5
UK-11a	Overall capital requirements	**17.3**	17.3	17.3	17.4	16.5
12	CET1 available after meeting the total SREP own funds requirements	**7.2**	7.6	7.3	8.0	7.8
	Leverage ratio					
13	Total leverage ratio exposure measure (£m)	**283,626**	275,419	270,907	266,036	264,561
14	Leverage ratio (%)	**5.9**	6.1	6.1	6.4	6.3
	Average exposure measure excluding claims on central banks (£m)	**280,405**	271,478	267,547	265,422	260,415
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
14a	Fully loaded expected credit loss ('ECL') accounting model leverage ratio excluding claims on central banks (%)	**5.9**	6.1	6.1	6.4	6.3
14b	Leverage ratio including claims on central banks (%)	**4.9**	4.9	4.8	5.0	4.8
14c	Average leverage ratio excluding claims on central banks (%)	**6.1**	6.2	6.4	6.4	6.5
14d	Average leverage ratio including claims on central banks (%)	**5.0**	5.0	5.1	5.0	4.9
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.6	0.6	0.7	0.3
EU 14d	Leverage ratio buffer requirement (%)	**1.1**	1.0	1.0	1.1	0.7
EU 14e	Overall leverage ratio requirements (%)	**4.4**	4.3	4.3	4.4	3.9
	Liquidity coverage ratio ('LCR')					
15	Total high-quality liquid assets (£m)	**90,445**	92,036	94,765	98,181	102,757
UK16a	Cash outflows – Total weighted value (£m)	**52,424**	52,860	53,058	53,363	53,629
UK16b	Cash inflows – Total weighted value (£m)	**5,637**	5,807	5,823	5,702	5,393
16	Total net cash outflow (£m)	**46,787**	47,053	47,234	47,661	48,236
17	LCR ratio (%)	**193**	196	201	206	213
	Net Stable Funding Ratio ('NSFR')					
18	Total available stable funding (£m)	**262,905**	262,779	264,729	266,701	269,524
19	Total required stable funding (£m)	**169,075**	168,217	167,523	166,740	166,895
20	NSFR ratio (%)	**155**	156	158	160	162

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

- Common equity tier 1 capital – 4.5% of RWAs.
- Tier 1 capital (CET1 capital plus AT1 capital) – 6% of RWAs.
- Total capital (Tier 1 capital plus Tier 2 capital) – 8% of RWAs.

Rows UK-7a to UK-7c in the table above show how the group additional capital requirement set by the PRA at 3.92% of RWAs is allocated to each these tiers of capital. Row UK-7d adds the total of these additional requirements to the CRR II minimum requirements to give a total capital SREP requirement of 11.9%. Rows 8 to 11 set out buffer requirements to which the group is also subject (and which must be satisfied by CET1). The group's overall capital requirement in Row UK-11a, 17.3%, is the sum of these buffer requirements and the minimum capital requirements calculated above in Row UK-7d.

IFRS 9 transitional arrangements

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

Regulatory developments

Basel 3.1

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

Counterparty Credit Risk Management

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

Securitisation General Requirements

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

Environmental, social and governance ('ESG') risk

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

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

Linkage to the Interim Report

This section demonstrates the links between the group's financial balance sheet and its regulatory counterpart. In addition to this reconciliation, presented here in Table 2, our Pillar 3 Disclosures at 30 June 2024 also provide:

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

Structure of the regulatory group

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

- special purpose entities ('SPEs') 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/joint ventures are proportionally consolidated for regulatory purposes by including our share of assets, liabilities, profit and loss, and RWAs in accordance with the PRA's application of European Union ('EU') legislation.

Table 2 below presents the reconciliation between HSBC UK's financial balance sheet and the regulatory scope of consolidation. The Regulatory Balance Sheet value cannot be directly reconciled to other tables within the regulatory scope of consolidation as it is not a measure of RWA; rather, it is derived from an accounting measure.

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

	Ref †	Accounting balance sheet	Deconsolidation of securitisation/ other entities	Consolidation of banking associates	Regulatory balance sheet
		£m	£m	£m	£m
Assets					
Cash and balances at central banks		53,833	—	60	53,893
Items in the course of collection from other banks		328	—	—	328
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss		149	—	—	149
Derivatives		171	—	—	171
Loans and advances to banks	l	6,039	—	—	6,039
Loans and advances to customers	l	213,900	—	—	213,900
– of which: expected credit losses on internal ratings-based ('IRB') portfolios	h	*(1,484)*	—	—	*(1,484)*
Reverse repurchase agreements – non-trading		7,698	—	—	7,698
Financial investments		35,712	(170)	—	35,542
Prepayments, accrued income and other assets		8,306	15	21	8,342
– of which: retirement benefit assets	j	*5,417*	—	—	*5,417*
Interests in associates and joint ventures		9	—	(9)	—
Goodwill and intangible assets	e	4,329	—	—	4,329
Total assets at 30 Jun 2024		330,474	(155)	72	330,391
Liabilities and equity					
Liabilities					
Deposits by banks		10,957	—	62	11,019
Customer accounts		266,841	265	—	267,106
Repurchase agreements – non-trading		2,907	—	—	2,907
Items in the course of transmission to other banks		508	—	—	508
Derivatives		47	—		47
Debt securities in issue		2,047	(420)		1,627
Accruals, deferred income and other liabilities		4,205	—	8	4,213
Current tax liabilities		386	—		386
Provisions		259	—	—	259
– of which: credit-related contingent liabilities and contractual commitments on IRB portfolios	h	*102*	—	—	*102*
Deferred tax liabilities		1,030	—	—	1,030
Subordinated liabilities		15,400	—	—	15,400
– of which: included in tier 2	o	*3,188*	—	—	*3,188*
Total liabilities at 30 Jun 2024		304,587	(155)	70	304,502
Equity					
Called up share capital	a	—	—	—	—
Share premium account	a	9,015	—	—	9,015
Other equity instruments	m	2,196	—	—	2,196
Other reserves	c, g	6,899	—	2	6,901
Retained earnings	b, c	7,717	—	—	7,717
Total shareholders' equity		25,827	—	2	25,829
Non-controlling interests	n	60	—	—	60
Total equity at 30 Jun 2024		25,887		2	25,889
Total liabilities and equity at 30 Jun 2024		330,474	(155)	72	330,391

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

Treasury Risk management

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

The Chief Risk Officer is the accountable risk steward for all treasury risks. The Chief Financial Officer is the risk owner for all treasury risks.

Capital risk, liquidity risk, interest rate risk in the banking book, structural foreign exchange risk and transactional foreign exchange risk are the responsibility of the Executive Committee and the Risk Committee. Treasury actively manages these risks on an on-going basis, supported by the Asset and Liability Management Committee ('ALCO'), overseen by Treasury Risk Management. Pension Risk is overseen by a pension risk management meeting chaired by the accountable risk steward.

Our policy is underpinned by our risk management framework, our Internal Capital Adequacy Assessment Process ('ICAAP') and our Internal Liquidity Adequacy Assessment Process ('ILAAP'). The risk framework incorporates a number of measures aligned to our assessment of risks for both internal and regulatory purposes.

These risks include credit, market, operational, pensions, non-trading book foreign exchange risk, and interest rate risk in the banking book.

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, please see pages 53 to 55 of the Annual Report and Accounts 2023.

Risk to capital and liquidity

We use stress testing to inform management of the capital and liquidity needed to withstand internal and external shocks, including an economic downturn or a systems failure. Outside the stress testing framework, other risks may be identified that have the potential to affect our RWAs, capital and/or liquidity position. We closely monitor future regulatory changes, and continue to evaluate the impact of these upon our capital and liquidity requirements, particularly those related to the UK's implementation of the outstanding measures to be implemented from the Basel III reforms ('Basel 3.1'). These are discussed in the 'Regulatory developments' section on page 5.

Capital risk

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

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

A list of the main features of our capital instruments in accordance with Article 437 of CRR is also published on our website at www.hsbc.com. The full terms and conditions of our securities are also available at www.hsbc.com.

Liquidity risk

We aim to ensure that management have oversight of our liquidity and funding risks by maintaining comprehensive policies, metrics and controls. We maintain a strong liquidity base to support the risks inherent in our business and invest in accordance with our strategy, meeting both consolidated and local regulatory requirements at all times. We manage liquidity and funding risk in accordance with globally consistent policies, procedures and reporting standards.

Non-trading book foreign exchange exposures

Structural foreign exchange exposures arise from net assets or capital investments in foreign operations, together with any associated hedging. A foreign operation is defined as a subsidiary, associate, joint arrangement or branch where the activities are conducted in a currency other than that of the reporting entity. An entity's functional reporting currency is normally that of the primary economic environment in which the entity operates.

HSBC UK has no such foreign operations.

Transactional foreign exchange risk arises primarily from day-to-day transactions in the banking book generating profit and loss or fair value through other comprehensive income ('FVOCI') reserves in a currency other than the reporting currency of the operating entity. Transactional foreign exchange exposure generated through profit and loss is periodically transferred to Markets and Securities Services and managed within limits, with the exception of limited residual foreign exchange exposure arising from timing differences or for other reasons. Transactional foreign exchange exposure generated through OCI reserves is managed by Global Treasury within the agreed appetite.

Own funds

Table 3 below provides a detailed breakdown of the key components of our CET1, Tier 1 and Tier 2 capital and the regulatory adjustments impacting our capital base on a transitional basis.

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

		Ref †	At 30 Jun 2024 £m	At 31 Dec 2023 £m
	Common equity tier 1 ('CET1') capital: instruments and reserves			
1	Capital instruments and the related share premium accounts		**9,015**	9,015
	– ordinary shares	a	**9,015**	9,015
2	Retained earnings[1]	b	**6,152**	4,198
3	Accumulated other comprehensive income (and other reserves)[1]	c	**6,899**	7,227
UK-5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	b	**615**	1,963
6	**Common equity tier 1 capital before regulatory adjustments**		**22,682**	22,403
	Common equity tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)		**(33)**	(17)
8	Intangible assets (net of related tax liability) (negative amount)	e	**(4,329)**	(4,363)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	g	**638**	294
12	Negative amounts resulting from the calculation of expected loss amounts	h	**(519)**	(280)
15	Defined-benefit pension fund assets (negative amount)	j	**(3,901)**	(3,843)
UK-27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	l	**12**	30
28	**Total regulatory adjustments to common equity tier 1**		**(8,132)**	(8,179)
29	**Common Equity Tier 1 ('CET1') capital**		**14,550**	14,224
	Additional tier 1 ('AT1') capital: instruments			
30	Capital instruments and the related share premium accounts		**2,196**	2,196
31	– classified as equity under IFRSs	m	**2,196**	2,196
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	n	**56**	59
36	**Additional tier 1 capital before regulatory adjustments**		**2,252**	2,255
45	**Tier 1 capital (T1 = CET1 + AT1)**		**16,802**	16,479
	Tier 2 capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	o	**3,188**	3,293
51	**Tier 2 capital before regulatory adjustments**		**3,188**	3,293
58	**Tier 2 capital**		**3,188**	3,293
59	**Total capital (TC = T1 + T2)**		**19,990**	19,772
60	**Total risk-weighted assets**		**104,352**	101,478
	Capital ratios and buffers (%)			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)		**13.9**	14.0
62	Tier 1 (as a percentage of total risk exposure amount)		**16.1**	16.2
63	Total capital (as a percentage of total risk exposure amount)		**19.2**	19.5
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		**12.1**	12.1
65	– capital conservation buffer requirement		**2.5**	2.5
66	– countercyclical buffer requirement		**1.9**	1.9
67	– systemic risk buffer requirement		**1.0**	1.0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		**7.2**	7.3
	Amounts below the threshold for deduction (before risk weighting)			
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)		**238**	268
	Applicable caps on the inclusion of provisions in tier			
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		**135**	137
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		**473**	450

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

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

At 30 June 2024, our CET1 capital ratio decreased to 13.9% from 14% at 31 December 2023.

The key drivers for the decrease in the CET1 capital ratio were:

- a decrease of 0.4% driven by higher RWAs of £2.9bn mainly from asset size and methodology updates.
- an increase of 0.3% from £0.6bn of capital generation mainly through profits net of dividends, partly offset by an increase of £0.3bn in the excess expected loss deduction.

At 30 June 2024, our Pillar 2A requirement, in accordance with the PRA's Individual Capital Requirement based on a point-in-time assessment, was equivalent to 3.92% of RWAs, of which 2.2% was met by CET1 capital. Throughout the first half of 2024, we complied with the PRA's regulatory capital adequacy requirements.

Capital buffers

Our geographical breakdown and institution-specific countercyclical capital buffer ('CCyB') disclosure is provided on page 46 of this document.

Pillar 1 minimum capital requirements and RWA flow

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

Risk category	Scope of permissible approaches	Our approach
Credit risk	The Basel Committee's framework applies three approaches of increasing sophistication to the calculation of Pillar 1 credit risk capital requirements. The most basic level, the standardised approach, requires banks to use external credit ratings to determine the risk weightings applied to rated counterparties. Other counterparties are grouped into broad categories, and standardised risk weightings are applied to these categories. The next level, the foundation IRB ('FIRB') approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of a counterparty's probability of default ('PD'), but subjects their quantified estimates of exposure at default ('EAD') and loss given default ('LGD') to standard supervisory parameters. Finally, the advanced IRB ('AIRB') approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.	HSBC UK has adopted the IRB approach for the majority of its business. For Retail, advanced IRB is primarily used, with Foundation used for most of the Wholesale portfolio. Some portfolios remain on the standardised approach: – following supervisory prescription of a non-advanced approach; or – under exemptions from IRB treatment.
Counterparty credit risk ('CCR')	CCR covers the risk of counterparty default and potential mark-to-market losses in derivatives and SFTs. The potential for mark-to-market losses is known as CVA risk. The exposure value, for a given netting set, is determined either by the credit risk mitigation ('CRM') approach, Standardised Approach For Counterparty Risk ('SA-CCR'), or by internal model method ('IMM'). For CVA, permissible approaches are the Standardised Approach ('SA') and Advanced Approach.	HSBC UK uses mark to market approach under which derivatives exposures are calculated per the Standardised Approach for Counterparty Credit Risk ('SA-CCR')
Equity	For the non-trading book, equity exposures can be assessed under standardised or IRB approaches.	For HSBC UK, all equity exposures are treated under the standardised 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. – Wherever broader approach categorisation is required, 'SEC-IRBA' is mapped to IRB approach and the remaining three approaches are mapped to standardised category. – Our investments in third party follows the standardised approach ('SEC-SA') and the external ratings-based approach ('SEC-ERBA').
Market risk	Market risk capital requirements can be determined under either the standard rules or the internal models approach ('IMA'). The latter involves the use of internal value at risk ('VaR') models to measure market risks and determine the appropriate capital requirement. In addition to the VaR models, other internal models include stressed VaR, incremental risk charge ('IRC') and comprehensive risk measure.	For HSBC UK, the market risk capital requirement is measured using the standardised rules.
Operational risk	The Basel Committee allows firms to calculate their operational risk capital requirement under the basic indicator approach, the standardised approach or the advanced measurement approach.	HSBC UK uses the standardised approach in determining our operational risk capital requirement.

Table 4 below shows total RWAs and the corresponding total own funds requirement split by risk type, and represents the minimum capital charge set at 8% of RWAs by Article 92(1) of CRR II. Other counterparty credit risk includes RWAs on securities financing transactions.

Table 4: Overview of Risk weighted exposure amounts (OV1)

		At			
		30 Jun 2024	31 Mar 2024	**30 Jun 2024**	31 Mar 2024
		RWAs	RWAs	**Total own funds requirement**	Total own funds requirement
		£m	£m	**£m**	£m
1	**Credit risk (excluding counterparty credit risk)**	**89,506**	87,238	**7,161**	6,979
2	– standardised approach	**10,758**	10,639	**861**	851
3	– foundation IRB approach	**42,301**	40,685	**3,384**	3,255
4	– slotting approach	**5,065**	5,114	**405**	409
5	– advanced IRB approach	**31,382**	30,800	**2,511**	2,464
6	**Counterparty credit risk**	**180**	177	**14**	14
7	– standardised approach	**68**	68	**5**	5
UK-8a	– risk exposure amount for contributions to the default fund of a central counterparty	**80**	73	**6**	6
UK-8b	– credit valuation adjustment	**22**	16	**2**	1
9	– Other counterparty credit risk	**10**	20	**1**	2
16	**Securitisation exposures in the non-trading book**	**935**	1,082	**75**	87
17	– internal ratings-based approach ('SEC-IRBA')	**783**	925	**63**	74
18	– external ratings-based approach ('SEC-ERBA') including internal assessment approach ('IAA')	**5**	8	**—**	1
19	– standardised approach ('SEC-SA')	**147**	149	**12**	12
20	**Position, foreign exchange and commodities risks (Market risk)**	**124**	114	**10**	9
21	– standardised approach	**124**	114	**10**	9
23	**Operational risk**	**13,607**	13,607	**1,089**	1,089
UK-23b	– standardised approach	**13,607**	13,607	**1,089**	1,089
29	**Total**	**104,352**	102,218	**8,349**	8,178
24	– *of which: Amounts below the thresholds for deduction (subject to 250% risk weight)*[1]	***594***	*613*	***48***	*49*

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

Credit risk, including amounts below the thresholds for deduction

Excluding £0.1bn decrease due to foreign currency translation differences, Credit risk RWAs increased by £2.4bn during the quarter.

Foundation IRB RWAs increased by £1.6 bn mainly due to growth in corporate lending, data quality improvements and risk parameter refinements.

Advanced IRB RWAs increased by £0.6 bn mainly due to growth in retail mortgages.

Table 5 below presents the drivers of the quarterly movements of credit risk RWAs (excluding counterparty credit risk) under the IRB approach. Securitisation positions and Non-credit obligation assets ('NCOAs') are not included in this table.

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

		Quarter ended			
		30 Jun 2024	31 Mar 2024	31 Dec 2023	30 Sep 2023
		£m	£m	£m	£m
1	**RWAs at the opening period**	**75,622**	74,900	76,465	74,917
2	Asset size	**1,151**	589	(69)	240
3	Asset quality	**424**	(137)	29	1,330
4	Model updates	**95**	—	(94)	(102)
5	Methodology and policy	**548**	261	(1,209)	(162)
7	Foreign exchange movements	**(21)**	9	(222)	242
9	**RWAs at the closing period**	**77,819**	75,622	74,900	76,465

RWAs under the IRB approach increased by £2.2bn during the quarter.

Asset Size

Increase in RWAs by £1.2bn mainly due to growth in corporate lending and retail mortgages.

Asset Quality

Increase in RWAs by £0.4bn due to credit migrations and changes in the underlying portfolio mix.

Methodology & Policy

Increase in RWAs by £0.5bn due to data quality improvements and risk parameter refinements.

Leverage ratio

The risk of excessive leverage is managed as part of the UK risk appetite framework and monitored using a leverage ratio metric within our risk appetite statement ('RAS'). The RAS articulates the aggregate level and types of risk that HSBC UK is willing to accept in its business activities in order to achieve its strategic business objectives. The RAS is monitored via the risk appetite profile report, which includes comparisons of actual performance against the risk appetite and tolerance thresholds assigned to each metric.

This is to help ensure that any excessive risk is highlighted, assessed and mitigated appropriately.

The risk appetite profile report is presented monthly to the Risk Management Meeting.

Our approach to risk appetite is described on page 28 of the Interim Report 2024.

Table 6 below provides a detailed breakdown of the components of our leverage exposure, including the split of the on and off balance sheet exposures, leverage ratios, minimum requirements and buffers on an IFRS 9 transitional basis. The components of the leverage ratio on an average basis are also included as per UK's leverage ratio framework.

Table 6: Leverage ratio common disclosure (UK LR2-LRCom)

		At	
		30 Jun 2024	31 Dec 2023
		£m	£m
	On-balance sheet exposures (excluding derivatives and securities financing transactions ('SFTs'))		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**321,556**	323,117
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**421**	353
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(421)**	(353)
6	(Asset amounts deducted in determining tier 1 capital) (leverage)	**(8,736)**	(8,455)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**312,820**	314,662
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**76**	71
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**392**	366
13	**Total derivative exposures**	**468**	437
	SFT exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**8,629**	10,936
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(556)**	(3,157)
16	Counterparty credit risk exposure for SFT assets	**822**	1,265
18	**Total securities financing transaction exposures**	**8,895**	9,044
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**79,832**	76,643
20	(Adjustments for conversion to credit equivalent amounts)	**(59,476)**	(57,491)
22	**Total off-balance sheet exposures**	**20,356**	19,152
	Capital and total exposures measure		
23	**Tier 1 capital (leverage)**	**16,802**	16,479
24	Total exposure measure including claims on central banks	**342,539**	343,295
UK-24a	(-) Claims on central banks excluded	**(58,913)**	(72,388)
UK-24b	**Total exposure measure excluding claims on central banks**	**283,626**	270,907
	Leverage ratios		
25	**Leverage ratio excluding claims on central banks (%)**	**5.92**	6.08
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.92**	6.07
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**5.92**	6.08
UK-25c	Leverage ratio including claims on central banks (%)	**4.91**	4.80
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements – leverage ratio buffers		
27	Leverage ratio buffer (%)	**1.05**	1.00
UK-27a	– *of which: G-SII or O-SII additional leverage ratio buffer (%)*	***0.35***	*0.35*
UK-27b	– *of which: countercyclical leverage ratio buffer (%)*	***0.70***	*0.65*

Table 6: Leverage ratio common disclosure (UK LR2-LRCom) (continued)

		At	
		30 Jun 2024	31 Dec 2023
		£m	£m
	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	**8,529**	5,381
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	**8,073**	7,779
UK-31	Average total exposure measure including claims on central banks	**338,442**	336,943
UK-32	Average total exposure measure excluding claims on central banks	**280,405**	267,547
UK-33	Average leverage ratio including claims on central banks %	**5.01**	5.06
UK-34	Average leverage ratio excluding claims on central banks %	**6.05**	6.38

Table 7 below provides a reconciliation of the total assets in our published balance sheet under IFRS to the total leverage exposure.

Table 7: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (UK LR1-LRSum)

		At	
		30 Jun 2024	31 Dec 2023
		£m	£m
1	Total assets as per published financial statements	**330,474**	332,876
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(84)**	(87)
4	(Adjustment for exemption of exposures to central banks)	**(58,913)**	(72,388)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**(9)**	(2)
7	Adjustment for eligible cash pooling transactions	**1,948**	1,910
8	Adjustment for derivative financial instruments	**297**	259
9	Adjustment for securities financing transactions ('SFTs')	**1,197**	1,359
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**20,356**	19,152
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(8,736)**	(8,455)
12	Other adjustments	**(2,904)**	(3,717)
13	**Total leverage ratio exposure**	**283,626**	270,907

Table 8 provides the breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class.

Table 8: Leverage ratio – split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (UK LR3-LRSpl)

		At	
		30 Jun 2024	31 Dec 2023
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), *of which:*	**262,222**	250,375
UK-3	Banking book exposures, *of which:*	**262,222**	250,375
UK-5	Exposures treated as sovereigns	**33,246**	24,631
UK-6	Exposures to regional governments, multilateral development banks, international organisations and public sector entities not treated as sovereigns	**19**	25
UK-7	Institutions	**3,293**	2,920
UK-8	Secured by mortgages of immovable properties	**131,056**	129,105
UK-9	Retail exposures	**15,227**	14,968
UK-10	Corporates	**62,608**	62,126
UK-11	Exposures in default	**2,548**	2,357
UK-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	**14,225**	14,243

Our leverage ratio, calculated in accordance with the PRA's UK Leverage framework implemented on 1 January 2022 was 5.9% at 30 June 2024.

The leverage ratio decreased from 6.1% to 5.9%, resulting from an increase of £13bn in exposure partly offset by increase of £0.3bn in tier 1 capital. Key drivers for an overall decrease in 0.2% of Leverage ratio were:

- a 0.3% decrease due to increase in exposure of £13bn mainly due to growth in corporate and retail lending and increase in financial investments mainly due to increased hedging requirements of interest rate risk.
- a 0.1% increase from £0.6bn of capital generation mainly through profits net of dividend partly offset by increase of £0.3bn in excess expected loss deduction.

At 30 June 2024, UK minimum leverage ratio requirement of 3.25% under the PRA's UK leverage framework was supplemented by a leverage ratio buffer of 1.1%,which consists of an additional leverage ratio buffer of 0.4% and a countercyclical leverage ratio buffer of 0.7%. These buffers translated into capital value of £1bn and £2bn respectively. We exceeded these leverage requirements.

The average leverage ratio decreased from 6.4% to 6.1%, primarily due to increase in average leverage exposure of £13bn mainly driven by increases in corporate and retail lending and financial investments.

Liquidity risk

Management of liquidity and funding risk

We aim to ensure that management has oversight of our liquidity and funding risks by maintaining comprehensive policies, metrics and controls.

Liquidity coverage ratio

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

HSBC UK's liquid asset buffer is mainly comprised of central bank reserves and Level 1 securities.

At 30 June 2024, HSBC UK's LCR was above regulatory minimum. Average LCR as at 30 June 2024 was 193% as compared to 201% as at 31 December 2023. The decrease of 8% is mainly due to decrease in average deposits by £5bn from cost of living impact on customers and competitive pressures, alongside growth in average mortgage lending by £2bn.

Net stable funding ratio

We use the NSFR, alongside other appropriate metrics, as a basis for ensuring operating entities raise sufficient stable funding to support their business activities. These metrics require institutions to maintain a minimum amount of stable funding based on assumptions of asset liquidity. The NSFR is defined as the ratio between the amount of available stable funding ('ASF') and the amount of required stable funding ('RSF').

At 30 June 2024, HSBC UK's NSFR was above regulatory minimum. Average NSFR as at 30 June 2024 was 155% as compared to 158% as at 31 December 2023. The reduction in average NSFR is mainly due to decrease in average deposits by £5bn from cost of living impact on customers and competitive pressures, alongside growth in average mortgage lending by £2bn.

Currency mismatch in the LCR

Our internal liquidity and funding risk management framework requires all operating entities to monitor the LCR for material currencies. This continuous monitoring helps with overall management of currency exposures, in line with our internal framework.

Sources of funding

Our primary sources of funding are customer current accounts and customer 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.

More details on the concentration of funding and liquidity sources may be found on page 29 of the Interim Report 2024 and page 58 of the Annual Report and Accounts 2023.

The following table presents liquidity coverage information on a HSBC UK Bank Domestic Liquidity Sub-group basis reflecting the way we manage liquidity within HSBC UK.

The HSBC UK Bank Domestic Liquidity Sub-group comprises: HSBC UK Bank plc, Marks and Spencer Financial Services plc, HSBC Trust Company (UK) Limited, HSBC Private Bank (UK) Limited and HSBC Innovation Bank Limited.

Table 9 below sets out the granular split of cash outflows and cash inflows, as well as the available high-quality liquid assets on both an unweighted and weighted basis, that are used to derive the liquidity coverage ratio. The table discloses the liquidity coverage ratio, high-quality liquid assets and net outflows based on end-of-the-month observations over the preceding 12 months for each quarter.

Table 9: UK LIQ1 – Quantitative information of LCR

		Quarter ended							
		30 Jun 2024		31 Mar 2024		31 Dec 2023		30 Sep 2023	
		Total unweighted value	**Total weighted value**	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value	Total unweighted value	Total weighted value
		£m	**£m**	£m	£m	£m	£m	£m	£m
UK 1b	Number of data points used in the calculation of averages		**12**		12		12		12
	High quality liquid assets								
1	Total high quality liquid assets ('HQLA')		**90,445**	—	92,036	—	94,765		98,181
	Cash outflows								
2	Retail deposits and small business funding	**191,540**	**15,754**	193,033	15,858	195,364	16,039	198,657	16,355
	– *of which:*								
3	*stable deposits*	**121,847**	**6,092**	*122,718*	*6,136*	*123,853*	*6,193*	*125,071*	*6,253*
4	*less stable deposits*	**69,693**	**9,662**	*70,315*	*9,722*	*71,511*	*9,846*	*73,586*	*10,102*
5	Unsecured wholesale funding	**71,088**	**27,880**	72,326	28,382	73,345	28,719	74,220	28,887
6	– operational deposits (all counterparties) and deposits in networks of cooperative banks	**22,198**	**5,209**	22,150	5,188	22,248	5,203	22,593	5,282
7	– non-operational deposits (all counterparties)	**48,745**	**22,526**	50,020	23,038	50,932	23,351	51,476	23,454
8	– unsecured debt	**145**	**145**	156	156	165	165	151	151
9	Secured wholesale funding		**1**		—		—		
10	Additional requirements	**37,559**	**5,008**	30,468	4,499	25,333	3,980	24,845	3,678
11	– outflows related to derivative exposures and other collateral requirements	**748**	**746**	723	721	733	731	729	728
13	– credit and liquidity facilities	**36,811**	**4,262**	29,745	3,778	24,600	3,249	24,116	2,950
14	Other contractual funding obligations	**986**	**713**	884	633	737	501	701	475
15	Other contingent funding obligations	**44,194**	**3,068**	51,368	3,488	55,564	3,818	54,709	3,968
	Total cash outflows		**52,424**		52,860		53,057		53,363
	Cash inflows								
17	Secured lending transactions (including reverse repos)	**4,250**	**107**	3,536	74	3,581	65	3,702	71
18	Inflows from fully performing exposures	**4,237**	**3,491**	4,313	3,583	4,257	3,544	4,036	3,334
19	Other cash inflows	**9,764**	**2,039**	9,961	2,150	10,281	2,214	10,655	2,297
20	**Total cash inflows**	**18,251**	**5,637**	17,810	5,807	18,119	5,823	18,393	5,702
UK-20c	Inflows Subject to 75% Cap	**18,251**	**5,637**	17,810	5,807	18,119	5,823	18,393	5,702
UK-21	Liquidity Buffer		**90,445**	—	92,036		94,765		98,181
22	Total net cash outflows		**46,787**	—	47,053		47,234		47,661
23	Liquidity coverage ratio (%)		**193**		196		201		206

Table 10 below shows the components of the net stable funding ratio for unweighted values by residual maturity and the resultant weighted amounts.

Table 10: UK LIQ2 – Net Stable Funding Ratio

		30 June 2024				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	**24,160**	**—**	**—**	**3,184**	**27,344**
2	– Own funds	**24,160**	**—**	**—**	**3,184**	**27,344**
4	Retail deposits	**—**	**192,059**	**—**	**—**	**178,973**
5	– Stable deposits	**—**	**122,398**	**—**	**—**	**116,278**
6	– Less stable deposits	**—**	**69,661**	**—**	**—**	**62,695**
7	Wholesale funding:	**—**	**80,262**	**1,348**	**20,981**	**56,588**
8	– Operational deposits	**—**	**22,451**	**—**	**—**	**11,226**
9	– Other wholesale funding	**—**	**57,810**	**1,348**	**20,981**	**45,362**
10	Interdependent liabilities	**—**	**—**	**—**	**—**	**—**
11	Other liabilities:	**—**	**6,450**	**—**	**—**	**—**
13	– All other liabilities and capital instruments not included in the above categories		**6,450**	**—**	**—**	**—**
14	**Total available stable funding ('ASF') at 30 Jun 2024**					**262,905**
Required stable funding ('RSF') Items						
15	**Total high-quality liquid assets ('HQLA')**	**96,274**				**377**
17	Performing loans and securities:		**31,235**	**11,439**	**173,484**	**145,209**
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		**5,656**	**943**	**—**	**471**
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		**414**	**—**	**—**	**21**
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		**16,752**	**5,936**	**41,277**	**45,914**
21	– *of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		***431***	***494***	***2,609***	***2,158***
22	– Performing residential mortgages		**2,784**	**2,710**	**123,895**	**88,807**
23	– *of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		***2,757***	***2,684***	***122,686***	***87,752***
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		**5,628**	**1,850**	**8,312**	**9,996**
25	Interdependent assets		**—**	**—**	**—**	**—**
26	Other assets:	**—**	**4,347**	**—**	**12,833**	**16,745**
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		**867**			**737**
29	– NSFR derivative assets		**130**			**130**
30	– NSFR derivative liabilities before deduction of variation margin posted		**69**			**3**
31	– All other assets not included in the above categories		**3,281**	**—**	**12,833**	**15,875**
32	Off-balance sheet items		**28,973**	**7,146**	**44,819**	**6,744**
33	**Total RSF at 30 Jun 2024**		**—**	**—**	**—**	**169,075**
34	Net Stable Funding Ratio (%)					**155**

Table 10: UK LIQ2 – Net Stable Funding Ratio (continued)

		31 December 2023				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
		£m	£m	£m	£m	£m
Available stable funding ('ASF') Items						
1	Capital items and instruments	23,540	—	—	3,115	26,655
2	– Own funds	23,540	—	—	3,115	26,655
4	Retail deposits	—	195,277	—	—	181,946
5	– Stable deposits	—	123,932	—	—	117,736
6	– Less stable deposits	—	71,345	—	—	64,211
7	Wholesale funding:	—	84,840	1,558	19,398	56,129
8	– Operational deposits	—	22,270	—	—	11,135
9	– Other wholesale funding	—	62,570	1,558	19,398	44,993
10	Interdependent liabilities					
11	Other liabilities:	—	5,406	—	—	—
13	– All other liabilities and capital instruments not included in the above categories	—	5,406	—	—	—
14	Total available stable funding ('ASF') at 31 Dec 2023	—	—	—	—	264,729
Required stable funding ('RSF') Items						
15	Total high-quality liquid assets ('HQLA')	103,587	—	—	—	318
UK-15a	Assets encumbered for more than 12m in cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:	—	30,744	11,170	171,946	143,542
18	– Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	—	4,703	1,391	—	696
19	– Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	—	242	—	—	12
20	– Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs	—	16,445	5,412	46,442	49,749
21	– *of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	—	*550*	*515*	*3,276*	*2,662*
22	– Performing residential mortgages	—	2,974	2,698	121,311	87,181
23	– *of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*	—	*2,947*	*2,672*	*119,783*	*85,855*
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	—	6,381	1,669	4,193	5,904
25	Interdependent assets					
26	Other assets:	—	4,148	—	12,765	16,452
27	– Physical traded commodities					
28	– Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	—	341	—	—	290
29	– NSFR derivative assets	—	141	—	—	141
30	– NSFR derivative liabilities before deduction of variation margin posted	—	187	—	—	9
31	– All other assets not included in the above categories	—	3,479	—	12,765	16,011
32	Off-balance sheet items	—	31,670	6,271	43,150	7,212
33	Total RSF at 31 Dec 2023	—	—	—	—	167,523
34	Net Stable Funding Ratio (%)	—	—	—	—	158

Interest rate risk in the banking book

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

Risk management and governance

Treasury measures, monitors and manages interest rate risk in the banking book. This includes reviewing and challenging the interest rate management impacts of new products and the proposed behavioural assumptions used for hedging activities. Treasury is also responsible for maintaining and updating the transfer pricing framework, informing Asset and Liability Committee ('ALCO') of HSBC UK's overall banking book interest rate risk exposure. All material interest rate risk must be identified, measured, monitored, managed and controlled by metrics within limits for HSBC UK. Key metrics used to monitor IRRBB include: projected net interest income ('NII') and economic value of equity ('EVE') sensitivities under varying interest rate scenarios as prescribed by the regulators and internally calibrated scenarios and shocks. A stressed VaR is used for the portfolio of liquid securities held by Markets Treasury that are accounted for at fair value through other comprehensive income.

EVE and NII sensitivities are monitored against thresholds for HSBC UK. Treasury is subject to an independent oversight and challenge from Treasury Risk, Internal Audit and model governance. Calculations exclude pension, insurance and investments in subsidiaries.

Stress testing is used to assess how the bank copes with severe economic scenarios, in particular looking at bank's resilience to make sure there is enough capital to withstand extreme shocks.

At HSBC UK, stress testing also forms a key part of our risk management framework. HSBC UK runs various internal and regulatory stress tests during the year which helps us to identify key economic risks the entity is exposed to and how they impact on its financial and capital position in a severe economic shock. Identifying these risks allow the entity to actively assess and put in place effective risk management strategies to help mitigate before those risks occur. The results of the various stress tests also help to ensure that the bank has adequate capital and liquidity to withstand extreme hypothetical economic shocks as defined in the stress scenarios and thus to help determine our capital requirements under ICAAP.

Economic value of equity and net interest income sensitivity

EVE sensitivities represent the expected movement in EVE due to pre-specified interest rate shocks, where all other economic variables are held constant. This represents the present value of the future banking book cash flows that could be distributed to equity providers under a managed run-off scenario. This can be used to assess the economic capital required to support interest rate risk in the banking book and provides a comprehensive view of the potential long term effects of the changes in interest rates. HSBC UK is required to monitor EVE sensitivities as a percentage of capital resources and this is calculated on a quarterly basis.

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

Active management of IRRBB

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

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

The large majority of Markets Treasury activity is on a non-market risk capitalised basis. The only Markets Treasury activity treated as market risk capitalised is the use of FX swaps to manage cash. All returns generated by Markets Treasury are transferred into global businesses.

Interest rate shock and stress scenarios applied

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

The NII sensitivity calculations are done under the following shocks:

- Parallel up;
- Parallel down;
- An immediate shock of +/-200 bps for USD, EUR, HKD and +/-250 bps for GBP to the current market-implied path of interest rates across all currencies (effects over one year); and
- Other currency shocks as per regulatory guidelines (effects over one year).

The EVE sensitivities are based on six Basel Standard Outlier shocks:

- Parallel up;
- Parallel down;
- Steepener;
- Flattener;
- Short rates shock up; and
- Short rates shock down.

Key modelling assumptions

For EVE sensitivities, commercial margins and other spread components have been excluded from the interest cash flows calculation and all balance sheet items are discounted at the risk free rate. All equity instruments that have no coupon or call dates are excluded. As prescribed by the regulator, the interest rate floors start at -1.0% for overnight yield curve tenors and increase by 5bps per year to 0.0% at 20 year tenors. All of the negative values are netted with 50% of the positive value by currency, as per the regulatory guidelines.

For NII sensitivities we assume constant balance sheet, and we include commercial margin. All forecasted market rates are based on implied forward rates from the reporting date. Interest rate floors start at -1.0% for overnight yield curve tenors and increase 5bps per year to 0.0% at 20 year tenors. We apply beta assumptions to managed rate products. Customer pricing includes flooring where there are contractual obligations and customer optionality including prepayment and early redemption risk is included where present.

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

Pillar 3 disclosure has different assumptions to Group IRRBB internal model assumptions. Those include, but not limited to treatment of NMD's, shocks, scenarios and flooring.

The average repricing maturity for non-maturity deposits ('NMDs') in Q2 2024 was 21 months. The longest repricing maturity for non-maturity deposits ('NMDs') in Q2 2024 was 120 months.

Quantitative information on IRRBB

As of 30 June 2024, the maximum decline in EVE is £1,533m from a parallel shock up which translates to 9.1% of tier 1 capital. The most adverse NII scenario over the next 12 months was the parallel shock down, this would result in a decrease of projected NII by £982m. The changes in sensitivities from 31 December 2023 have been driven by factors including model improvements, structural interest rate hedging and balance sheet evolution. For 30 June 2024, we have simplified the basis of preparation for our NII sensitivity disclosure and have used a 50% pass-on assumption on certain interest-bearing deposits. As of 31 December 2023 NII sensitivity to the parallel shock down would have been -£1.3bn, and to the parallel shock up £1.1bn.

The table 11 discloses our changes in Interest rate risk in the banking book for economic value of equity and net interest income, calculated under the supervisory shock scenarios defined in the PRA Rulebook.

Table 11: UK IRRBB1 – Quantitative information on IRRBB

		ΔEVE		ΔNII		Tier 1 capital	
		30 Jun 2024	31 Dec 2023	**30 Jun 2024**	31 Dec 2023	**30 Jun 2024**	31 Dec 2023
		£m	£m	**£m**	£m	**£m**	£m
10	Parallel shock up	**(1,533)**	(1,490)	**747**	583		
20	Parallel shock down	**957**	926	**(982)**	(1,285)		
30	Steepener shock	**(215)**	(353)				
40	Flattener shock	**(65)**	34				
50	Short rates shock up	**(604)**	(463)				
60	Short rates shock down	**332**	252				
70	Maximum	**(1,533)**	(1,490)	**(982)**	(1,285)		
80	Tier 1 capital					**16,802**	16,479

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 products, such as guarantees or commitments from holding assets in the form of debt securities..

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

Further details of our approach to credit risk may be found in 'Credit Risk' on page 13 of our Interim Report 2024 and page 24 of the Annual Report and Accounts 2023.

Credit quality of assets

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

The IFRS 9 stages have the following characteristics:

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

Credit-impaired (Stage 3) exposures are disclosed on page 21 of our Interim Report 2024.

Table 12 below breaks down the gross carrying amount of the performing and non-performing exposures and related impairments, and details of the collateral and guarantees received within each of the FINREP categories and definitions.

Table 12: Performing and non-performing exposures and related provisions (CR1)

		Gross carrying amount/ nominal amount[1,2]						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures					
			of which: Stage 1	*of which: Stage 2*		*of which: Stage 2*	*of which: Stage 3*		*of which: Stage 1*	*of which: Stage 2*		*of which: Stage 2*	*of which: Stage 3*	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	*£m*	*£m*	£m	*£m*	*£m*	£m	*£m*	*£m*	£m	*£m*	*£m*	£m	£m	£m
005	**Cash balances at central banks and other demand deposits**	58,863	*58,863*	—	2	—	*2*	—	—	—	(2)	—	*(2)*	—	—	—
010	**Loans and advances**	220,241	*179,534*	*40,608*	3,866	—	*3,866*	(881)	*(317)*	*(564)*	(700)	—	*(700)*	(547)	169,002	2,223
030	General governments	3	*3*	—	—	—	—	—	—	—	—	—	—	—	2	—
040	Credit institutions	2,807	*2,805*	—	—	—	—	—	—	—	—	—	—	—	2,182	—
050	Other financial corporations	12,897	*12,472*	*328*	69	—	*69*	(15)	*(9)*	*(6)*	(36)	—	*(36)*	—	6,496	31
060	Non-financial corporations	60,147	*48,621*	*11,526*	2,836	—	*2,836*	(520)	*(179)*	*(341)*	(469)	—	*(469)*	(547)	28,918	1,618
070	– *of which: SMEs*	*9,621*	7,895	1,726	*922*	—	922	*(114)*	(30)	(84)	*(101)*	—	(101)	*(33)*	*6,576*	*724*
080	Households	144,387	*115,633*	*28,754*	961	—	*961*	(346)	*(129)*	*(217)*	(195)	—	*(195)*	—	131,404	574
090	**Debt securities**	35,542	*35,542*	—	—	—	—	(2)	*(2)*	—	—	—	—	—	1,120	—
100	Central banks	731	*731*	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	30,941	*30,941*	—	—	—	—	(1)	*(1)*	—	—	—	—	—	828	—
120	Credit institutions	3,622	*3,622*	—	—	—	—	—	—	—	—	—	—	—	292	—
130	Other financial corporations	248	*248*	—	—	—	—	(1)	*(1)*	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**	79,579	*70,337*	*4,290*	303	—	*250*	(58)	*(28)*	*(30)*	(50)	—	*(38)*	—	15,690	40
170	General governments	7	*1*	—	—	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	165	*134*	*2*	—	—	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	4,639	*3,921*	*353*	7	—	*7*	(2)	*(1)*	*(1)*	(1)	—	*(1)*	—	221	—
200	Non-financial corporations	31,644	*23,571*	*3,521*	231	—	*178*	(51)	*(22)*	*(29)*	(48)	—	*(36)*	—	4,807	22
210	Households	43,124	*42,710*	*414*	65	—	*65*	(5)	*(5)*	—	(1)	—	*(1)*	—	10,662	18
220	**Total at 30 Jun 2024**	394,225	*344,276*	*44,898*	4,171	—	*4,118*	(941)	*(347)*	*(594)*	(752)	—	*(740)*	(547)	185,812	2,263

Table 12: Performing and non-performing exposures and related provisions (CR1) (continued)

		Gross carrying amount/ nominal amount[1,2]						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures					
			of which: Stage 1	of which: Stage 2		of which: Stage 2	of which: Stage 3		of which: Stage 1	of which: Stage 2		of which: Stage 2	of which: Stage 3	Accumulated partial write-off	On performing exposures	On non-performing exposures
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
005	Cash balances at central banks and other demand deposits	73,041	73,041	—	2	—	2	—	—	—	(2)	—	(2)	—	—	—
010	Loans and advances	217,992	175,615	42,289	3,911	—	3,911	(1,046)	(291)	(755)	(663)	—	(663)	(501)	167,066	2,279
030	General governments	89	89	—	—	—	—	—	—	—	—	—	—	—	—	—
040	Credit institutions	1,390	1,387	—	—	—	—	—	—	—	—	—	—	—	1,103	—
050	Other financial corporations	14,069	13,147	837	78	—	78	(16)	(10)	(6)	(35)	—	(35)	—	7,446	32
060	Non-financial corporations	60,084	46,227	13,857	2,878	—	2,878	(527)	(162)	(365)	(428)	—	(428)	(501)	29,173	1,699
070	– *of which: SMEs*	*10,446*	8,621	1,825	*1,202*	—	1,202	*(119)*	(35)	(84)	*(95)*	—	(95)	*(22)*	*7,420*	*992*
080	Households	142,360	114,765	27,595	955	—	955	(503)	(119)	(384)	(200)	—	(200)	—	129,344	548
090	Debt securities	26,145	26,145	—	—	—	—	(1)	(1)	—	—	—	—	—	911	—
100	Central banks	316	316	—	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	22,085	22,085	—	—	—	—	(1)	(1)	—	—	—	—	—	619	—
120	Credit institutions	3,550	3,550	—	—	—	—	—	—	—	—	—	—	—	292	—
130	Other financial corporations	194	194	—	—	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	76,237	66,069	5,093	406	—	341	(57)	(31)	(26)	(64)	—	(45)	—	14,226	48
170	General governments	6	1	—	—	—	—	—	—	—	—	—	—	—	—	—
180	Credit institutions	125	85	1	—	—	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	4,012	2,882	802	20	—	20	(2)	(1)	(1)	—	—	—	—	177	—
200	Non-financial corporations	30,669	22,252	3,714	317	—	252	(47)	(22)	(25)	(62)	—	(43)	—	4,401	37
210	Households	41,425	40,849	576	69	—	69	(8)	(8)	—	(2)	—	(2)	—	9,648	11
220	Total at 31 Dec 2023	393,415	340,870	47,382	4,319	—	4,254	(1,104)	(323)	(781)	(729)	—	(710)	(501)	182,203	2,327

1 Includes reverse repos and settlement accounts.
2 The staging analysis is non-additive as totals contain instruments not eligible for staging, such as those held at fair value through profit and loss.

Table 13 below presents the residual maturity breakdown of on- and off-balance sheet loans and debt securities.

Table 13: Maturity of exposures (CR1-A)

	Net exposure value[1]					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	£m	£m	£m	£m	£m	£m
1 Loans and advances	**43,948**	**56,049**	**61,576**	**140,625**	**100**	**302,298**
2 Debt securities	**—**	**11,951**	**10,239**	**13,352**	**—**	**35,542**
3 **Total at 30 Jun 2024**	**43,948**	**68,000**	**71,815**	**153,977**	**100**	**337,840**
1 Loans and advances	49,708	42,418	60,146	143,275	—	295,547
2 Debt securities	—	5,495	7,891	12,736	—	26,122
3 Total at 31 Dec 2023	49,708	47,913	68,037	156,011	—	321,669

1 *We have enhanced our disclosures to align with Table CR1 resulting in a net increase in exposures by £1.2bn due to inclusion of securitisation positions offset by exclusion of accrued interest on loan and advances and change in presentation for IFRS netting. Further reporting process improvements resulted in reclassifications of exposures between different maturity buckets. These changes are not included at 31 December 2023 and we estimate an increase of £1.2bn to the total net exposure value with an increase primarily in the '> 1 year <= 5 years' maturity bucket and a decrease primarily in the 'on demand' bucket.*

Table 14 shows changes in gross carrying amount of on-balance sheet non-performing loans and advances during the period.

Table 14: Changes in the stock of non-performing loans and advances (CR2)

		Jan-Jun 2024	Jul-Dec 2023
		Gross carrying value	Gross carrying value
		£m	£m
010	**Initial stock of non-performing loans and advances**	**3,911**	4,129
020	Inflows to non-performing portfolios	**1,132**	1,061
030	Outflows from non-performing portfolios	**(335)**	(233)
040	Outflows due to write-offs	**(229)**	(418)
050	Outflow due to other situations[1]	**(613)**	(628)
060	**Final stock of non-performing loans and advances**	**3,866**	3,911

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

Non-performing and forborne exposures

The European Banking Authority ('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 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 cycle date). Any debtors that are in default for regulatory purposes or impaired under the applicable accounting framework are always considered as non-performing exposures. The Annual Report and Accounts 2023 definition of stage 3 credit-impaired is aligned to the EBA's definition of non-performing exposures. The IFRS 9 accounting standard Expected credit losses are classified as regulatory specific credit risk adjustments. Forborne exposures are defined by the EBA as exposures where the bank has made concessions to a debtor that is experiencing or about to experience financial difficulties in meeting its financial commitments. Our definition of forborne captures non-payment related concessions.

In the Annual Report and Accounts 2023, forborne exposures are reported within the table 'Forborne loans and advances to customers at amortised cost by stage allocation'. Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties').

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

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

The PRA has acknowledged that, whilst the EBA's guidelines relating to the management of non-performing exposures and forborne exposures are not applicable in the UK, the prudential aspects of these guidelines broadly represent good credit risk management standards.

The table 15 breaks down performing and non-performing forborne exposures by FINREP product and counterparty type, showing the gross carrying amount, accumulated impairments and collateral and financial guarantees received against these exposures.

Table 15: Credit quality of forborne exposures (CQ1)

		Gross carrying amount/ nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	**Total**	***of which: defaulted***	***of which: impaired***	**On performing forborne exposures**	**On non-performing forborne exposures**	**Total**	***of which: forborne non-performing exposures***
		£m	**£m**	***£m***	***£m***	**£m**	**£m**	**£m**	***£m***
010	**Loans and advances**	**1,085**	**1,858**	***1,858***	***1,858***	**(71)**	**(329)**	**1,581**	***981***
050	Other financial corporations	**7**	**6**	***6***	***6***	**—**	**(1)**	**—**	***—***
060	Non-financial corporations	**889**	**1,465**	***1,465***	***1,465***	**(52)**	**(234)**	**1,323**	***751***
070	Households	**189**	**387**	***387***	***387***	**(19)**	**(94)**	**258**	***230***
090	**Loan commitments given**	**149**	**234**	***234***	***234***	**—**	**(2)**	**99**	***81***
100	**Total at 30 Jun 2024**	**1,234**	**2,092**	***2,092***	***2,092***	**(71)**	**(331)**	**1,680**	***1,062***
010	Loans and advances	1,159	1,518	*1,518*	*1,518*	(59)	(227)	1,370	*723*
050	Other financial corporations	—	11	*11*	*11*	—	—	1	*1*
060	Non-financial corporations	1,010	1,099	*1,099*	*1,099*	(40)	(125)	1,121	*498*
070	Households	149	408	*408*	*408*	(19)	(102)	248	*224*
090	Loan commitments given	47	169	*169*	*169*	—	—	49	*35*
100	Total at 31 Dec 2023	1,206	1,687	*1,687*	*1,687*	(59)	(227)	1,419	*758*

Table 16 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, whilst the accumulated negative change is 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 16: Collateral obtained by taking possession and execution processes (CQ7)

		At 30 Jun 2024		At 31 Dec 2023	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**	Value at initial recognition	Accumulated negative changes
		£m	**£m**	£m	£m
020	Other than property, plant and equipment	**2**	**—**	2	—
030	– Residential immovable property	**2**	**—**	2	—
080	**Total**	**2**	**—**	2	—

Concentration risk

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

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

Table 17 shows the credit quality of on and off balance sheet exposures by geography. The geographical breakdown is based on the country of residence of the immediate counterparty. The on-balance sheet exposures exclude cash and balances at central banks. The table has been updated to only disclose countries that are contributing 1% or more of the total on-balance sheet and off-balance sheet exposures respectively and countries that are contributing less than 1% are aggregated within 'other countries'.

Table 17: Quality of non-performing exposures by geography (CQ4)

		Gross carrying/ Nominal amount						
		Total	*of which: non-performing*	*of which: defaulted*	*of which: subject to impairment*	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		£m	*£m*	*£m*	*£m*	£m	£m	£m
010	**On balance sheet exposures**	**259,649**	***3,866***	**3,866**	***259,549***	**(1,583)**	**—**	**—**
020	– United Kingdom	**230,401**	***3,703***	***3,703***	***230,303***	**(1,533)**	**—**	**—**
030	– United States	**10,107**	***5***	***5***	***10,107***	**(6)**	**—**	**—**
070	– Other countries	**19,141**	***158***	***158***	***19,139***	**(44)**	**—**	**—**
080	**Off balance sheet exposures**	**79,882**	***303***	***303***	**—**	**—**	**(108)**	**—**
090	– United Kingdom	**75,208**	***296***	***296***	**—**	**—**	**(97)**	**—**
100	– Luxembourg	**1,088**	**—**	**—**	**—**	**—**	**(1)**	**—**
140	– Other countries	**3,586**	***7***	***7***	**—**	**—**	**(10)**	**—**
150	**Total at 30 Jun 2024**	**339,531**	***4,169***	***4,169***	***259,549***	**(1,583)**	**(108)**	**—**
010	On balance sheet exposures	248,048	*3,911*	3,911	*247,960*	(1,710)	—	—
020	– United Kingdom	222,280	*3,810*	*3,810*	*222,194*	(1,655)	—	—
030	– United States	9,449	*4*	*4*	*9,449*	(8)	—	—
070	– Other countries	16,319	*97*	*97*	*16,317*	(47)	—	—
080	Off balance sheet exposures	76,643	*406*	*406*	—	—	(122)	—
090	– United Kingdom	72,540	*383*	*383*	—	—	(117)	—
100	– Luxembourg	1,064	—	—	—	—	(1)	—
140	– Other countries	3,039	*23*	*23*	—	—	(4)	—
150	Total at 31 Dec 2023	324,691	*4,317*	*4,317*	*247,960*	(1,710)	(122)	—

Table 18 shows the gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment, and the accumulated changes in fair value to credit risk by industry types.

Table 18: Credit quality of loans and advances to non-financial corporations by industry (CQ5)

		Gross carrying amount					Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Total	*of which: non-performing*	*of which: defaulted*	*of which: subject to impairment*	Accumulated impairment	
		£m	*£m*	*£m*	*£m*	£m	£m
010	Agriculture, forestry and fishing	**4,304**	***197***	***197***	***4,304***	**(68)**	**—**
020	Mining and quarrying	**547**	***2***	***2***	***547***	**(2)**	**—**
030	Manufacturing	**7,656**	***314***	***314***	***7,656***	**(161)**	**—**
040	Electricity, gas, steam and air conditioning supply	**1,104**	***4***	***4***	***1,104***	**(4)**	**—**
050	Water supply	**1,094**	***5***	***5***	***1,094***	**(18)**	**—**
060	Construction	**3,375**	***218***	***218***	***3,375***	**(87)**	**—**
070	Wholesale and retail trade	**9,973**	***542***	***542***	***9,973***	**(148)**	**—**
080	Transport and storage	**2,138**	***81***	***81***	***2,138***	**(27)**	**—**
090	Accommodation and food service activities	**5,656**	***360***	***360***	***5,656***	**(76)**	**—**
100	Information and communication	**3,098**	***123***	***123***	***3,098***	**(87)**	**—**
120	Real estate activities	**10,332**	***429***	***429***	***10,332***	**(91)**	**—**
130	Professional, scientific and technical activities	**4,167**	***164***	***164***	***4,167***	**(70)**	**—**
140	Administrative and support service activities	**5,072**	***84***	***84***	***5,072***	**(46)**	**—**
160	Education	**696**	***42***	***42***	***696***	**(16)**	**—**
170	Human health services and social work activities	**1,844**	***96***	***96***	***1,844***	**(29)**	**—**
180	Arts, entertainment and recreation	**850**	***52***	***52***	***850***	**(25)**	**—**
190	Other services	**1,077**	***123***	***123***	***1,077***	**(34)**	**—**
200	**Total at 30 Jun 2024**	**62,983**	***2,836***	***2,836***	***62,983***	**(989)**	**—**
010	Agriculture, forestry and fishing	4,244	*186*	*186*	*4,244*	(68)	—
020	Mining and quarrying	663	*2*	*2*	*663*	(6)	—
030	Manufacturing	7,646	*426*	*426*	*7,646*	(170)	—
040	Electricity, gas, steam and air conditioning supply	746	*2*	*2*	*746*	(4)	—
050	Water supply	990	*9*	*9*	*990*	(10)	—
060	Construction	3,305	*199*	*199*	*3,305*	(67)	—
070	Wholesale and retail trade	10,094	*553*	*553*	*10,094*	(146)	—
080	Transport and storage	2,107	*61*	*61*	*2,107*	(18)	—
090	Accommodation and food service activities	6,048	*343*	*343*	*6,048*	(86)	—
100	Information and communication	3,064	*110*	*110*	*3,064*	(73)	—
120	Real estate activities	10,047	*360*	*360*	*10,047*	(99)	—
130	Professional, scientific and technical activities	4,171	*169*	*169*	*4,171*	(75)	—
140	Administrative and support service activities	5,223	*132*	*132*	*5,223*	(48)	—
160	Education	687	*33*	*33*	*687*	(9)	—
170	Human health services and social work activities	1,860	*106*	*106*	*1,860*	(30)	—
180	Arts, entertainment and recreation	990	*53*	*53*	*990*	(21)	—
190	Other services	1,077	*134*	*134*	*1,077*	(25)	—
200	Total at 31 Dec 2023	62,962	*2,878*	*2,878*	*62,962*	(955)	—

Risk mitigation

Our approach when granting credit facilities is to do so on the basis of capacity to repay, rather than placing primary reliance on credit risk mitigants. Depending on a customer's standing and the type of product, facilities may be provided unsecured. Mitigation of credit risk is a key aspect of effective risk management and takes many forms. Our general policy is to promote the use of credit risk mitigation, justified by commercial prudence and capital efficiency. Detailed policies cover the acceptability, structuring and terms with regard to the availability of credit risk mitigation such as in the form of collateral security. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

Table 19 provides a breakdown of loans and advances and debt securities by different credit risk mitigation techniques.

Table 19: Credit risk mitigation techniques – overview (CR3)

		Total Exposure: secured and unsecured	Exposures unsecured: carrying amount	Exposures secured: carrying amount	of which: Exposures secured by collateral	of which: Exposures secured by financial guarantees	of which: Exposures secured by credit derivatives[1]
		£m	£m	£m	£m	£m	£m
1	Loans and advances	**281,389**	**110,164**	**171,225**	***166,335***	***4,890***	**—**
2	Debt securities	**35,542**	**34,422**	**1,120**	***—***	***1,120***	
3	**Total at 30 Jun 2024**	**316,931**	**144,586**	**172,345**	***166,335***	***6,010***	**—**
4	*– of which: non-performing exposures*	***3,166***	***943***	***2,223***	***1,649***	***574***	**—**
5	*– of which: defaulted*	***3,166***	***943***	***2,223***	***1,649***	***574***	**—**
1	Loans and advances	293,235	123,890	169,345	*164,202*	*5,143*	—
2	Debt securities	26,144	25,233	911	—	*911*	
3	Total at 31 Dec 2023	319,379	149,123	170,256	*164,202*	*6,054*	—
4	*– of which: non-performing exposures*	*3,248*	*969*	*2,279*	*1,374*	*905*	—
5	*– of which: defaulted*	*3,248*	*969*	*2,279*	*1,374*	*905*	—

1 HSBC UK does not have any exposures secured by credit derivatives.

Table 20 presents the split of credit risk exposures under the standardised approach, reflecting the EAD before and after the impact of credit risk mitigation ('CRM') techniques and credit conversion factors ('CCF'). Securitisation positions are not included in this table.

Table 20: Standardised approach – CRM and CCF 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	**79,778**	**1**	**84,386**	**17**	**594**	**1**
2	Regional governments or local authorities	**73**	**—**	**631**	**—**	**—**	**—**
3	Public sector entities	**910**	**—**	**—**	**—**	**—**	**—**
4	Multilateral development banks	**1,617**	**—**	**1,617**	**—**	**—**	**—**
5	International organisations	**303**	**—**	**303**	**—**	**—**	**—**
6	Institutions	**1,092**	**—**	**1,092**	**—**	**368**	**34**
7	Corporates	**6,766**	**3,454**	**6,753**	**1,417**	**8,109**	**99**
8	Retail	**1,986**	**387**	**1,923**	**15**	**1,375**	**71**
9	Secured by mortgages on immovable property	**161**	**—**	**161**	**—**	**56**	**35**
10	Exposures in default	**73**	**8**	**65**	**3**	**88**	**131**
15	Equity	**50**	**—**	**50**	**—**	**50**	**100**
16	Other items	**379**	**—**	**379**	**—**	**118**	**31**
17	**Total at 30 Jun 2024**	**93,188**	**3,850**	**97,360**	**1,452**	**10,758**	**11**
1	Central governments or central banks	86,302	1	91,711	25	652	1
2	Regional governments or local authorities	56	—	594	—	—	—
3	Public sector entities	726	—	0	—	—	—
4	Multilateral development banks	1,341	—	1,341	—	—	—
5	International organisations	366	—	366	—	—	—
6	Institutions	495	35	495	35	179	34
7	Corporates	7,072	3,428	7,021	1,341	8,310	99
8	Retail	2,047	438	1,963	13	1,398	71
9	Secured by mortgages on immovable property	182	—	182	—	64	35
10	Exposures in default	107	24	98	7	150	144
15	Equity	47	—	47	—	47	100
16	Other items	345	—	345	—	118	34
17	Total at 31 Dec 2023	99,086	3,926	104,163	1,421	10,918	10

Table 21 discloses credit risk exposures under the standardised approach by risk weights, split into exposure class. Securitisation positions are not included in this table.

Table 21: Standardised approach – exposures by asset classes and risk weights (CR5)

	Risk weight ('RW%')	0%	20%	35%	50%	75%	100%	150%	250%	Total credit exposure amount (post-CCF and CRM)	*of which: un-rated*
		£m	£m	£m	£m	£m	£m	£m	£m	£m	*£m*
	Asset classes										
1	Central governments or central banks	84,165	—	—	—	—	—	—	238	84,403	—
2	Regional governments or local authorities	631	—	—	—	—	—	—	—	631	—
4	Multilateral development banks	1,617	—	—	—	—	—	—	—	1,617	—
5	International organisations	303	—	—	—	—	—	—	—	303	—
6	Institutions	—	624	—	450	—	18	—	—	1,092	*108*
7	Corporates	—	69	—	—	—	8,101	—	—	8,170	*8,101*
8	Retail	—	—	—	—	1,938	—	—	—	1,938	*1,938*
9	Secured by mortgages on immovable property	—	—	161	—	—	—	—	—	161	*161*
10	Exposures in default	—	—	—	—	—	27	41	—	68	*68*
15	Equity	—	—	—	—	—	50	—	—	50	*50*
16	Other items	—	327	—	—	—	52	—	—	379	*379*
17	**Total at 30 Jun 2024**	**86,716**	**1,020**	**161**	**450**	**1,938**	**8,248**	**41**	**238**	**98,812**	***10,805***
1	Central governments or central banks	91,474	—	—	—	—	—	—	261	91,735	—
2	Regional governments or local authorities	594	—	—	—	—	—	—	—	594	—
4	Multilateral development banks	1,341	—	—	—	—	—	—	—	1,341	—
5	International organisations	366	—	—	—	—	—	—	—	366	—
6	Institutions	—	389	—	79	—	62	—	—	530	*125*
7	Corporates	—	58	—	—	—	8,305	—	—	8,363	*8,305*
8	Retail	—	—	—	—	1,976	—	—	—	1,976	*1,976*
9	Secured by mortgages on immovable property	—	—	182	—	—	—	—	—	182	*182*
10	Exposures in default	—	—	—	—	—	13	92	—	104	*104*
15	Equity	—	—	—	—	—	47	—	—	47	*47*
16	Other items	—	284	—	—	—	61	—	—	345	*345*
17	Total at 31 Dec 2023	93,775	731	182	79	1,976	8,488	92	261	105,583	*11,084*

Table 22 discloses the detailed key parameters used for the calculation of capital requirements of credit risk exposure under the IRB approach,broken down by exposure class and PD range. The risk parameters within this table do not reflect the application of PMAs. The table excludes securitisation positions and non-credit obligation assets. The number of obligors disclose the single obligor with multiple PD ratings 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 IRB approach are not included in this table. Slotting exposures are disclosed in table 24, Specialised lending and equity exposures under the simple risk-weight approach (CR10).

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6)

PD scale	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[1]	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after support-ing factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provi-sions
	£m	£m	%	£m	%		%	years	£m	%	£m	£m
AIRB – Central government and central banks												
0.00 to <0.15	9,478	—	—	9,478	0.01	54	45.0	3.1	877	9.3	—	—
0.00 to <0.10	*9,478*	—	—	*9,478*	*0.01*	*54*	*45.0*	*3.1*	*877*	*9.3*	—	—
Sub-total	9,478	—	—	9,478	0.01	54	45.0	3.1	877	9.3	—	—
AIRB – Institutions												
0.00 to <0.15	2,221	105	92.9	2,143	0.05	411	22.7	2.5	270	12.6	—	2
0.00 to <0.10	*1,870*	*87*	*97.1*	*1,779*	*0.03*	*312*	*21.1*	*2.5*	*175*	*9.8*	—	—
0.10 to <0.15	*351*	*18*	*72.5*	*364*	*0.13*	*99*	*30.9*	*2.2*	*95*	*26.2*	—	*2*
0.75 to <2.50	—	1	50.9	1	0.88	24	45.0	1.5	1	99.6	—	—
0.75 to <1.75	—	*1*	*50.9*	*1*	0.88	24	45.0	1.5	1	99.6	—	—
Sub-total	2,221	106	93.0	2,144	0.05	435	22.7	2.5	271	12.6	—	2
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	4	13	57.0	11	0.13	1	18.0	1.8	1	9.4	—	—
0.10 to <0.15	*4*	*13*	*57.0*	*11*	*0.13*	*1*	*18.0*	*1.8*	*1*	*9.4*	—	—
0.15 to <0.25	305	130	57.0	380	0.22	11	27.2	3.5	110	29.1	—	1
0.25 to <0.50	151	52	57.8	181	0.37	6	29.3	4.2	88	48.4	—	—
0.50 to <0.75	235	160	59.9	265	0.63	12	23.0	4.9	146	55.1	1	1
0.75 to <2.50	130	150	66.2	229	1.00	7	33.3	4.6	211	92.3	1	1
0.75 to <1.75	*130*	*150*	*66.2*	*229*	*1.00*	*7*	*33.3*	*4.6*	*211*	*92.3*	*1*	*1*
Sub-total	825	505	61.0	1,066	0.51	37	27.7	4.2	556	52.2	2	3
AIRB – Corporate – SME												
0.15 to <0.25	2	1	98.0	3	0.22	2	48.0	1.6	1	33.4	—	—
Sub-total	2	1	98.0	3	0.22	2	48.0	1.6	1	33.4	—	—

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Corporate – Other												
0.00 to <0.15	179	513	7.8	219	0.09	98	24.7	2.2	46	21.0	—	—
0.00 to <0.10	*77*	*426*	*4.3*	*95*	*0.05*	*78*	*17.9*	*1.3*	*7*	*7.8*	—	—
0.10 to <0.15	*102*	*87*	*24.9*	*124*	*0.13*	*20*	*30.0*	*3.0*	*39*	*31.2*	—	—
0.15 to <0.25	310	20	3.6	311	0.22	37	7.9	2.1	23	7.3	—	—
0.25 to <0.50	87	39	26.8	97	0.35	61	17.1	1.5	16	16.4	—	—
0.50 to <0.75	75	36	11.9	79	0.61	65	25.1	1.7	28	35.7	—	—
0.75 to <2.50	306	91	28.9	211	1.33	6,170	13.9	1.8	71	33.9	1	—
0.75 to <1.75	*291*	*75*	*26.8*	*190*	*1.23*	*5,423*	*12.3*	*1.8*	*56*	*29.4*	*1*	—
1.75 to <2.5	*15*	*16*	*37.0*	*21*	*2.22*	*747*	*28.1*	*1.5*	*15*	*74.9*	—	—
2.50 to <10.00	84	125	9.9	95	4.33	1,461	29.7	1.4	76	80.0	1	1
2.5 to <5	*81*	*124*	*9.7*	*92*	*4.26*	*1,327*	*29.2*	*1.4*	*72*	*78.0*	*1*	*1*
5 to <10	*3*	*1*	*35.6*	*3*	*6.82*	*134*	*45.9*	*1.2*	*4*	*144.5*	—	—
10.00 to <100.00	39	4	0.9	38	50.13	101	4.9	1.0	6	16.2	1	—
10 to <20	*12*	*4*	*0.6*	*11*	*10.38*	*89*	*6.8*	*1.1*	*3*	*28.5*	—	—
30.00 to <100.00	*27*	—	*18.1*	*27*	*66.62*	*12*	*4.1*	*1.0*	*3*	*10.5*	*1*	—
100.00 (Default)	83	52	4.9	88	100.00	555	35.1	1.5	279	318.6	14	13
Sub-total	**1,163**	**880**	**11.0**	**1,138**	**10.13**	**8,548**	**18.1**	**1.9**	**545**	**47.9**	**17**	**14**
Wholesale AIRB – Total at 30 Jun 2024	**13,689**	**1,492**	**33.7**	**13,829**	**0.90**	**9,076**	**38.0**	**3.0**	**2,250**	**16.3**	**19**	**19**
AIRB – Secured by mortgages on immovable property SME												
2.50 to <10.00	—	1	6.1	—	6.94	16	80.7	—	1	244	—	—
2.5 to <5	—	—	*4.3*	—	*3.64*	*9*	*86.7*	—	—	*194*	—	—
5 to <10	—	*1*	*7.6*	—	*8.37*	*7*	*78.1*	—	*1*	*266*	—	—
10.00 to <100.00	—	—	—	—	10.00	2	45.0	—	1	165	—	—
10 to <20	—	—	—	—	*10.00*	*2*	*45.0*	—	*1*	*165*	—	—
100.00 (Default)	1	—	—	1	100.00	9	74.3	—	1	199	—	—
Sub-total	**1**	**1**	**6.0**	**1**	**48.22**	**27**	**66.2**	—	**3**	**199**	—	—

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	11,752	6,690	76.3	16,860	0.11	117,870	13.9	—	879	5.2	4	1
0.00 to <0.10	*92*	*3,201*	*99.2*	*3,269*	*0.05*	*28*	*19.4*	—	*260*	*8.0*	*1*	—
0.10 to <0.15	*11,660*	*3,489*	*55.3*	*13,591*	*0.12*	*117,842*	*12.6*	—	*619*	*4.6*	*3*	*1*
0.15 to <0.25	11,884	1,746	48.0	12,726	0.18	97,496	13.5	—	711	5.6	4	2
0.25 to <0.50	55,450	1,677	35.6	56,050	0.31	426,441	13.6	—	4,538	8.1	24	15
0.50 to <0.75	24,024	266	64.5	24,219	0.51	173,931	14.4	—	2,964	12.2	18	16
0.75 to <2.50	26,283	666	56.0	26,769	1.01	172,264	13.8	—	4,856	18.1	37	36
0.75 to <1.75	*24,183*	*569*	*60.4*	*24,632*	*0.92*	*156,090*	*13.8*	—	*4,237*	*17.2*	*31*	*29*
1.75 to <2.5	*2,100*	*97*	*30.5*	*2,137*	*1.98*	*16,174*	*14.1*	—	*619*	*28.9*	*6*	*7*
2.50 to <10.00	1,274	248	24.9	1,340	4.14	14,224	13.4	—	559	41.7	7	7
2.5 to <5	*1,151*	*210*	*25.5*	*1,208*	*3.75*	*12,581*	*13.5*	—	*488*	*40.4*	*6*	*6*
5 to <10	*123*	*38*	*21.3*	*132*	*7.75*	*1,643*	*12.8*	—	*71*	*54.3*	*1*	*1*
10.00 to <100.00	311	38	24.0	322	30.85	3,479	9.3	—	160	50.0	10	6
10 to <20	*150*	*34*	*15.3*	*156*	*14.02*	*1,988*	*8.7*	—	*74*	*47.6*	*2*	*2*
20 to <30	*5*	—	—	*5*	*23.08*	*98*	*10.1*	—	*2*	*50.8*	—	—
30.00 to <100.00	*156*	*4*	*95.3*	*161*	*47.31*	*1,393*	*9.7*	—	*84*	*52.4*	*8*	*4*
100.00 (Default)	641	19	5.9	642	100.00	6,283	15.9	—	800	124.6	42	64
Sub-total	**131,619**	**11,350**	**63.0**	**138,928**	**1.01**	**1,011,988**	**13.8**	**—**	**15,467**	**11.1**	**146**	**147**
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	1,736	21,046	66.5	15,741	0.05	10,712,142	76.5	—	664	4.2	10	18
0.00 to <0.10	*1,340*	*17,849*	*69.4*	*13,723*	*0.04*	*9,278,667*	*75.6*	—	*483*	*3.5*	*7*	*15*
0.10 to <0.15	*396*	*3,197*	*50.7*	*2,018*	*0.12*	*1,433,475*	*82.7*	—	*181*	*9.0*	*3*	*3*
0.15 to <0.25	499	3,352	58.5	2,460	0.19	1,837,778	83.9	—	326	13.2	6	4
0.25 to <0.50	712	2,327	59.6	2,101	0.35	1,487,086	81.1	—	428	20.4	8	5
0.50 to <0.75	617	995	53.0	1,090	0.62	558,579	82.3	—	362	33.3	8	8
0.75 to <2.50	1,611	1,244	73.6	2,531	1.39	1,223,448	83.8	—	1,673	66.1	45	34
0.75 to <1.75	*1,187*	*1,060*	*69.0*	*1,922*	*1.17*	*921,610*	*83.7*	—	*1,130*	*58.8*	*29*	*25*
1.75 to <2.5	*424*	*184*	*99.8*	*609*	*2.09*	*301,838*	*84.0*	—	*543*	*89.1*	*16*	*9*
2.50 to <10.00	900	391	86.3	1,245	4.50	604,940	81.5	—	1,704	136.8	64	43
2.5 to <5	*594*	*306*	*82.2*	*851*	*3.39*	*413,260*	*82.8*	—	*1,022*	*120.1*	*35*	*20*
5 to <10	*306*	*85*	*101.1*	*394*	*6.90*	*191,680*	*78.7*	—	*682*	*172.9*	*29*	*23*
10.00 to <100.00	265	105	71.0	348	27.33	183,744	81.0	—	954	273.6	115	42
10 to <20	*154*	*84*	*73.2*	*219*	*14.23*	*113,815*	*80.0*	—	*583*	*265.9*	*34*	*17*
20 to <30	*38*	*8*	*86.7*	*47*	*24.16*	*29,612*	*80.1*	—	*159*	*335.1*	*13*	—
30.00 to <100.00	*73*	*13*	*46.9*	*82*	*64.28*	*40,317*	*84.4*	—	*212*	*258.5*	*68*	*25*
100.00 (Default)	81	14	30.0	85	100.00	186,969	81.2	—	144	170.4	41	80
Sub-total	**6,421**	**29,474**	**65.0**	**25,601**	**1.17**	**16,794,686**	**78.9**	**—**	**6,255**	**24.4**	**297**	**234**

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Other SME												
0.00 to <0.15	2	20	93.0	19	0.11	37,069	94.0	—	4	20.8	—	—
0.00 to <0.10	*1*	*6*	*125.5*	*7*	*0.08*	*15,686*	*94.1*	—	*1*	*16.9*	—	—
0.10 to <0.15	*1*	*14*	*80.6*	*12*	*0.13*	*21,383*	*93.9*	—	*3*	*23.0*	—	—
0.15 to <0.25	7	41	64.3	31	0.20	39,818	93.6	—	10	32.0	—	—
0.25 to <0.50	18	131	63.2	98	0.37	88,692	94.6	—	50	51.0	—	—
0.50 to <0.75	18	100	75.6	92	0.63	85,015	94.4	—	62	67.5	1	—
0.75 to <2.50	1,588	749	50.2	882	1.59	365,391	84.1	—	769	87.2	15	40
0.75 to <1.75	*1,235*	*614*	*50.2*	*733*	*1.48*	*285,120*	*83.4*	—	*591*	*80.7*	*10*	*37*
1.75 to <2.5	*353*	*135*	*50.6*	*149*	*2.09*	*80,271*	*87.8*	—	*178*	*119.7*	*5*	*3*
2.50 to <10.00	1,053	218	50.1	482	5.22	191,616	85.2	—	539	112.0	26	8
2.5 to <5	*544*	*139*	*49.0*	*254*	*3.61*	*108,998*	*86.3*	—	*283*	*111.6*	*10*	*4*
5 to <10	*509*	*79*	*52.0*	*228*	*7.02*	*82,618*	*84.0*	—	*256*	*112.3*	*16*	*4*
10.00 to <100.00	910	61	56.5	219	22.76	123,757	86.6	—	365	166.2	55	13
10 to <20	*626*	*41*	*53.7*	*127*	*14.25*	*77,633*	*85.5*	—	*181*	*142.7*	*18*	*8*
20 to <30	*145*	*12*	*59.8*	*48*	*24.68*	*22,691*	*88.1*	—	*91*	*188.7*	*13*	*1*
30.00 to <100.00	*139*	*8*	*64.0*	*44*	*45.04*	*23,433*	*88.2*	—	*93*	*209.0*	*24*	*4*
100.00 (Default)	476	6	104.7	45	100.00	13,011	65.0	—	40	90.1	37	54
Sub-total	**4,072**	**1,326**	**55.0**	**1,868**	**7.20**	**944,369**	**85.6**	**—**	**1,839**	**98.4**	**134**	**115**
AIRB – Other non-SME												
0.00 to <0.15	408	1,436	26.9	794	0.12	41,233	24.6	—	55	6.9	—	—
0.00 to <0.10	*111*	*855*	*3.9*	*145*	*0.05*	*20,148*	*40.2*	—	*11*	*7.6*	—	—
0.10 to <0.15	*297*	*581*	*60.6*	*649*	*0.13*	*21,085*	*21.2*	—	*44*	*6.8*	—	—
0.15 to <0.25	607	73	51.4	643	0.21	105,923	81.5	—	228	35.4	1	2
0.25 to <0.50	1,177	151	5.4	1,180	0.41	101,579	80.8	—	651	55.1	4	5
0.50 to <0.75	597	23	16.2	598	0.63	60,416	82.9	—	428	71.5	3	4
0.75 to <2.50	2,269	287	21.8	2,322	1.37	240,310	76.6	—	2,099	90.4	24	30
0.75 to <1.75	*1,801*	*170*	*16.3*	*1,821*	*1.19*	*173,057*	*77.2*	—	*1,590*	*87.3*	*16*	*20*
1.75 to <2.5	*468*	*117*	*29.9*	*501*	*2.04*	*67,253*	*74.5*	—	*509*	*101.7*	*8*	*10*
2.50 to <10.00	640	51	30.1	652	4.54	112,436	82.6	—	832	127.6	25	37
2.5 to <5	*473*	*51*	*29.6*	*485*	*3.65*	*87,984*	*81.3*	—	*595*	*122.6*	*15*	*28*
5 to <10	*167*	—	*83.9*	*167*	*7.12*	*24,452*	*86.6*	—	*237*	*142.3*	*10*	*9*
10.00 to <100.00	136	7	5.8	135	38.81	17,923	79.3	—	214	159.0	39	17
10 to <20	*61*	—	*92.9*	*60*	*13.67*	*8,795*	*86.4*	—	*104*	*172.8*	*7*	*4*
20 to <30	*16*	—	*24.5*	*16*	*23.77*	*2,120*	*77.9*	—	*31*	*196.9*	*3*	*2*
30.00 to <100.00	*59*	*7*	*2.2*	*59*	*68.66*	*7,008*	*72.4*	—	*79*	*134.6*	*29*	*11*
100.00 (Default)	44	1	8.7	45	100.00	4,672	80.7	—	132	295.6	26	30
Sub-total	**5,878**	**2,029**	**25.0**	**6,369**	**2.66**	**684,492**	**72.7**	**—**	**4,639**	**72.8**	**122**	**125**
Retail AIRB Total at 30 Jun 2024	147,991	44,180	62.5	172,767	1.16	19,435,562	26.4	—	28,203	16.3	699	621

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
FIRB – Corporate – SME												
0.00 to <0.15	314	162	14.2	331	0.13	706	39.7	2.5	84	25.4	—	—
0.00 to <0.10	*—*	*1*	*—*	*—*	*0.07*	*7*	*45.0*	*1.0*	*—*	*—*	*—*	*—*
0.10 to <0.15	*314*	*161*	*14.2*	*331*	*0.13*	*699*	*39.7*	*2.5*	*84*	*25.4*	*—*	*—*
0.15 to <0.25	839	336	13.5	867	0.22	1,580	37.6	2.8	291	33.6	1	2
0.25 to <0.50	1,151	279	14.0	1,162	0.37	1,692	37.7	3.0	521	44.9	2	5
0.50 to <0.75	829	209	15.0	827	0.63	1,323	38.3	2.7	459	55.5	3	4
0.75 to <2.50	1,707	378	22.0	1,711	1.32	2,428	38.4	2.6	1,195	69.8	11	11
0.75 to <1.75	*1,452*	*323*	*23.1*	*1,464*	*1.16*	*1,993*	*38.4*	*2.6*	*989*	*67.5*	*8*	*8*
1.75 to <2.5	*255*	*55*	*15.5*	*247*	*2.25*	*435*	*38.1*	*2.8*	*206*	*83.4*	*3*	*3*
2.50 to <10.00	570	113	19.9	551	4.85	905	38.2	2.3	547	99.2	14	14
2.5 to <5	*318*	*74*	*23.0*	*313*	*3.61*	*557*	*38.2*	*2.4*	*284*	*90.8*	*6*	*5*
5 to <10	*252*	*39*	*13.5*	*238*	*6.48*	*348*	*38.2*	*2.2*	*263*	*110.4*	*8*	*9*
10.00 to <100.00	188	20	16.6	175	16.81	257	38.7	1.9	244	139.1	15	9
10 to <20	*170*	*18*	*15.8*	*157*	*12.89*	*227*	*38.7*	*1.8*	*217*	*138.2*	*10*	*7*
30.00 to <100.00	*18*	*2*	*26.1*	*18*	*50.94*	*30*	*39.2*	*2.3*	*27*	*146.7*	*5*	*2*
100.00 (Default)	367	18	28.3	339	100.00	343	38.9	1.9	—	—	132	54
Sub-total	5,965	1,515	17.0	5,963	7.20	9,234	38.2	2.6	3,341	56.0	178	99
FIRB – Corporate – Other												
0.00 to <0.15	6,188	6,508	63.6	10,938	0.10	5,676	36.6	2.5	3,093	28.3	4	6
0.00 to <0.10	*1,917*	*3,268*	*69.2*	*4,673*	*0.06*	*932*	*37.6*	*2.5*	*1,030*	*22.0*	*1*	*1*
0.10 to <0.15	*4,271*	*3,240*	*57.8*	*6,265*	*0.13*	*4,744*	*35.9*	*2.6*	*2,063*	*32.9*	*3*	*5*
0.15 to <0.25	5,699	4,013	51.3	7,616	0.22	4,511	34.9	2.1	2,982	39.2	7	12
0.25 to <0.50	5,252	3,244	44.2	6,782	0.37	4,461	37.4	2.1	3,721	54.9	12	16
0.50 to <0.75	5,050	2,662	42.3	6,131	0.63	3,572	40.1	2.1	4,536	74.0	19	29
0.75 to <2.50	12,938	6,606	43.4	15,096	1.42	34,589	37.7	2.1	14,295	94.7	99	118
0.75 to <1.75	*9,902*	*5,206*	*42.8*	*11,802*	*1.19*	*32,195*	*37.3*	*2.1*	*10,564*	*89.5*	*64*	*75*
1.75 to <2.5	*3,036*	*1,400*	*46.1*	*3,294*	*2.25*	*2,394*	*38.8*	*2.3*	*3,731*	*113.3*	*35*	*43*
2.50 to <10.00	5,330	2,452	53.0	6,287	4.02	4,751	34.4	2.1	7,488	119.1	107	114
2.5 to <5	*4,308*	*2,140*	*53.6*	*5,158*	*3.52*	*3,736*	*33.3*	*2.2*	*5,771*	*111.9*	*72*	*74*
5 to <10	*1,022*	*312*	*48.7*	*1,129*	*6.35*	*1,015*	*39.6*	*1.6*	*1,717*	*152.1*	*35*	*40*
10.00 to <100.00	1,405	310	43.8	1,494	19.31	897	38.5	1.7	2,845	190.5	141	97
10 to <20	*1,187*	*285*	*43.8*	*1,271*	*12.29*	*797*	*38.5*	*1.7*	*2,466*	*194.0*	*76*	*66*
30.00 to <100.00	*218*	*25*	*44.2*	*223*	*59.36*	*100*	*38.2*	*1.3*	*379*	*170.2*	*65*	*31*
100.00 (Default)	1,496	143	45.8	1,471	100.00	1,479	40.3	2.1	—	—	593	352
Sub-total	43,358	25,938	51.0	55,815	4.16	59,936	37.0	2.2	38,960	69.8	982	744
FIRB – Total at 30 Jun 2024	49,323	27,453	49.0	61,778	4.45	69,170	37.2	2.2	42,301	68.5	1,160	843

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures £m	Off-balance-sheet exposures pre-CCF £m	Exposure weighted average CCF %	Exposure post-CCF and post-CRM £m	Exposure weighted average PD %	Number of obligors[1]	Exposure weighted average LGD %	Exposure weighted average maturity years	Risk weighted exposure amount after support-ing factors £m	Density of risk weighted exposure amount %	Expected loss amount £m	Value adjust-ments and provi-sions £m
AIRB – Central government and central banks												
0.00 to <0.15	8,230	—	—	8,230	0.01	54	45.0	3.2	782	9.5	—	—
0.00 to <0.10	*8,230*	—	—	*8,230*	*0.01*	*54*	*45.0*	*3.2*	*782*	*9.5*	—	—
Sub-total	8,230	—	—	8,230	0.01	54	45.0	3.2	782	9.5	—	—
AIRB – Institutions												
0.00 to <0.15	2,386	161	72.0	2,327	0.05	401	23.1	2.5	295	12.7	—	2
0.00 to <0.10	*2,011*	*102*	*84.0*	*1,921*	*0.03*	*293*	*19.8*	*2.7*	*188*	*9.8*	—	—
0.10 to <0.15	*375*	*59*	*51.0*	*406*	*0.13*	*108*	*38.6*	*1.5*	*107*	*26.4*	—	*2*
0.15 to <0.25	66	—	—	66	0.22	5	12.5	2.8	14	21.0	—	—
Sub-total	2,452	161	72.0	2,393	0.06	406	22.8	2.5	309	12.9	—	2
AIRB – Corporate – specialised lending (excluding slotting)												
0.00 to <0.15	—	17	57.0	10	0.13	1	18.0	2.3	1	10.7	—	—
0.10 to <0.15	—	*17*	*57.0*	*10*	*0.13*	*1*	*18.0*	*2.3*	*1*	*10.7*	—	—
0.15 to <0.25	204	88	57.0	255	0.22	11	29.0	3.6	79	30.9	—	—
0.25 to <0.50	194	70	61.0	220	0.37	6	27.8	4.4	102	46.5	—	1
0.50 to <0.75	138	36	57.0	158	0.63	11	22.3	3.8	61	38.5	—	—
0.75 to <2.50	76	284	62.0	252	0.99	7	29.7	4.7	211	83.6	1	1
0.75 to <1.75	*76*	*284*	*62.0*	*252*	*0.99*	*7*	*29.7*	*4.7*	*211*	*83.6*	*1*	*1*
2.50 to <10.00	33	5	57.0	36	5.75	1	45.0	3.1	64	177.2	1	3
5 to <10	33	5	57.0	36	5.75	1	45.0	3.1	64	177.2	1	3
Sub-total	645	500	61.0	931	0.75	37	28.3	4.1	518	55.6	2	5
AIRB – Corporate – SME												
0.25 to <0.50	1	1	98.00	2	1.83	2	48.0	0.7	1	34.4	—	—
Sub-total	1	1	98.00	2	1.83	2	48.0	0.7	1	34.4	—	—
AIRB – Corporate – Other												
0.00 to <0.15	142	306	9.0	172	0.09	82	19.8	2.0	22	12.9	—	—
0.00 to <0.10	*72*	*294*	*8.0*	*95*	*0.06*	*64*	*23.1*	*1.8*	*11*	*11.7*	—	—
0.10 to <0.15	*70*	*12*	*45.0*	*77*	*0.13*	*18*	*15.6*	*2.4*	*11*	*14.4*	—	—
0.15 to <0.25	161	66	4.0	163	0.22	41	27.1	2.4	56	34.1	—	—
0.25 to <0.50	186	58	1.0	125	0.34	66	14.5	1.5	19	14.9	—	4
0.50 to <0.75	118	32	3.0	120	0.60	94	15.0	1.9	28	23.1	—	—
0.75 to <2.50	247	97	47.0	213	1.31	5,714	21.9	2.2	126	59.0	1	1
0.75 to <1.75	*234*	*95*	*48.0*	*200*	*1.25*	*5,351*	*22.4*	*2.2*	*121*	*60.6*	*1*	*1*
1.75 to <2.5	*13*	*2*	*6.0*	*13*	*2.17*	*363*	*13.4*	*1.4*	*5*	*34.8*	—	—
2.50 to <10.00	97	103	2.0	98	4.16	1,494	31.5	1.4	92	93.7	1	1
2.5 to <5	*97*	*103*	*2.0*	*98*	*4.16*	*1,494*	*31.5*	*1.4*	*92*	*93.7*	*1*	*1*
10.00 to <100.00	24	10	1.0	23	89.77	106	20.0	1.1	7	31.7	3	—
30.00 to <100.00	*24*	*10*	*1.0*	*23*	*89.77*	*106*	*20.0*	*1.1*	*7*	*31.7*	*3*	—
100.00 (Default)	78	21	13.0	81	100.00	773	22.6	1.1	158	196.1	8	7
Sub-total	1,053	693	12.0	995	11.05	8,370	21.6	1.9	508	51.0	13	13
Wholesale AIRB – Total at 31 Dec 2023	12,381	1,355	37.1	12,551	0.90	8,869	37.7	3.0	2,118	16.8	15	20

Table 22: IRB – Credit risk exposures by portfolio and PD range (CR6) (continued)

PD scale	On-balance sheet expo-sures	Off-balance-sheet expo-sures pre-CCF	Expo-sure weight-ed average CCF	Exposure post-CCF and post-CRM	Expo-sure weight-ed average PD	Number of obligor[1]	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	£m	£m	%	£m	%		%	years	£m	%	£m	£m
AIRB – Secured by mortgages on immovable property SME												
2.50 to <10.00	1	—	—	1	4.80	18	86.7	—	2	226.0	—	—
2.5 to <5	*1*	*—*	*—*	*1*	*4.80*	*18*	*86.7*	*—*	*2*	*226.0*	*—*	*—*
Sub-total	1	—	—	1	4.80	18	86.7	—	2	226.0	—	—
AIRB – Secured by mortgages on immovable property non-SME												
0.00 to <0.15	12,321	6,016	74.0	16,759	0.11	116,910	13.5	—	830	5.0	4	2
0.00 to <0.10	*120*	*2,779*	*100.0*	*2,888*	*0.05*	*39*	*19.5*	—	*229*	*7.9*	*1*	—
0.10 to <0.15	*12,201*	*3,237*	*52.0*	*13,871*	*0.12*	*116,871*	*12.3*	—	*601*	*4.3*	*3*	*2*
0.15 to <0.25	11,878	1,635	48.0	12,669	0.18	90,793	12.6	—	693	5.5	3	2
0.25 to <0.50	53,984	1,686	35.0	54,573	0.31	414,000	13.5	—	4,378	8.0	23	16
0.50 to <0.75	23,579	230	74.0	23,772	0.51	169,637	14.3	—	2,875	12.1	19	16
0.75 to <2.50	25,698	601	78.0	26,269	1.00	176,613	13.6	—	4,663	17.8	36	46
0.75 to <1.75	*23,751*	*517*	*84.0*	*24,282*	*0.92*	*155,336*	*13.6*	—	*4,120*	*17.0*	*31*	*36*
1.75 to <2.5	*1,947*	*84*	*40.0*	*1,987*	*1.98*	*21,277*	*13.4*	—	*543*	*27.4*	*5*	*10*
2.50 to <10.00	1,243	237	23.0	1,302	4.18	21,046	12.7	—	515	39.6	7	12
2.5 to <5	*1,124*	*200*	*23.0*	*1,174*	*3.79*	*12,733*	*12.6*	—	*441*	*37.5*	*6*	*10*
5 to <10	*119*	*37*	*24.0*	*128*	*7.74*	*8,313*	*13.6*	—	*74*	*58.1*	*1*	*2*
10.00 to <100.00	320	35	22.0	331	31.04	7,306	8.9	—	158	47.8	9	6
10 to <20	*160*	*31*	*15.0*	*166*	*14.09*	*3,463*	*8.9*	—	*81*	*48.8*	*2*	*2*
20 to <30	*6*	—	—	*6*	*23.18*	*2,286*	*9.6*	—	*3*	*50.1*	—	—
30.00 to <100.00	*154*	*4*	*83.0*	*159*	*48.93*	*1,557*	*8.9*	—	*74*	*46.6*	*7*	*4*
100.00 (Default)	616	11	30.0	619	100.00	6,343	15.2	—	776	125.4	33	113
Sub-total	129,639	10,451	62.0	136,294	1.01	1,002,648	13.6	—	14,888	10.9	134	213
AIRB – Qualifying revolving retail exposures												
0.00 to <0.15	1,938	21,606	65.0	15,892	0.05	10,682,180	76.8	—	700	4.4	10	29
0.00 to <0.10	*1,575*	*19,344*	*65.0*	*14,190*	*0.04*	*9,441,131*	*76.3*	—	*537*	*3.8*	*7*	*24*
0.10 to <0.15	*363*	*2,262*	*59.0*	*1,702*	*0.12*	*1,241,049*	*80.9*	—	*163*	*9.6*	*3*	*5*
0.15 to <0.25	499	2,858	62.0	2,286	0.19	1,693,335	83.3	—	341	14.9	6	8
0.25 to <0.50	766	2,080	63.0	2,072	0.35	1,408,956	81.3	—	484	23.4	10	12
0.50 to <0.75	665	852	57.0	1,102	0.61	543,013	82.8	—	428	38.8	10	18
0.75 to <2.50	1,499	993	83.0	2,343	1.34	1,220,023	83.2	—	1,678	71.6	46	90
0.75 to <1.75	*1,179*	*854*	*78.0*	*1,857*	*1.15*	*932,628*	*83.6*	—	*1,217*	*65.5*	*32*	*70*
1.75 to <2.5	*320*	*139*	*115.0*	*486*	*2.07*	*287,395*	*81.9*	—	*461*	*95.0*	*14*	*20*
2.50 to <10.00	761	429	79.0	1,118	4.45	625,211	80.2	—	1,597	142.9	60	72
2.5 to <5	*502*	*357*	*71.0*	*769*	*3.32*	*422,623*	*81.9*	—	*999*	*130.1*	*34*	*40*
5 to <10	*259*	*72*	*116.0*	*349*	*6.94*	*202,588*	*76.5*	—	*598*	*171.1*	*26*	*32*
10.00 to <100.00	230	77	77.0	299	27.65	175,613	79.5	—	864	289.1	110	51
10 to <20	*133*	*58*	*83.0*	*186*	*13.92*	*107,544*	*78.4*	—	*535*	*287.6*	*31*	*23*
20 to <30	*32*	*7*	*95.0*	*41*	*24.00*	*29,168*	*77.7*	—	*133*	*328.1*	*11*	—
30.00 to <100.00	*65*	*12*	*42.0*	*72*	*64.99*	*38,901*	*83.3*	—	*196*	*271.0*	*68*	*28*
100.00 (Default)	86	14	36.0	90	100.00	190,453	81.6	—	157	174.1	44	39
Sub-total	6,444	28,909	65.0	25,202	1.11	16,538,784	78.8	—	6,249	24.8	296	319

Table 22: 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 obligor[1]	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%	years	£m	%	£m	£m
AIRB – Other SME												
0.00 to <0.15	2	21	89.0	21	0.11	39,221	94.0	—	4	20.1	—	46
0.00 to <0.10	1	8	97.0	8	0.08	16,408	94.2	—	1	16.8	—	46
0.10 to <0.15	1	13	85.0	13	0.13	22,813	93.9	—	3	22.1	—	—
0.15 to <0.25	6	45	61.0	32	0.20	43,393	93.7	—	10	32.1	—	—
0.25 to <0.50	16	131	63.0	97	0.38	94,676	94.6	—	50	51.7	—	—
0.50 to <0.75	14	89	72.0	77	0.62	73,769	94.4	—	52	67.4	1	—
0.75 to <2.50	1,762	795	51.0	882	1.57	412,944	84.4	—	773	87.7	14	9
0.75 to <1.75	1,397	656	51.0	746	1.48	323,787	83.5	—	599	80.4	10	6
1.75 to <2.5	365	139	53.0	136	2.09	89,157	89.3	—	174	127.7	4	3
2.50 to <10.00	1,170	234	51.0	465	5.10	207,135	85.4	—	519	111.5	25	12
2.5 to <5	653	152	49.0	262	3.67	120,037	85.4	—	286	109.4	11	5
5 to <10	517	82	53.0	203	6.94	87,098	85.4	—	233	114.2	14	7
10.00 to <100.00	1,100	69	62.0	242	23.19	140,011	85.4	—	391	161.7	61	37
10 to <20	727	43	59.0	140	13.71	81,064	83.2	—	189	135.5	18	16
20 to <30	170	15	61.0	50	24.76	26,263	87.9	—	93	187.8	13	1
30.00 to <100.00	203	11	74.0	52	46.93	32,684	88.8	—	109	207.0	30	20
100.00 (Default)	787	8	51.0	49	100.00	16,124	65.4	—	41	84.7	41	30
Sub-total	4,857	1,392	55.0	1,865	7.70	1,027,273	85.5	—	1,840	98.8	142	134
AIRB – Other non-SME												
0.00 to <0.15	339	1,278	33.0	755	0.11	26,696	20.4	—	42	5.5	—	2
0.00 to <0.10	97	707	5.0	133	0.05	18,748	36.9	—	9	6.3	—	1
0.10 to <0.15	242	571	67.0	622	0.13	7,948	16.9	—	33	5.4	—	1
0.15 to <0.25	583	64	75.0	630	0.22	107,028	83.1	—	236	37.4	1	2
0.25 to <0.50	1,228	143	4.0	1,229	0.39	109,897	79.0	—	639	52.0	4	7
0.50 to <0.75	422	56	4.0	423	0.57	34,558	75.4	—	259	61.4	2	5
0.75 to <2.50	2,281	177	25.0	2,315	1.40	251,114	79.6	—	2,190	94.6	25	13
0.75 to <1.75	1,799	73	10.0	1,799	1.20	179,044	79.6	—	1,627	90.4	17	10
1.75 to <2.5	482	104	35.0	516	2.06	72,070	79.5	—	563	109.1	8	3
2.50 to <10.00	677	34	33.0	685	4.58	118,726	83.4	—	882	128.9	26	22
2.5 to <5	472	34	33.0	481	3.54	88,585	82.1	—	593	123.4	14	6
5 to <10	205	—	78.0	204	7.01	30,141	86.5	—	289	141.7	12	16
10.00 to <100.00	159	26	2.0	158	41.01	20,092	77.0	—	236	149.7	47	51
10 to <20	69	—	90.0	68	13.73	10,008	84.6	—	117	168.9	8	15
20 to <30	17	—	33.0	17	24.11	2,221	78.7	—	32	199.2	3	4
30.00 to <100.00	73	26	1.0	73	70.54	7,863	69.5	—	87	120.2	36	32
100.00 (Default)	46	2	8.0	47	100.00	4,953	81.7	—	139	298.4	27	31
Sub-total	5,735	1,780	30.0	6,242	2.95	673,064	72.7	—	4,623	74.1	132	133
Retail AIRB – Total at 31 Dec 2023	146,676	42,532	62.4	169,604	1.17	19,241,787	26.2	—	27,602	16.3	704	799

Table 22: 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[1]	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
	£m	£m	%	£m	%		%	years	£m	%	£m	£m
FIRB – Corporate – SME												
0.00 to <0.15	334	178	18.0	361	0.13	648	39.5	2.6	92	25.4	—	0
0.00 to <0.10	*1*	*—*	*—*	*1*	*0.07*	*9*	*45.0*	*1.4*	*—*	*14.5*	*—*	*0*
0.10 to <0.15	*333*	*178*	*18.0*	*360*	*0.13*	*639*	*39.5*	*2.6*	*92*	*25.5*	*—*	*0*
0.15 to <0.25	873	330	15.0	898	0.22	1,597	37.4	2.9	305	34.0	1	2
0.25 to <0.50	1,157	334	13.0	1,163	0.37	1,750	37.6	2.9	506	43.6	2	5
0.50 to <0.75	885	194	15.0	875	0.63	1,304	38.4	2.5	473	54.0	3	4
0.75 to <2.50	1,732	394	20.0	1,718	1.31	2,517	38.1	2.7	1,203	70.0	12	13
0.75 to <1.75	*1,490*	*333*	*21.0*	*1,492*	*1.16*	*2,078*	*38.1*	*2.7*	*1,016*	*68.1*	*9*	*10*
1.75 to <2.5	*242*	*61*	*12.0*	*226*	*2.25*	*439*	*38.1*	*2.8*	*187*	*83.1*	*3*	*3*
2.50 to <10.00	634	111	19.0	594	4.69	925	39.0	2.4	600	100.9	15	17
2.5 to <5	*366*	*78*	*22.0*	*354*	*3.50*	*591*	*38.9*	*2.5*	*327*	*92.4*	*7*	*7*
5 to <10	*268*	*33*	*12.0*	*240*	*6.46*	*334*	*39.2*	*2.3*	*273*	*113.5*	*8*	*10*
10.00 to <100.00	206	23	29.0	191	21.62	244	39.7	1.8	275	144.2	23	11
10 to <20	*165*	*19*	*24.0*	*150*	*12.87*	*210*	*39.5*	*1.8*	*215*	*143.9*	*10*	*8*
30.00 to <100.00	*41*	*4*	*56.0*	*41*	*53.52*	*34*	*40.3*	*1.7*	*60*	*145.3*	*13*	*3*
100.00 (Default)	385	16	10.0	355	100.00	327	38.9	2.2	—	—	138	49
Sub-total	6,206	1,580	16.0	6,155	7.45	9,312	38.2	2.6	3,454	56.1	194	101
FIRB – Corporate – Other												
0.00 to <0.15	6,015	6,130	63.0	10,622	0.10	5,543	37.7	2.5	2,970	28.0	4	6
0.00 to <0.10	*2,991*	*2,915*	*67.0*	*5,384*	*0.06*	*801*	*35.0*	*2.3*	*1,051*	*19.5*	*1*	*1*
0.10 to <0.15	*3,024*	*3,215*	*59.0*	*5,238*	*0.13*	*4,742*	*40.5*	*2.7*	*1,919*	*36.6*	*3*	*5*
0.15 to <0.25	5,764	4,066	49.0	7,528	0.22	4,176	35.7	2.0	2,916	38.7	7	10
0.25 to <0.50	5,100	2,874	41.0	6,383	0.37	4,625	38.4	2.1	3,484	54.6	11	22
0.50 to <0.75	4,798	2,328	39.0	5,733	0.63	3,586	38.7	1.9	3,875	67.6	17	23
0.75 to <2.50	12,902	6,127	39.0	14,391	1.45	33,679	37.6	2.1	13,204	91.8	95	87
0.75 to <1.75	*9,653*	*4,775*	*38.0*	*10,911*	*1.19*	*31,123*	*37.6*	*2.0*	*9,396*	*86.1*	*59*	*57*
1.75 to <2.5	*3,249*	*1,352*	*45.0*	*3,480*	*2.25*	*2,556*	*37.5*	*2.3*	*3,808*	*109.4*	*36*	*30*
2.50 to <10.00	4,868	2,482	51.0	5,875	4.22	4,644	35.3	2.1	7,092	120.7	105	113
2.5 to <5	*3,670*	*2,109*	*51.0*	*4,572*	*3.56*	*3,560*	*35.5*	*2.2*	*5,325*	*116.5*	*70*	*71*
5 to <10	*1,198*	*373*	*50.0*	*1,303*	*6.52*	*1,084*	*34.7*	*1.7*	*1,767*	*135.6*	*35*	*42*
10.00 to <100.00	1,530	298	41.0	1,586	14.67	868	38.2	1.6	3,039	191.6	107	80
10 to <20	*1,363*	*216*	*51.0*	*1,412*	*11.84*	*761*	*38.8*	*1.7*	*2,703*	*191.4*	*80*	*72*
30.00 to <100.00	*167*	*82*	*15.0*	*174*	*37.65*	*107*	*33.6*	*1.0*	*336*	*193.1*	*27*	*8*
100.00 (Default)	1,316	279	52.0	1,339	100.00	1,500	41.9	1.8	—	—	561	375
Sub-total	42,293	24,584	49.0	53,457	3.96	58,621	37.4	2.1	36,580	68.4	907	716
FIRB – Total at 31 Dec 2023	48,499	26,164	47.0	59,612	4.32	67,933	37.5	2.2	40,034	67.2	1,101	817

1 *Single obligor with multiple ratings/PD are counted separately for every PD band. We count the number of obligors on the basis of our exposure to the original counterparty (reported in the first two columns of this table). Where exposure is subject to risk-transfer to another party, to avoid duplication, we do not count the exposure again after risk transfer.*

Table 23 discloses percentage of exposures secured by various CRM techniques, separately for each exposure class in AIRB and FIRB approaches.

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

			Funded credit Protection								
				Part of exposures covered by Other eligible collaterals				Part of exposures covered by Other funded credit protection			
		Total exposures	Part of exposures covered by Financial Collaterals	Total	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Total	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party
AIRB		£m	%	%	%	%	%	%	%	%	%
1	Central governments and central banks	9,478	—	—	—	—	—	—	—	—	—
2	Institutions	2,319	—	—	—	—	—	—	—	—	—
3	Corporates	2,392	2.10	2.70	2.60	—	0.10	—	—	—	—
3.1	*– of which Corporates – SMEs*	*3*	—	*41.50*	*41.50*	—	—	—	—	—	—
3.2	*Corporates – Specialised lending*	*1,132*	—	—	—	—	—	—	—	—	—
3.3	*Corporates – Other*	*1,257*	*17.30*	*22.20*	*21.60*	—	*0.60*	—	—	—	—
4	Retail	175,611	0.50	78.80	78.80	—	—	—	—	—	—
4.1	*– of which: Retail – Immovable property SMEs*	*1*	*0.60*	*93.40*	*93.40*	—	—	—	—	—	—
4.2	*Retail – Immovable property non-SMEs*	*138,928*	—	*99.60*	*99.60*	—	—	—	—	—	—
4.3	*Retail – Qualifying revolving*	*25,601*	—	—	—	—	—	—	—	—	—
4.4	*Retail – Other SMEs*	*4,711*	—	—	—	—	—	—	—	—	—
4.5	*Retail – Other non-SMEs*	*6,370*	*11.50*	—	—	—	—	—	—	—	—
5	**Total at 30 Jun 2024**	189,800	0.50	70.10	70.10	—	—	—	—	—	—
FIRB											
3	Corporates	62,760	9.90	35.20	24.40	6.20	4.60	—	—	—	—
3.1	*– of which: Corporates – SMEs*	*6,218*	*0.30*	*66.30*	*51.00*	*9.70*	*5.50*	—	—	—	—
3.3	*Corporates – Other*	*56,542*	*10.90*	*31.80*	*21.50*	*5.80*	*4.50*	—	—	—	—
4	**Total at 30 Jun 2024**	62,760	9.90	35.20	24.40	6.20	4.60	—	—	—	—
IRB											
	Specialised lending under the slotting approach at 30 Jun 2024	8,054	—	—	—	—	—	—	—	—	—

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

			Funded credit Protection								
				Part of exposures covered by Other eligible collaterals				Part of exposures covered by Other funded credit protection			
		Total exposures	Part of exposures covered by Financial Collaterals	Total	Part of exposures covered by Immovable property Collaterals	Part of exposures covered by Receivables	Part of exposures covered by Other physical collateral	Total	Part of exposures covered by Cash on deposit	Part of exposures covered by Life insurance policies	Part of exposures covered by Instruments held by a third party
	AIRB	£m	%	%	%	%	%	%	%	%	%
1	Central governments and central banks	8,230	—	—	—	—	—	—	—	—	—
2	Institutions	2,568	—	—	—	—	—	—	—	—	—
3	Corporates	2,087	2.10	3.60	3.60	—	0.10	—	—	—	—
3.1	– *of which Corporates – SMEs*	*2*	—	*13.80*	*13.80*	—	—	—	—	—	—
3.2	*Corporates – Specialised lending*	*948*	—	—	—	—	—	—	—	—	—
3.3	*Corporates – Other*	*1,137*	*18.70*	*32.90*	*32.20*	—	*0.70*	—	—	—	—
4	Retail	173,269	0.40	78.40	78.40	—	—	—	—	—	—
4.1	– *of which: Retail – Immovable property SMEs*	*1*	—	*94.90*	*94.90*	—	—	—	—	—	—
4.2	*Retail – Immovable property non-SMEs*	*136,293*	—	*99.60*	*99.60*	—	—	—	—	—	—
4.3	*Retail – Qualifying revolving*	*25,202*	—	—	—	—	—	—	—	—	—
4.4	*Retail – Other SMEs*	*5,530*	—	—	—	—	—	—	—	—	—
4.5	*Retail – Other non-SMEs*	*6,243*	*11.10*	—	—	—	—	—	—	—	—
5	Total at 31 Dec 2023	186,154	0.50	70.00	70.00	—	—	—	—	—	—
FIRB											
3	Corporates	60,713	9.00	35.40	24.30	6.40	4.70	—	—	—	—
3.1	– *of which: Corporates – SMEs*	*6,468*	*0.10*	*66.40*	*51.90*	*9.30*	*5.20*	—	—	—	—
3.3	*Corporates – Other*	*54,245*	*10.00*	*31.70*	*21.00*	*6.00*	*4.70*	—	—	—	—
4	Total at 31 Dec 2023	60,713	9.00	35.40	24.30	6.40	4.70	—	—	—	—
IRB											
	Specialised lending under the slotting approach at 31 Dec 2023	8,222	—	—	—	—	—	—	—	—	—

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

		Unfunded credit Protection		**Credit risk Mitigation methods in the calculation of RWAs**	
		Part of exposures covered by Guarantees	**Part of exposures covered by Credit Derivatives**	**RWA post-all CRM assigned to the obligor exposure class**	**RWA with substitution effects**
AIRB		**%**	**%**	**£m**	**£m**
1	Central governments and central banks	**—**	**—**	**877**	**877**
2	Institutions	**—**	**—**	**271**	**271**
3	Corporates	**4.80**	**—**	**1,102**	**1,102**
3.1	*– of which: Corporates – SMEs*	**—**	**—**	***1***	***1***
3.2	*Corporates – Specialised lending*	***2.00***	**—**	***556***	***556***
3.3	*Corporates – Other*	***38.30***	**—**	***545***	***545***
4	Retail	**—**	**—**	**28,203**	**28,203**
4.1	*– of which: Retail – Immovable property SMEs*	***1.70***	**—**	***3***	***3***
4.2	*Retail – Immovable property non-SMEs*	**—**	**—**	***15,467***	***15,467***
4.3	*Retail – Qualifying revolving*	**—**	**—**	***6,255***	***6,255***
4.4	*Retail – Other SMEs*	**—**	**—**	***1,839***	***1,839***
4.5	*Retail – Other non-SMEs*	**—**	**—**	***4,639***	***4,639***
5	**Total at 30 Jun 2024**	**0.30**	**—**	**30,453**	**30,453**
FIRB					
3	Corporates	**—**	**—**	**42,301**	**42,301**
3.1	*– of which: Corporates – SMEs*	**—**	**—**	***3,341***	***3,341***
3.3	*Corporates – Other*	**—**	**—**	***38,960***	***38,960***
4	**Total at 30 Jun 2024**	**—**	**—**	**42,301**	**42,301**
IRB					
	Specialised lending under the slotting approach at 30 Jun 2024		**—**	**5,065**	**5,065**
AIRB					
1	Central governments and central banks	—	—	782	782
2	Institutions	—	—	306	306
3	Corporates	*3.20*	—	1,026	1,026
3.1	*– of which : Corporates – SMEs*	*1.40*	—	*1*	*1*
3.2	*Corporates – Specialised lending*	*2.30*	—	*518*	*518*
3.3	*Corporates – Other*	*27.00*	—	*507*	*507*
4	Retail	—	—	27,606	27,606
4.1	*– of which: Retail – Immovable property SMEs*	—	—	*2*	*2*
4.2	*Retail – Immovable property non-SMEs*	—	—	*14,889*	*14,889*
4.3	*Retail – Qualifying revolving*	—	—	*6,249*	*6,249*
4.4	*Retail – Other SMEs*	—	—	*1,842*	*1,842*
4.5	*Retail – Other non-SMEs*	—	—	*4,624*	*4,624*
5	Total at 31 Dec 2023	*0.20*	—	29,720	29,720
FIRB					
3	Corporates	—	—	40,034	40,034
3.1	*– of which: Corporates – SMEs*	—	—	*3,454*	*3,454*
3.3	*Corporates – Other*	—	—	36,580	36,580
4	Total at 31 Dec 2023	—	—	40,034	40,034
IRB					
	Specialised lending under the slotting approach at 31 Dec 2023	—	—	5,146	5,146

Table 24 sets out the specialised lending exposures by different regulatory slotting categories split by remaining maturity.

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

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	**3,070**	**623**	**50**	**3,462**	**1,699**	**—**
	Equal to or more than 2.5 years	**908**	**152**	**70**	**998**	**726**	**4**
Category 2	Less than 2.5 years	**1,902**	**91**	**70**	**1,958**	**1,314**	**8**
	Equal to or more than 2.5 years	**739**	**124**	**90**	**826**	**803**	**7**
Category 3	Less than 2.5 years	**316**	**6**	**115**	**320**	**365**	**9**
	Equal to or more than 2.5 years	**91**	**—**	**115**	**91**	**106**	**3**
Category 4	Less than 2.5 years	**20**	**—**	**250**	**20**	**50**	**2**
	Equal to or more than 2.5 years	**1**	**—**	**250**	**1**	**2**	**—**
Category 5	Less than 2.5 years	**338**	**63**	**—**	**339**	**—**	**170**
	Equal to or more than 2.5 years	**40**	**—**	**—**	**40**	**—**	**20**
Total at 30 Jun 2024	Less than 2.5 years	**5,646**	**783**	**—**	**6,099**	**3,428**	**189**
	Equal to or more than 2.5 years	**1,779**	**276**	**—**	**1,956**	**1,637**	**34**
Category 1	Less than 2.5 years	3,198	574	50	3,571	1,735	—
	Equal to or more than 2.5 years	784	192	70	901	631	4
Category 2	Less than 2.5 years	2,224	116	70	2,306	1,539	9
	Equal to or more than 2.5 years	685	130	90	782	728	6
Category 3	Less than 2.5 years	179	16	115	190	203	5
	Equal to or more than 2.5 years	56	16	115	67	69	2
Category 4	Less than 2.5 years	96	62	250	96	238	8
	Equal to or more than 2.5 years	1	—	250	1	3	—
Category 5	Less than 2.5 years	211	—	—	212	—	106
	Equal to or more than 2.5 years	96	—	—	96	—	48
Total at 31 Dec 2023	Less than 2.5 years	5,908	768		6,375	3,715	128
	Equal to or more than 2.5 years	1,622	338		1,847	1,431	60

Counterparty credit risk

Counterparty credit risk ('CCR') is the risk that a counterparty may default before completing the satisfactory settlement of the transaction. It arises on derivatives, securities financing transactions and exposures to central counterparties ('CCP') in both the trading and non trading books. 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 which may arise as a result of a counterparty default. 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; and
- the simple/comprehensive approach to recognition of collateral with SFTs; and the Value at Risk models approach, again applicable for SFTs HSBC UK uses the standardised approach to determine CCR exposures. Under the SA-CCR approach, the EAD is calculated as the sum of Replacement Cost and Potential Future Exposures ('PFE') multiplied by an alpha factor of 1.4.

Table 25 analyses CCR exposures by approach for derivatives and securities financing transactions, excluding the CVA charge and exposures to CCP.

Table 25: Analysis of counterparty credit risk exposure by approach (excluding centrally cleared exposures)[1] (CCR1)

		Replacement cost	Potential future exposure	Effective expected positive exposure[1]	Multiplier	EAD pre-CRM	EAD post-CRM	Exposure Value	RWAs
		£m	£m	£m	£m	£m	£m	£m	£m
1	SA-CCR (for derivatives)	**11**	**94**	**—**	**1.40**	**147**	**147**	**147**	**67**
4	Financial collateral comprehensive method (for SFTs)					**70**	**71**	**71**	**10**
6	**Total at 30 Jun 2024**	**11**	**94**	**—**	**1.40**	**217**	**218**	**218**	**77**
1	SA-CCR (for derivatives)	46	87	—	1.40	187	187	187	94
4	Financial collateral comprehensive method (for SFTs)					122	122	122	16
6	Total at 31 Dec 2023	46	87	—	1.40	309	309	309	110

1 *Effective expected positive exposure column is not relevant for HSBC UK, as the exposures are calculated under SA-CCR.*

Credit valuation adjustment

Credit valuation adjustments ('CVA') represent the risk of mark-to-market losses on the expected counterparty risk to over-the counter derivatives and SFTs which are subject to fair-value accounting. HSBC UK applies the standardised approach for CVA. Certain qualifying central counterparties are exempt from CVA.

Table 26 sets out Exposure and RWAs related to CVA regulatory calculations with the break down by standardised and advanced approaches.

Table 26: Credit valuation adjustment capital charge (CCR2)

		At 30 Jun 2024		At 31 Dec 2023	
		Exposure value £m	RWAs £m	Exposure value £m	RWAs £m
4	Transactions subject to the Standardised method	73	22	69	21
5	**Total transactions subject to own funds requirements for CVA risk**	73	22	69	21

Table 27 presents information on the risk weighting of CCR exposures under the standardised approach by regulatory portfolio. It excludes the failed settlements, default fund contributions and CVA charge.

Table 27: Standardised approach – CCR exposures by regulatory exposure class and risk weights (CCR3)

	Risk weight	0% £m	20% £m	50% £m	75% £m	100% £m	150% £m	Others £m	Total exposure value £m
6	Institutions	—	28	9	—	—	—	—	37
	Total at 30 Jun 2024	—	28	9	—	—	—	—	37
6	Institutions	—	35	15	—	—	—	—	50
	Total at 31 Dec 2023	—	35	15	—	—	—	—	50

Table 28 discloses detailed key parameters used for the calculation of capital requirements of counterparty credit risk exposure under the IRB approach split by portfolio and PD range.

Table 28: IRB – CCR exposures by portfolio and PD scale (CCR4)

PD scale	Exposure value £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	RWAs £m	Density of risk weighted exposure amounts density %
AIRB – Institutions							
0.00 to <0.15	122	0.06	20	45.0	1.15	25	20
0.15 to <0.25	—					—	
0.25 to <0.50	—					—	
0.50 to <0.75	—					—	
0.75 to <2.50	—	0.87	1	45.0	1.00	—	73
AIRB – Total at 30 Jun 2024	122	0.06	21	45.0	1.15	25	20
FIRB – Corporates							
0.00 to <0.15	7	0.13	91	45.0	1.07	2	28
0.15 to <0.25	13	0.22	147	45.0	1.00	5	38
0.25 to <0.50	7	0.37	141	45.0	1.01	4	53
0.50 to <0.75	9	0.63	94	45.0	1.01	6	71
0.75 to <2.50	19	1.40	202	45.0	1.02	18	96
2.50 to <10.00	3	4.73	53	45.0	1.01	5	152
10.00 to <100.00	1	18.67	15	45.0	1.00	3	241
100.00 (Default)	—	100.00	14	45.0	1.00	—	—
FIRB – Total at 30 Jun 2024	59	2.02	757	45.0	1.02	43	72
Total (all portfolios) at 30 Jun 2024	181	0.70	778	45.0	1.10	67	37

Table 28: IRB – CCR exposures by portfolio and PD scale (CCR4) (continued)

PD scale	Exposure value £m	Exposure weighted average PD %	Number of obligors	Exposure weighted average LGD %	Exposure weighted average maturity years	RWAs £m	Density of risk weighted exposure amounts density %
AIRB – Institutions							
0.00 to <0.15	171	0.06	14	45.0	0.88	29	17
0.15 to <0.25	—	—	—	—	—	—	—
0.25 to <0.50	3	0.37	2	45.0	2.53	3	87
0.50 to <0.75	—	0.63	1	45.0	1.00	—	62
0.75 to <2.50	—	0.87	1	45.0	1.00	—	83
AIRB – Total at 31 Dec 2023	174	0.07	18	45.0	0.91	32	19
FIRB – Corporates							
0.00 to <0.15	9	0.13	81	45.0	1.01	3	27
0.15 to <0.25	14	0.22	142	45.0	1.01	5	38
0.25 to <0.50	14	0.37	138	45.0	1.02	7	53
0.50 to <0.75	9	0.63	93	45.0	1.00	6	70
0.75 to <2.50	34	1.53	230	45.0	1.03	33	98
2.50 to <10.00	4	4.95	65	45.0	1.01	6	153
10.00 to <100.00	1	15.40	17	45.0	1.00	3	238
100.00 (Default)	1	100.00	14	45.0	1.00	—	—
FIRB – Total at 31 Dec 2023	86	2.74	780	45.0	1.02	63	73
Total (all portfolios) at 31 Dec 2023	260	0.95	798	45.0	0.95	95	37

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 and receiving collateral and investigating disputes and non-receipts.

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

A valuation haircut policy reflects the fact that collateral may fail in value between the date the collateral was called and the date of liquidation or enforcement. Approximately 95% of collateral held as variation margin under credit support annex ('CSA') agreements is composed of either cash or liquid government securities.

Further information on gross fair value exposure and the offset due to legally enforceable netting and collateral is set out on page 118 of the Annual Report and Accounts 2023.

Table 29 below analyses collateral used in derivatives and SFT transactions.

Table 29: 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	**—**	**258**	**—**	**542**	**—**	**—**
2	Debt	**49**	**—**	**1,253**	**—**	**8,281**	**4,736**
5	**Total at 30 Jun 2024**	**49**	**258**	**1,253**	**542**	**8,281**	**4,736**
1	Cash	—	132	—	440	—	—
2	Debt	—	1	1,673	1,095	10,941	9,126
5	Total at 31 Dec 2023	—	133	1,673	1,535	10,941	9,126

Central counterparties

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

To manage the significant concentration of risk in CCPs that results from this, we have developed a risk appetite framework to manage risk accordingly, at the level of individual CCPs and globally. 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.

Table 30 below provides exposures and RWAs breakdown related to CCPs.

Table 30: Exposures to central counterparties (CCR8)

		At 30 Jun 2024		At 31 Dec 2023	
		Exposure value	RWAs	Exposure value	RWAs
		£m	£m	£m	£m
1	**Exposures to qualifying central counterparties ('QCCPs') (total)**		**81**	—	105
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions)	**1,389**	**28**	2,847	57
3	– OTC derivatives	**314**	**6**	1,546	31
5	– securities financing transactions	**1,075**	**22**	1,301	26
7	Segregated initial margin	**1,117**		1,673	—
8	Non-segregated initial margin	**—**	**—**	394	8
9	Pre-funded default fund contributions[1]	**100**	**53**	—	41
10	Unfunded default fund contributions[1]	**299**	**—**	—	—

1 *Disclosures have been enhanced to reflect the exposure value for pre-funded and unfunded default fund contributions.At 31 December 2023 , Pre-funded and Unfunded default fund contributions exposures to QCCPs were £89m and £267m respectively.*

Wrong-way risk

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

There are two types of wrong-way risk:

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

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

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

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

Securitisation

Securitisation strategy

HSBC UK acts as originator 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, regulatory treatments and other conditions are suitable, and for customer facilitation.

Securitisations on the banking book follow a detailed due diligence framework in accordance with the new securitisation framework. Wholesale credit risk conducts the credit approval process in line with HSBC policies and procedures.

HSBC UK does not provide support to its originated or sponsored securitisation transactions as a policy other than through any interest it has retained in the securitised exposures.

Securitisation activity

Our roles in the securitisation process are as follows:

– originator: where we originate the assets being securitised, either directly or indirectly; and

– investor: where we invest in securitisation tranche directly or provide liquidity facilities to a securitisation.

HSBC UK as originator

We are originator of two securitisation programme outstanding as at 30 June 2024. We have used SPE (Neon Portfolio Distribution) 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 have followed 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.

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

HSBC UK maintain a unhedged holding of at least 5% in each reference obligation. This transactions is not categorised as simple transparent and standardised ('STS').

HSBC UK as investor

We have exposure to third-party securitisations in residential mortgage, consumer and trade receivables segments.

Monitoring of securitisation positions

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

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.

Valuation of securitisation positions

The process of valuing 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 regard to retained securitisation and re-securitisation exposures, is to continually review our positions.

Regulatory treatment

For regulatory purposes, any reduction in RWAs that would be achieved by our own originated securitisations must receive the PRA's permission and be justified by a commensurate transfer of credit risk to third parties. If achieved, 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 all securitisation positions, we follow the hierarchy of RWA calculation approaches described in the securitisation framework. Our originated positions are all reported under the internal ratings-based approach ('SEC-IRBA').

Analysis of securitisation positions

Our involvement in securitisation activities during the year include:

- £2.9bn positions held as synthetic transactions (31 December 2023: £3.0bn). The reduction is primarily due to continuous amortization;
- no assets awaiting securitisation and no material realised losses on securitisation asset disposals, and no material unrealised losses on asset-backed disposals; and
- off-balance sheet exposure of £0.4bn (31 December 2023: £0.5bn), mainly related to contingent liquidity lines provided to securitisation vehicles. The exposures types are spread across multiple products.

Table 31 provides carrying amount of non-trading securitisation exposures, separately for trading and synthetic securitisations where the bank acts as originator, sponsor or investor.

Table 31: Securitisation exposures in the non-trading book (SEC1)

		Bank acts as originator							Bank acts as sponsor				Bank acts as investor			
		Traditional				Synthetic			Traditional				Traditional			
		STS		Non-STS												
		Total	*of which: SRT*	Total	*of which: SRT*	Total	*of which: SRT*	Sub-total	STS	Non-STS	Syn-thetic	Sub-total	STS	Non-STS	Syn-thetic	Sub-total
		£m	*£m*	£m	*£m*	£m	*£m*	£m	£m	£m	£m	£m	£m	£m	£m	£m
2	Retail (total)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**149**	**836**	**—**	**985**
5	– other retail exposures	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**149**	**836**	**—**	**985**
7	Wholesale (total)	**—**	**—**	**—**	**—**	**2,869**	***2,869***	**2,869**	**—**	**—**	**—**	**—**	**—**	**75**	**—**	**75**
8	– loans to corporates	**—**	**—**	**—**	**—**	**2,869**	***2,869***	**2,869**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	– lease and receivables	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**75**	**—**	**75**
1	**Total at 30 Jun 2024**	**—**	**—**	**—**	**—**	**2,869**	**2,869**	**2,869**		**—**	**—**	**—**	**149**	**911**	**—**	**1,060**
2	Retail (total)	—	—	—	—	—	—	—	—	—	—	—	149	736	—	885
5	– other retail exposures	—	—	—	—	—	—	—	—	—	—	—	149	736	—	885
7	Wholesale (total)	—	—	—	—	3,050	*3,050*	3,050	—	—	—	—	—	75	—	75
8	– loans to corporates	—	—	—	—	3,050	*3,050*	3,050	—	—	—	—	—	—	—	—
10	– lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	75	—	75
1	Total at 31 Dec 2023	—	—	—	—	3,050	3,050	3,050	—	—	—	—	149	811	—	960

Table 32 provides RWAs and exposures by type, risk-weight bands and regulatory approach for non-trading securitisation exposures where the bank acts as originator or sponsor.

Table 32: Securitisation exposures in the non-trading book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3)

		Exposure values (by risk weight bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m
8	Synthetic transactions	**2,854**	**—**	**—**	**15**	**—**	**2,869**	**—**	**—**	**—**
9	Securitisation	**2,854**	**—**	**—**	**15**	**—**	**2,869**	**—**	**—**	**—**
11	– wholesale	**2,854**	**—**	**—**	**15**	**—**	**2,869**	**—**	**—**	**—**
1	**Total at 30 Jun 2024**	**2,854**	**—**	**—**	**15**	**—**	**2,869**	**—**	**—**	**—**
8	Synthetic securitisation	3,035	—	—	15	—	3,050	—	—	—
9	Securitisation	3,035	—	—	15	—	3,050	—	—	—
11	– wholesale	3,035	—	—	15	—	3,050	—	—	—
1	Total at 31 Dec 2023	3,035	—	—	15	—	3,050	—	—	—

Table 32: Securitisation exposures in the non-trading book and associated regulatory capital requirements – bank acting as originator or as sponsor (SEC3) (continued)

		RWAs (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m
8	Synthetic transactions	**783**	**—**	**—**	**—**	**63**	**—**	**—**	**—**
9	Securitisation	**783**	**—**	**—**	**—**	**63**	**—**	**—**	**—**
11	– wholesale	**783**	**—**	**—**	**—**	**63**	**—**	**—**	**—**
1	**Total at 30 Jun 2024**	**783**	**—**	**—**	**—**	**63**	**—**	**—**	**—**
8	Synthetic securitisation	587	—	—	—	46	—	—	—
9	Securitisation	587	—	—	—	46	—	—	—
11	– wholesale	587	—	—	—	46	—	—	—
1	Total at 31 Dec 2023	587	—	—	—	46	—	—	—

Table 33 shows RWAs and exposures by type, risk-weight bands and regulatory approach for non-trading securitisation exposures where the bank acts as investor.

Table 33: Securitisation exposures in the non-trading book and associated capital requirements – bank acting as investor (SEC4)

		Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1,250% RW	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m	£m
2	**Traditional securitisation**	**1,060**	**—**	**—**	**—**	**—**	**—**	**48**	**1,012**	**—**
3	Securitisation	**1,060**	**—**	**—**	**—**	**—**	**—**	**48**	**1,012**	**—**
4	– retail underlying	**985**	**—**	**—**	**—**	**—**	**—**	**48**	**937**	**—**
5	– *of which: STS*	**149**	**—**	**—**	**—**	**—**	**—**	**48**	**101**	**—**
6	– wholesale	**75**	**—**	**—**	**—**	**—**	**—**	**—**	**75**	**—**
1	**Total at 30 Jun 2024**	**1,060**	**—**	**—**	**—**	**—**		**48**	**1,012**	**—**
2	Traditional securitisation	960	—	—	—	—	—	38	922	—
3	Securitisation	960	—	—	—	—	—	38	922	—
4	– retail underlying	885	—	—	—	—	—	38	847	—
5	– *of which: STS*	*149*	—	—	—	—	—	*38*	*111*	
6	– wholesale	75	—	—	—	—	—		75	—
1	Total at 31 Dec 2023	960	—	—	—	—	—	38	922	—

		RWAs (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
		£m	£m	£m	£m	£m	£m	£m	£m
2	Traditional securitisation	**—**	**5**	**147**	**—**	**—**	**—**	**12**	**—**
3	Securitisation	**—**	**5**	**147**	**—**	**—**	**—**	**12**	**—**
4	– retail underlying	**—**	**5**	**136**	**—**	**—**	**—**	**11**	**—**
5	– *of which: STS*	**—**	**5**	**10**	**—**	**—**	**—**	**1**	**—**
6	– wholesale	**—**	**—**	**11**	**—**	**—**	**—**	**1**	**—**
1	**Total at 30 Jun 2024**	**—**	**5**	**147**	**—**	**—**	**—**	**12**	**—**
2	Traditional securitisation	—	4	134	—	—	—	11	—
3	Securitisation	—	4	134	—	—	—	11	—
4	– retail underlying	—	4	123	—	—	—	10	—
6	– of which STS	—	4	12	—	—	—	1	—
5	Wholesale	—	—	11	—	—	—	1	—
1	Total at 31 Dec 2023	—	4	134	—	—	—	11	—

Table 34 sets out the outstanding nominal amount, exposures in default and specific credit risk adjustments by exposure type where the institution acts as originator or sponsor.

Table 34: Exposures securitised by the institution – Institution acts as originator or as sponsor (SEC5)

		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			of which: exposures in default	
		£m	*£m*	£m
1	**Total exposures at 30 Jun 2024**	**3,231**	**72**	**21**
7	Wholesale (total)	**3,231**	**72**	**21**
8	– loans to corporates	***3,231***	***72***	***21***
1	Total exposures at 31 Dec 2023	3,376	—	9
7	Wholesale (total)	3,376	—	9
8	– loans to corporates	*3,376*	—	*9*

Market risk

Market risk is the risk that movements in market risk factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce our income or the value of our portfolios.

Further explanation of the group's approach to managing market risk can be found from page 59 of the Annual Report and Accounts 2023.

Table 35 below reflects the components of capital requirement for market risk under the standardised approach:

Table 35: Market risk under standardised approach (MR1)

		At	
		30 Jun 2024	31 Dec 2023
		RWAs	RWAs
		£m	£m
	Outright products		
1	Interest rate risk (general and specific)	**42**	38
3	Foreign exchange risk	**81**	93
9	**Total**	**124**	132

Countercyclical capital buffer

The table 36 below discloses the geographical distribution of credit exposures relevant to the calculation of the countercyclical capital buffer ('CCyB') under Article 440 of CRR II. Exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions are excluded and therefore differ from those presented in the credit and counterparty credit risk sections. Countries or territories that have a CCyB requirement, or have an own funds requirement of greater than 0.1%, or that are material in nature are disclosed below.

Table 36: UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/short positions for SA	Internal models	Total Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirements weights	CCyB rate
Country	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**
Armenia	—	1	—	—	—	1	—	—	—	—	—	—	1.50
Australia	—	264	—	—	—	264	5	—	—	5	62	0.07	1.00
Belgium	23	7	—	—	—	30	2	—	—	2	24	0.03	0.50
Bulgaria	—	4	—	—	—	4	—	—	—	—	1	—	2.00
Cayman Islands	211	3	—	—	—	214	17	—	—	17	212	0.24	—
Chile	—	1	—	—	—	1	—	—	—	—	—	—	0.50
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
Curaçao	—	47	—	—	—	47	18	—	—	18	223	0.25	—
Cyprus	—	8	—	—	—	8	—	—	—	—	1	—	1.00
Czech Republic	—	9	—	—	—	9	—	—	—	—	3	—	1.75
Denmark	99	40	—	—	—	139	8	—	—	8	103	0.12	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
France	—	85	—	—	—	85	1	—	—	1	14	0.02	1.00
Germany	267	92	—	—	—	359	24	—	—	24	296	0.33	0.75
Guernsey	398	64	—	—	—	462	34	—	—	34	420	0.47	—
Hong Kong	—	1,304	—	—	—	1,304	21	—	—	21	261	0.30	1.00
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.50
Ireland	55	188	—	—	—	243	12	—	—	12	153	0.17	1.50
Jersey	699	436	—	—	—	1,135	80	—	—	80	995	1.12	—
Korea, Republic Of	—	4	—	—	—	4	—	—	—	—	—	—	1.00
Lithuania	—	2	—	—	—	2	—	—	—	—	—	—	1.00
Luxembourg	2,493	228	—	—	—	2,721	215	—	—	215	2,684	3.03	0.50
Netherlands	83	789	—	—	—	872	32	—	—	32	399	0.45	2.00
Norway	18	28	—	—	—	46	3	—	—	3	32	0.04	2.50
Romania	—	10	—	—	—	10	—	—	—	—	3	—	1.00
Slovakia	—	10	—	—	—	10	—	—	—	—	4	0.01	1.50
Slovenia	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Spain	126	35	—	—	—	161	11	—	—	11	133	0.15	—
Sweden	370	8	—	—	—	378	30	—	—	30	373	0.42	2.00
Switzerland	—	389	—	—	—	389	14	—	—	14	176	0.20	—
United Arab Emirates	1	677	—	—	—	678	10	—	—	10	125	0.14	—
United Kingdom	5,676	242,292	—	—	3,929	251,897	6,347	—	75	6,422	80,276	90.76	2.00
United States	270	2,081	—	—	—	2,351	76	—	—	76	952	1.08	—
Other countries	58	1,808	—	—	—	1,866	41	—	—	41	521	0.60	NA
Total 30 Jun 2024	**10,847**	**250,914**	**—**	**—**	**3,929**	**265,690**	**7,001**	**—**	**75**	**7,076**	**88,446**	**100.00**	**—**

Table 36: UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (continued)

	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own funds requirements						
	SA	IRB	Sum of long/short positions for SA	Internal models	Total Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk weighted exposure amounts	Own funds requirements weights	CCyB rate
Country	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%
Anguilla	—	40	—	—	—	40	8	—	—	8	95	0.11	0.00
Australia	—	274	—	—	—	274	5	—	—	5	68	0.08	1.00
Bulgaria	—	4	—	—	—	4	—	—	—	—	1	—	2.00
Cayman Islands	247	5	—	—	—	252	20	—	—	20	251	0.29	—
Croatia	—	—	—	—	—	—	—	—	—	—	—	—	1.00
Cyprus	—	8	—	—	—	8	—	—	—	—	1	—	0.50
Czech Republic	—	8	—	—	—	8	—	—	—	—	3	—	2.00
Denmark	103	37	—	—	—	140	9	—	—	9	115	0.13	2.50
Estonia	—	—	—	—	—	—	—	—	—	—	—	—	1.50
France	—	91	—	—	—	91	1	—	—	1	17	0.02	0.50
Germany	228	88	—	—	—	317	20	—	—	20	254	0.30	0.75
Guernsey	637	123	—	—	—	759	55	—	—	55	686	0.80	—
Hong Kong	—	1,362	—	—	—	1,362	23	—	—	23	293	0.34	1.00
Iceland	—	—	—	—	—	—	—	—	—	—	—	—	2.00
Ireland	56	197	—	—	—	253	11	—	—	11	143	0.17	1.00
Jersey	681	422	—	—	—	1,103	75	—	—	75	942	1.10	—
Lithuania	—	1	—	—	—	1	—	—	—	—	—	—	1.00
Luxembourg	2,485	255	—	—	—	2,740	215	—	—	215	2,686	3.13	0.50
Netherlands	100	649	—	—	—	749	32	—	—	32	402	0.47	1.00
Norway	19	5	—	—	—	24	2	—	—	2	19	0.02	2.50
Romania	—	10	—	—	—	10	—	—	—	—	4	—	1.00
Slovakia	—	11	—	—	—	11	—	—	—	—	4	0.01	1.50
Slovenia	—	—	—	—	—	—	—	—	—	—	—	—	0.50
Spain	124	37	—	—	—	161	10	—	—	10	131	0.15	—
Sweden	309	10	—	—	—	319	25	—	—	25	312	0.36	2.00
Switzerland	—	373	—	—	—	373	10	—	—	10	128	0.15	—
United Arab Emirates	1	659	—	—	—	660	9	—	—	9	111	0.13	—
United Kingdom	5,864	238,094	—	—	4,010	247,968	6,147	—	58	6,205	77,564	90.50	2.00
United States	221	1,939	—	—	—	2,160	78	—	—	78	974	1.14	—
Other countries	86	1,768	—	—	—	1,854	43	—	—	43	502	0.58	NA
Total 31 Dec 2023	11,161	246,470	—	—	4,010	261,641	6,798	—	58	6,856	85,706	100.00	

Table 37 the total RWA calculated in accordance with Article 92(3) of CRR II and provides an overview of institution-specific countercyclical capital exposure and buffer requirement.

Table 37: UK CCyB2 – Amount of institution-specific countercyclical capital buffer

	At	
	30 Jun 2024	31 Dec 2023
Total Risk Exposure Amount (£m)	**104,352**	101,478
Institution specific countercyclical capital buffer rate (%)	**1.86**	1.85
Institution specific countercyclical capital buffer requirement (£m)	**1,942**	1,877

Other information

Abbreviations

The following abbreviated terms are used throughout this document.

Currencies	
£	British pound sterling
A	
AIRB	Advanced IRB
ALCO	Asset and Liability Management Committee
ASF	Available stable funding
AT1 capital	Additional tier 1 capital
B	
Basel	Basel Committee on Banking Supervision
C	
CCF[1]	Credit conversion factor
CCP	Central counterparty
CCR[1]	Counterparty credit risk
CCyB[1]	Countercyclical capital buffer
CET1[1]	Common equity tier 1
CRD[1]	Capital Requirements Regulation and Directive
CRM	Credit risk mitigation/mitigant
CRR II	The regulatory requirements of the PRA Rulebook, Capital Requirements Regulation and Directive, and the CRR II regulation (EU 2019/876)
CVA	Credit valuation adjustment
D	
Dec	December
E	
EAD[1]	Exposure at default
EBA	European Banking Authority
ECL	Expected credit loss
ESG	Environmental, Social and Governance
EU	European Union
EUR	Euro
EVE	Economic Value of Equity
F	
FIRB	Foundation IRB
G	
G-SIB[1]	Global systemically important bank
G-SII	Global systemically important institution
H	
HKD	Hong Kong dollars
HQLA	High-quality liquid assets
I	
IAA[1]	Internal assessment approach
ICAAP[1]	Internal capital adequacy assessment process
IFRSs	International Financial Reporting Standards
ILAAP	Individual liquidity adequacy assessment
IMA	Internal models approach
IMM[1]	Internal model method
IRB[1]	Internal ratings-based approach
IRC[1]	Incremental risk charge
IRRBB	Interest Rate Risk in the Banking Book
ISSB	International Sustainability Standards Board
J	
Jan	January
Jun	June
L	
LCR	Liquidity coverage ratio
LGD[1]	Loss given default
N	
NCOA	Non-credit obligation asset
NII	Net Interest Income
NSFR	Net stable funding ratio
O	
OCI	Other comprehensive income
O-SII	Other Systemically Important Institutions
OTC[1]	Over-the-counter
P	
PD[1]	Probability of default
PFE	Potential future exposures
PMA	Post model adjustments
PRA[1]	Prudential Regulation Authority (UK)
Q	
QCCPs	Qualifying central counterparties
R	
RAS	Risk appetite statement
RSF	Required stable funding
RWA[1]	Risk-weighted asset
S	
SA/STD[1]	Standardised approach
SA-CCR	Standardised approach for counterparty credit risk
SFT[1]	Securities financing transactions
SME	Small and medium-sized enterprise
SPE[1]	Special purpose entity
SREP	Supervisory Review and Evaluation Process
SRT	Significant Risk Transfer
STS	Simple, Transparent and Standardised
SVB UK	Silicon Valley Bank UK Limited
T	
T1 capital	Tier 1 capital
T2 capital	Tier 2 capital
U	
UK	United Kingdom
V	
VaR[1]	Value at risk

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

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