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HSBC Bank Bermuda Ltd.

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HSBC Bank Bermuda Ltd.

Ratings Score Snapshot

Issuer Credit Rating A-/Stable/A-2

SACP: bbb			Support: +2 —	—	Additional factors: 0
Anchor	bbb-		ALAC support	0	Issuer credit rating
Business position	Adequate	0	Texto support		
Capital and earnings	Very strong	+2	GRE support	0	
Risk position	Moderate	-1			A /04-bl-/A 0
Funding	Adequate	0	Group support	+2	A-/Stable/A-2
Liquidity	Adequate	0			
CRA adjustment		0	Sovereign support	0	

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview	
Key strengths	Key risks
Leading Bermudian bank with significant domestic market share and access to HSBC's global network.	High level of nonperforming loans relative to peers.
Strategically important subsidiary of HSBC Holdings PLC (HSBC).	Geographically concentrated loan portfolio in Bermuda, with large single-name exposures.
Very strong risk-weighted capital ratios and large proportion of high-quality liquid securities.	History of large capital payments made to its parent company each year.

HSBC Bank Bermuda Ltd.'s (HBBM) profitability will likely fall relative to 2023 but remain elevated. HBBM had record profits in 2023 as higher interest rates benefited the bank's net interest margin (NIM) and noninterest expenses fell. We expect that profitability will come down from 2023 highs as NIM contracts, following the Federal Reserve's interest rate cuts, and expenses increase modestly. We believe provisions for loan losses will remain low if HBBM continues to reduce its loan allowances from elevated levels.

We expect HBBM's capital ratios will remain very strong despite continued high dividend payments to its parent. The bank's S&P Global Ratings risk-adjusted capital (RAC) ratio was 19.7% at year-end 2023, well above our very strong threshold of 15%. While we anticipate dividend payouts to its parent could exceed 100% of net income, this will likely be offset by limited risk-weighted asset (RWA) growth, and the bank's RAC ratio should remain comfortably above 15%.

Although nonperforming loans are declining, we expect they'll remain high relative to peers'. In our assessment, the bank's risk profile has improved, largely due to more conservative lending and risk management practices over the past decade, the bank's efforts to work through problem loans originated prior to 2013, and stabilization in the local real estate market (see "HSBC Bank Bermuda Ltd. 'A-' Issuer Credit Rating Affirmed; SACP Revised To 'bbb' From 'bbb-' On Improved Risk Profile," Sept. 26, 2024). Nonperforming assets (NPAs) were 10.5% of total loans at year-end 2023, by our calculation, down from 20.9% in 2020 but still well above the peer average of 3.0%. We believe that NPAs could continue to fall as restructured loans cure, but this will take time.

We do not expect the implementation of a global minimum tax rate in 2025 to have a meaningful impact on the Bermudian economy. The new legislation, which will come into effect on Jan. 1, 2025, will apply a 15% corporate income tax to Bermudian businesses that are part of multinational enterprises with annual revenue over €750 million. Despite uncertainty around the implications of the 15% corporate tax, Bermuda took a pragmatic approach, and we expect that the new corporate tax will be structured in such a way to keep Bermuda competitive.

Outlook

Our stable outlook on HBBM reflects our expectation that the bank will maintain its strategic importance to the HSBC group as a fully owned subsidiary sharing the parent's name, making it likely to receive group support, if required, in most foreseeable circumstances.

We also expect the bank will maintain very strong capital ratios over the next several years without paying excessive dividends to the parent that would cause its RAC ratio to fall sharply, or below 15%. Although we expect that HBBM's asset quality metrics will remain less favorable than those of peers, our stable outlook reflects our forecast that HBBM will maintain conservative underwriting practices and that its asset quality will remain stable or incrementally improve.

Downside scenario

We could lower the ratings if we believe the strategic importance of the Bermudian operation could diminish, particularly if there were an indication that its parent intended to sell HBBM. We could also lower the ratings on HBBM if we revised down our group SACP ('a') on HSBC.

Although currently not our expectation, we could lower the ratings if the bank's SACP weakens by more than one notch if, for example, the bank experiences:

- · Large credit losses,
- · A weakening competitive position,
- · Continued deposit outflows, or
- A substantial decline in its RAC ratio such that we expect it to fall and remain below 15%.

Upside scenario

We could raise the rating if the group SACP of the parent were to improve and we maintained our view of HBBM as strategically important to the group. Strategically important subsidiaries are eligible for up to three notches of group support above the SACP, subject to a cap of one notch below the group SACP of the parent.

Anchor: 'bbb-' For Banks Operating Only In Bermuda

Our anchor, or starting point for the rating, for a bank operating in Bermuda is 'bbb-'.

Our assessment of Bermuda's economic risk is underpinned by the territory's high GDP per capita, somewhat offset by industry concentration and constraints in terms of macroeconomic policy flexibility. Bermuda's economy is concentrated in the international financial services (IFS) sector, which has historically supported local growth, but also increases the territory's susceptibility to shifts in that sector. We expect that the IFS sector, and in particular the insurance sector, will continue to support the economy in the long term.

Bermuda's long-standing hard-peg exchange rate regime limits the territory's monetary flexibility. The Bermuda Monetary Authority neither attempts to influence domestic monetary conditions nor be a lender of last resort, with the Bermudian dollar pegged to the U.S. dollar 1-to-1.

Industry risk is supported by Bermudian banks' regulation that is largely consistent with international standards. Moreover, the small number of domestic banks and the high orientation on simple banking products also support robust supervision. Bermuda's regulator has created a favorable environment for fintech and insurtech companies, which, over time, could increase competition between established banks and emerging competitors.

Bermudian banks operate with sound liquidity, supported by stable deposits that cover about 2.6x total loans in the domestic banking sector. Such excess of customer deposits relative to loans and generally no external funding needs offset the absence of a developed capital market and a lender of last resort.

Figures and ratios are as of year-end 2023 (ended Dec. 31), unless otherwise specified. The peer group includes AIB Group PLC, ANZ Bank New Zealand Ltd., Bank of Ireland Group PLC, Bank of New Zealand, The Bank of N.T. Butterfield & Son Ltd., Bank of Valletta PLC, and Webster Financial Corp.

Business Position: Significant Market Share With Limited Competition From Smaller Bermudian Banks

HBBM benefits from its significant market share in Bermuda's small, concentrated, and oligopolistic banking industry. HBBM and The Bank of N.T. Butterfield & Son Ltd. dominate the banking industry, with collective deposit market share of about 88% (55% held by HBBM) and collective loan market share of 81% (40% held by HBBM). The bank has a long track record as a market leader in Bermuda, which we expect will continue, given HBBM's local expertise, Bermuda's strict foreign ownership rules, and limited growth opportunities in the region.

Opportunities to lend in Bermuda are declining, and, in line with wider banking industry trends, HBBM's loan book continues to shrink. HBBM's gross loans totaled about \$1.7 billion in 2023, down from about \$2.3 billion in 2019, as loan repayments outpace new originations.

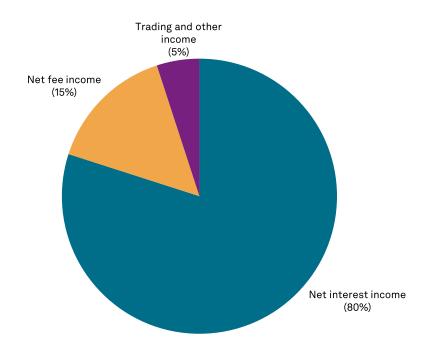
To offset this decline, we think HBBM will continue to focus on corporate and international loan growth. However, like retail, meaningful growth in these segments has yet to materialize.

Unlike Bermudian peers, HBBM benefits from its parent's extensive global network, allowing it to attract Bermudian clients that do business internationally, especially large Bermudian insurers.

HBBM's income sources remain stable, with net interest income to operating revenue at 80%, up from 71% in 2022. Net interest income growth outpaced fee income growth, benefiting from rising interest rates. We expect this growth disparity will ease in 2024 as net interest income falls from 2023 highs.

Fee income, while not being a significant source of growth, has been stable over the last five years, which we expect will continue. Digital innovation also remains important to spur growth and control costs. However, the bank has less control than its peers since it is reliant on its parent to pass down digital innovations.

Chart 1 **HBBM--Revenue sources** As of Dec. 31, 2023



Source: Company financial statements, December 2023. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

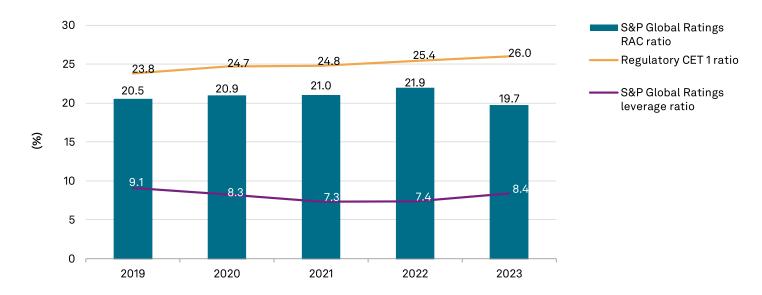
In September 2024, HBBM appointed Gregory Garnier as its new CEO--a change we expected. We believe that the bank's strategy will remain consistent with recent years and continue focusing on core businesses, such as retail banking, wealth management, commercial banking, and global banking and markets.

Capital And Earnings: Very Strong RAC Ratio, Despite Large Dividend Payouts To Its Parent

HBBM maintains very strong capital ratios and benefits from its small loan book relative to its large portfolio of highly rated investments. The bank's RAC ratio was 19.7% at year-end 2023, well above our very strong threshold of 15%. We expect the RAC ratio will remain comfortably above this threshold over the next 18-24 months despite large dividend payments to the parent, as we expect that RWA growth will be limited given tepid loan growth.

Chart 2

HBBM--Capital metrics
As of Dec. 31, 2023



Source: S&P Global Ratings.

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The parent's required capital payouts, which often exceed 100% of net income, have historically constrained HBBM's capital growth. We expect that this will continue in 2024, and while this will limit capital build, it will likely be offset by limited RWA growth. If there are any special dividends that exceed our forecast, the possibility of the RAC ratio breaching the 15% threshold would increase, but this is not in our base case.

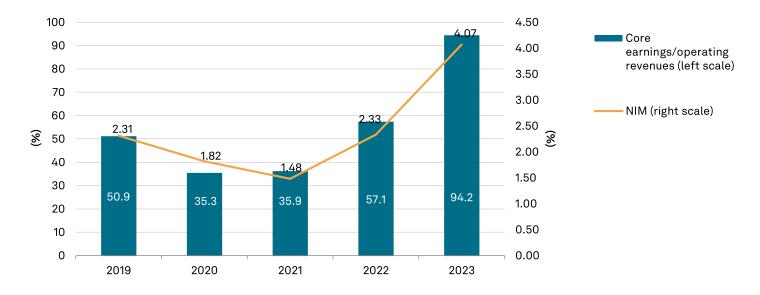
HBBM's quality of capital remains strong, made up wholly of common equity. The bank's common equity Tier 1 ratio was 26%, well above that of most rated banks globally. Unrealized losses in HBBM's securities portfolio equated to less than 1% of its securities at year-end 2023 and, in our view, do not pose a significant risk to the bank's capital given its relatively low duration.

HBBM will likely continue to deliver solid operating performance through 2024 as NIM remains elevated (albeit lower

than 2023), expense growth increases modestly, and provisions for loan losses remain low as new impairments are somewhat offset by releases.

The bank's cost-to-income ratio improved considerably from one year ago, to 25% from 46%, predominately as a result of net interest income growth. While we expect the ratio will worsen in 2024, it will likely remain more favorable relative to the bank's historical average (its five-year average is 45%), before moderating in 2025 and 2026.

Chart 3 **HBBM--Profitability metrics** (As of Dec 31, 2023)



Source: S&P Global Ratings.

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Risk Position: High NPAs Relative To Peers, Although Improving

HBBM's customer loan book is weaker than those of peers, although asset quality is improving. A significant level of nonperforming loans primarily resulted from originations made prior to 2013 (by the former executive team), driven in part by declines in real estate prices in Bermuda. Since 2013, however, tightened lending policies have led to an overall improved risk profile, and new originations are much better positioned to withstand an economic downturn, in our view.

NPAs were 10.5% of total loans as of year-end 2023, down from 20.9% in 2020. But the bank's allowance-to-NPA ratio was 58% in 2023, up from 33% in 2020.

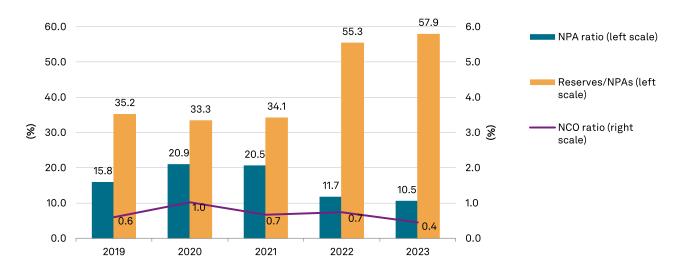
Lower levels of NPAs are partly due to a policy change implemented in 2022, when the definition of curing was changed to align HBBM with the rest of the HSBC group. In the bank's curing definition, any restructured

nonperforming loan that performs for over 12 months under the revised terms is considered cured and no longer categorized as nonperforming. We think improved NPA ratios also reflect a shift in the bank's risk appetite and its efforts to work through legacy loans.

HBBM has a very robust allowance for loan losses, which were about 6.1% of gross loans, significantly higher than the peer average.

Chart 4

HBBM--Asset quality metrics
As of Dec. 31, 2023



NPA--Nonperforming assets. NCO--Net charge-offs. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

We believe that the level of NPAs could continue to fall as restructured loans likely cure over the next several years. HBBM's loan book remains geographically concentrated with large single-name exposures, which makes the bank susceptible to an economic downturn in Bermuda.

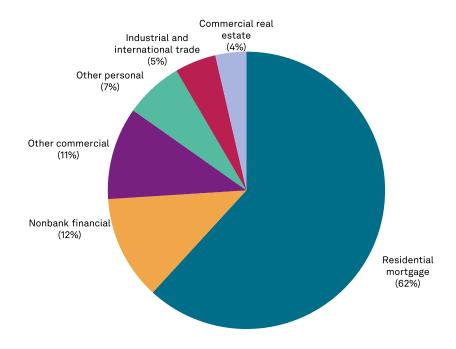
HBBM reported limited or negative loan growth in many periods, scaling back the type of loans it is willing to make. Loans now only account for 19% of its balance sheet and pose a lower risk to its overall creditworthiness than they did in previous years. Loans originated prior to 2013 also have fallen as a portion of total gross loans. This includes pre-2013 mortgages, which accounted for about 74% of mortgages in 2019 versus 56% in 2023.

HBBM's largest loan exposure is its mortgage portfolio, which accounts for approximately 62% of gross loans and about 82% of total NPAs. The majority (96%) of NPAs were originated pre-2013, and the ratio of pre-2013 mortgage NPAs to mortgages originated pre-2013 is 20% (versus 1.2% post-2013). While we continue to view mortgages originated pre-2013 as risky, the book overall is well provisioned, with allowances to gross loans at about 6.9%. The average loan-to-value ratio is a conservative 60%.

We expect borrowers could be under some pressure the remainder of 2024 and into 2025. Given the economic slowdown, however, provisions for loan losses will likely remain low given elevated allowances. While not our base case, house prices in Bermuda are susceptible to volatility, which could strain asset quality if prices decline significantly.

HBBM's wholesale lending book accounts for about 31% of total gross loans. Wholesale NPAs as a percentage of total gross wholesale loans declined to 5.6% in 2023 from 6.7% in 2022, which is significantly lower than 14.6% in 2020. About 91% of nonperforming loans were underwritten prior to 2013. Despite the global economic slowdown, provisions for loan losses remain low, which we expect will continue through 2024 and into 2025.

Chart 5 HBBM--Loan portfolio breakdown As of Dec. 31, 2023



Source: Company annual statement.

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HBBM maintains a robust securities portfolio that is predominately made up of high-quality debt instruments and a large loan book to banks. These loans are also of high quality (99% of loans are investment-grade), with the vast majority of loans made to subsidiaries within the HSBC network. Both the bank's securities portfolio and loan book to banks account for about 67% of assets, bolstering HBBM's overall risk position. The duration of the bank's securities book is about 2.5 years, which we consider low.

Funding And Liquidity: Likely To Remain Stable

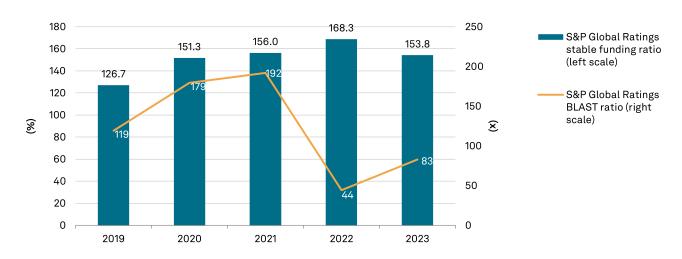
Like other Bermudian banks, HBBM relies on customer deposits for funding, with minimal wholesale funding. Our calculation of the stable funding ratio is 154%, more favorable than the peer average of 138%. Core deposits are 65% of the funding base, which is below the peer average of 80% due to a relatively large portion of deposits from corporate clients.

This commercial deposit concentration is partially offset by HBBM's large deposit market share, in our view. The bank contained funding costs and maintained a low deposit beta because of its significant deposit market share. While total deposits fell 15% in 2023 as clients repositioned cash holdings in search of higher yields, a portion of those deposits flowed off balance sheet to HBBM's asset management subsidiary. We expect that deposit levels will remain stable through 2024.

We think Bermudian banks tend to keep more conservative funding and liquidity partly because Bermuda lacks a lender of last resort, unlike other jurisdictions in HBBM's peer group. Additionally, there is no Bermudian debt market, so any potential capital markets funding must come from abroad (accounted for via our Banking Industry Country Risk Assessment for Bermuda). In 2016, Bermuda authorities implemented deposit insurance that covers Bermudian dollar (BM\$) 25,000 per insured depositor for Bermuda-based depositors, which provides very limited coverage by our calculation.

HBBM's liquidity remains adequate compared with that of peers. Given few opportunities to lend in Bermuda, the bank keeps a significant portfolio of investment securities that can provide a secondary source of liquidity, if necessary. For example, broad liquid assets to total assets at 56% is well above the peer average of 34%.

Chart 6 HBBM--Funding and liquidity metrics As of Dec. 31, 2023



Source: S&P Global Ratings.

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HBBM's regulatory liquidity coverage ratio remains strong at 158%, well above the 100% minimum. While we expect it could come down somewhat, we believe it will remain well above the regulatory minimum. The bank's loans-to-core-deposits ratio at 33% (peer average is 77%) also remains robust. In our view, the government would likely step in and provide support if Bermudian banks were to run into funding and liquidity constraints, given HBBM is systemically important to Bermuda.

Support: Two Notches Of Uplift Given Our View Of HBBM's Strategic Importance To Its Parent

We view HBBM as a strategically important subsidiary of HSBC because it is a wholly owned subsidiary of HSBC (purchased on Feb. 18, 2004), it has a leading market position in Bermuda, and it changed its legal name in 2010 to include HSBC. We think customers' belief that HSBC stands behind its subsidiaries is important to HSBC's global franchise.

On the other hand, HBBM is not in one of the group's priority growth markets. It appears less connected to the rest of the group than subsidiaries in larger exporting economies, and it is relatively small, representing only about 1% of group capital. Also, we do not rule out the possibility that the supporting factors may weaken in the future.

We do not assume HBBM is among those subsidiaries most important to HSBC and, in our view, additional loss-absorbing capacity uplift in the parent's group credit profile is not likely to be extended to HBBM. As a result, the 'A-' rating on HBBM is two notches above the 'bbb' SACP on the bank and capped one notch below our 'a' group SACP.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material impact on our credit rating analysis of HBBM. Although the bank is exposed to natural disasters such as hurricanes, the island of Bermuda appears to be prepared to withstand such occurrences. Historically, natural disasters have not meaningfully hurt the bank's operating results or loan performance, and rebuilding following natural disasters has typically led to higher demand for credit.

We believe HBBM's corporate governance is on par with that of peers and is an extension of its parent's. We consider the bank's risk appetite to be relatively conservative and risk management controls to be appropriate. From a social standpoint, the bank has not experienced any policy failures that would jeopardize its reputation or its customers.

Key Statistics

Table 1

HBBMKey figures							
	Fiscal year ended Dec. 31						
(Mil. \$)	2023	2022	2021	2020	2019		
Adjusted assets	8,551	9,632	9,470	9,052	8,378		
Customer loans (gross)	1,716	1,743	1,949	2,080	2,303		
Adjusted common equity	712	700	693	747	761		
Operating revenues	446	308	216	238	281		
Noninterest expenses	110	142	134	115	129		
Core earnings	421	176	78	84	143		

Table 2

HBBMBusiness position					
	Fi	scal ye	ar ende	ed Dec.	31
(%)	2023	2022	2021	2020	2019
Return on average common equity	60.17	26.35	10.34	10.72	18.27

Table 3

HBBMCapital and earnings							
	Fiscal year ended Dec. 31				1		
(%)	2023	2022	2021	2020	2019		
Tier 1 capital ratio	26.00	25.40	24.80	24.70	23.80		
Adjusted common equity/total adjusted capital	100.00	100.00	100.00	100.00	100.00		
Net interest income/operating revenues	79.94	71.13	62.81	65.81	66.84		
Fee income/operating revenues	15.03	19.24	21.47	19.44	19.67		
Market-sensitive income/operating revenues	4.98	9.57	15.49	13.33	13.52		
Cost-to-income ratio	24.57	46.07	61.86	48.32	46.05		
Preprovision operating income/average assets	3.70	1.74	0.89	1.41	1.84		
Core earnings/average managed assets	4.63	1.84	0.84	0.97	1.74		

Table 4

HBBMRisk position						
	Fiscal year ended Dec. 31			31		
(%)	2023	2022	2021	2020	2019	
Growth in customer loans	-1.60	-10.54	-6.30	-9.67	-0.94	
Total managed assets/adjusted common equity (x)	12.02	13.75	13.67	12.12	11.01	
New loan loss provisions/average customer loans	-0.05	-0.53	0.24	1.79	0.37	
Net charge-offs/average customer loans	0.45	0.74	0.67	1.02	0.60	
Gross nonperforming assets/customer loans + other real estate owned	10.46	11.66	20.50	20.90	15.83	
Loan loss reserves/gross nonperforming assets	57.89	55.33	34.11	33.30	35.15	

Table 5

HBBMFunding and liquidity					
	Fiscal year ended Dec. 31-			1	
(%)	2023	2022	2021	2020	2019
Core deposits/funding base	65.05	63.72	65.58	65.44	64.77
Customer loans (net)/customer deposits	32.95	28.80	31.88	36.47	44.73
Long-term funding ratio	68.27	66.13	68.16	68.55	68.04
Stable funding ratio	153.77	168.32	155.96	151.27	126.66
Short-term wholesale funding/funding base	0.77	1.47	0.32	0.34	0.44
Regulatory net stable funding ratio	134.30	150.60	148.00	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	82.84	44.24	191.96	179.30	119.21
Broad liquid assets/total assets	56.39	59.80	56.67	55.39	47.06
Broad liquid assets/customer deposits	98.57	101.72	94.40	94.50	81.10
Net broad liquid assets/short-term customer deposits	121.73	124.28	117.39	117.46	100.52
Regulatory liquidity coverage ratio (LCR) (%)	157.60	141.90	168.30	N/A	N/A
Short-term wholesale funding/total wholesale funding	2.21	4.04	0.94	1.00	1.25

N/A--Not applicable.

HSBC Bank Bermuda LtdRating component scores				
Issuer Credit Rating	A-/Stable/A-2			
SACP	bbb			
Anchor	bbb-			
Economic risk	6			
Industry risk	3			
Business position	Adequate			
Capital and earnings	Very strong			
Risk position	Moderate			
Funding	Adequate			
Liquidity	Adequate			
Comparable ratings analysis	0			
Support	+2			
ALAC support	0			
GRE support	0			
Group support	+2			
Sovereign support	0			
Additional factors	0			

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- · General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Rating Component Scores For U.S., Canadian, And Bermudian Banks, Sept. 30, 2024
- Research Update: HSBC Bank Bermuda Ltd. 'A-' Issuer Credit Rating Affirmed; SACP Revised To 'bbb' From 'bbb-'
 On Improved Risk Profile, Sept. 26, 2024
- Comparative Statistics: U.S. Banks (April 2024), April 10, 2024
- HSBC Bank Bermuda Ltd., Sept. 11, 2023

Ratings Detail (As Of October 9, 2024)*

HSBC Bank Bermuda Ltd.	
Issuer Credit Rating	A-/Stable/A-2
Issuer Credit Ratings History	
19-Feb-2019	A-/Stable/A-2
01-Jul-2014	A-/Negative/A-2
11-Mar-2014	A/Watch Neg/A-1
Sovereign Rating	
Bermuda	A+/Stable/A-1
Related Entities	
Banco HSBC S.A.	
Issuer Credit Rating	
Brazil National Scale	brAAA/Stable/brA-1+
Hang Seng Bank (China) Ltd.	
Issuer Credit Rating	A+/Stable/A-1
Hang Seng Bank Ltd.	
Issuer Credit Rating	AA-/Stable/A-1+
Hang Seng Insurance Co. Ltd.	
Financial Strength Rating	
Local Currency	AA-/Stable/
Issuer Credit Rating	
Local Currency	AA-/Stable/
Hongkong and Shanghai Banking Corp. Ltd. (New Zealand Branch) (The)	
Senior Unsecured	AA-
Hongkong and Shanghai Banking Corp. Ltd. (Sydney Branch) (The)	
Senior Unsecured	AA-

Ratings Detail (As Of October 9, 2024)*(cont.)	
Hongkong and Shanghai Banking Corp. Ltd. (The)	
Issuer Credit Rating	AA-/Stable/A-1+
Certificate Of Deposit	TH-7 Stable/ N-1
Foreign Currency	A-1+
Senior Unsecured	A-1+
Senior Unsecured	AA-
HSBC Asia Holdings Limited	AA-
	A-/Stable/A-2
Issuer Credit Rating Senior Subordinated	
	А-
HSBC Bank Australia Ltd.	A . (0) 11 (A 4
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	
Foreign Currency	A-1
Senior Unsecured	A+
Senior Unsecured	AA-
Short-Term Debt	A-1
Subordinated	A
HSBC Bank (China) Co. Ltd.	
Issuer Credit Rating	A+/Stable/A-1
HSBC Bank PLC	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-//A-1+
Commercial Paper	A-1
Senior Unsecured	A+
Subordinated	BBB+
HSBC Bank (Taiwan) Ltd.	
Issuer Credit Rating	A+/Stable/A-1
Taiwan National Scale	twAAA/Stable/twA-1+
HSBC Bank USA N.A.	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	A+//A-1
Senior Unsecured	A+
Subordinated	A-
HSBC Continental Europe	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA-//A-1+
Commercial Paper	
Local Currency	A-1
Senior Unsecured	A+
Senior Unsecured	A-1
Short-Term Debt	A-1
HSBC Holdings PLC	
Issuer Credit Rating	A-/Stable/A-2

Senior Unsecured

Short-Term Debt A-2 Subordinated BBB HSBC Innovation Bank Limited A/Stable/A-1 Issuer Credit Rating A+/-/A-1 Resolution Counterparty Rating A+/-/A-1 HSBC Life (International) Ltd. Financial Strength Rating Local Currency AA-/Stable/ Issuer Credit Rating AA-/Stable/ Local Currency AA-/Stable/ HSBC Life (Singapore) Pte. Ltd. *** Financial Strength Rating A+/Stable/ Local Currency A+/Stable/ Issuer Credit Rating A+/Stable/ Issuer Credit Rating BBB/Stable/A-2 Carlal (Mexico) National Scale mxAAA/Stable/mxA-1+ HSBC Overseas Holdings (UK) Ltd. ** Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. ** Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/-/A-1 RSBC UK Bank PLC ** Issuer Credit Rating A+/-/A-1+ Cenior Unsecured A+/-/A-1+ Cenior Unsecured	Ratings Detail (As Of October 9, 2024)*(cont.)	
RSBC Innovation Bank Limited Issuer Credit Rating A/Stable/A-1 Resolution Counterparty Rating A+//A-1 RSBC Life (International) Ltd. Financial Strength Rating AA-/Stable/ AA-/Stable/ Issuer Credit Rating AA-/Stable/	Short-Term Debt	A-2
Sasuer Credit Rating	Subordinated	BBB
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Issuer Credit Rating Local Currency AA-/Stable/ HSBC Life (Singapore) Pte. Ltd. Financial Strength Rating Local Currency A+/Stable/ Issuer Credit Rating Local Currency A+/Stable/ HSBC Mexico S.A. Issuer Credit Rating BBB/Stable/A-2 Local (Mexico) National Scale BBB/Stable/A-2 MSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/mxA-1+ HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/-/A-1 Resolution Counterparty Rating A+/-/A-1 HSBC UK Bank PLC Issuer Credit Rating A-/-/A-1+ Commercial Paper A+/A-1 Senior Unsecured A+/A-1 Senior Unsecured A-/ Short-Term Debt A-1 HSBC USA Inc.	Financial Strength Rating	
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Financial Strength Rating Local Currency A+/Stable/ Issuer Credit Rating Local Currency A+/Stable/ HSBC Mexico S.A. Issuer Credit Rating BBB/Stable/A-2 CaVal (Mexico) National Scale MXAAA/Stable/mxA-1+ HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+//A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+/Short-Term Debt A+SBC USA Inc.	Local Currency	AA-/Stable/
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Issuer Credit Rating Local Currency A+/Stable/ HSBC Mexico S.A. Issuer Credit Rating BBB/Stable/A-2 CaVal (Mexico) National Scale HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/-/A-1 Resolution Counterparty Rating A+/-/A-1 HSBC UK Bank PLC Issuer Credit Rating A+//A-1+ Resolution Counterparty Rating A+//A-1 Resolution Counterparty Rating A+//A-1 Resolution Counterparty Rating A+//A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Financial Strength Rating	
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HSBC Mexico S.A. Issuer Credit Rating BBB/Stable/A-2 CaVal (Mexico) National Scale mxAAA/Stable/mxA-1+ HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/Stable/A-1 Resolution Counterparty Rating A+/-/A-1+ Commercial Paper A+/A-1 Senior Unsecured A+/A-1 Short-Term Debt A-1 HSBC USA Inc.	Issuer Credit Rating	
Issuer Credit Rating BBB/Stable/A-2 mxAAA/Stable/mxA-1+ HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+/A-1 Senior Unsecured A+/Short-Term Debt A-1 HSBC USA Inc.	Local Currency	A+/Stable/
CaVal (Mexico) National Scale HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1+ Commercial Paper A-//A-1+ Senior Unsecured A+/Short-Term Debt A-1 HSBC USA Inc.	HSBC Mexico S.A.	
HSBC Overseas Holdings (UK) Ltd. Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Issuer Credit Rating	BBB/Stable/A-2
Issuer Credit Rating A-/Stable/A-2 HSBC Securities (USA) Inc. Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+//A-1 HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/Stable/A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	CaVal (Mexico) National Scale	mxAAA/Stable/mxA-1+
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Issuer Credit Rating Resolution Counterparty Rating HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating A+/Stable/A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating HSBC UK Bank PLC Issuer Credit Rating Resolution Counterparty Rating A+//A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper Senior Unsecured A+ Short-Term Debt HSBC USA Inc.	HSBC Securities (USA) Inc.	
HSBC UK Bank PLC Issuer Credit Rating A+/Stable/A-1 Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Issuer Credit Rating	A+/Stable/A-1
Issuer Credit Rating Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Resolution Counterparty Rating	A+//A-1
Resolution Counterparty Rating AA-//A-1+ Commercial Paper A+/A-1 Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	HSBC UK Bank PLC	
Commercial Paper Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Issuer Credit Rating	A+/Stable/A-1
Senior Unsecured A+ Short-Term Debt A-1 HSBC USA Inc.	Resolution Counterparty Rating	AA-//A-1+
Short-Term Debt A-1 HSBC USA Inc.	Commercial Paper	A+/A-1
HSBC USA Inc.	Senior Unsecured	A+
	Short-Term Debt	A-1
Issuer Credit Rating A-/Stable/A-2	HSBC USA Inc.	
	Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured A-	Senior Unsecured	A-
Subordinated BBB+	Subordinated	BBB+

^{*}Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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