

HSBC BANK (SINGAPORE) LIMITED

Corporate Governance Report 2020

Date: 12 May 2021

Registration Number: 201420624K



INTRODUCTION

HSBC Bank (Singapore) Limited (“**Bank**”) was incorporated in Singapore on 14 July 2014 and is licensed by the Monetary Authority of Singapore (“**MAS**”) as a bank with qualifying full bank privileges to engage in banking business in Singapore with effect from 20 April 2016. The Bank is wholly-owned by The Hongkong and Shanghai Banking Corporation Limited (“**Shareholder**”).

The board of directors (“**Board**”) is committed to observing good corporate governance and works with senior management (“**Management**”) to deliver sustainable value to stakeholders. This Corporate Governance Report sets out the Bank’s corporate governance practices, which comply with the Banking (Corporate Governance) Regulations (“**CG Regulations**”) and all material aspects of the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are incorporated in Singapore (“**CG Guidelines**”). Where the Bank’s practices differ from the CG Guidelines with express disclosure requirements, the rationale is explained in this report.

BOARD MATTERS (Principles 1 to 6, CG Guidelines)

Board of directors

The Board currently comprises five members, majority of whom are independent and non-executive directors.

Mr Tarun Kataria and Mr Josh Bottomley (Mr Hugh Joshua Garnett Bottomley) had respectively resigned from the Board on 16 September 2019 and 31 October 2020. Further, Mr Anthony William Cripps had on 3 April 2021, resigned from the Board as the sole Executive Director and the Bank’s Chief Executive Officer. Mrs Karen Tay Koh and Mr Winston Ngan were appointed to the Board on 5 May 2020 and 19 March 2021, respectively.

Following these changes, Mr Mukhtar Malik Hussain, Chairman of the Board, is the sole non-independent non-executive Director, and four directors are independent and non-executive directors. Three directors are Singapore citizens. The four independent non-executive directors are Mrs Karen Tay Koh, Mr Mervyn Fong Mun Ngin, Mrs Penny Goh and Mr Winston Ngan.

Information on directors



Mr Mukhtar Malik Hussain
Chairman
Non-independent and non-executive

Mr Mukhtar Malik Hussain was appointed to the Board on 17 October 2018 and appointed a member of the Audit Committee and Risk Committee on 19 April 2019. Mr Hussain was last re-elected as a director on 30 June 2020.

Mr Hussain is a Group General Manager of HSBC Group and is currently the Head of Belt and Road Initiatives and Business Corridors for HSBC Asia Pacific.

He has been with the HSBC Group for more than 30 years and has held numerous key senior positions managing HSBC’s business in the Middle East, North Africa and Malaysia. Between 2008 to 2009, he was the Deputy Chairman of HSBC Bank Middle East Limited and Global CEO of HSBC Amanah. He thereafter took on the role of CEO of HSBC Bank Malaysia Berhad from November 2009 to April 2018.

Academic and professional achievements

- University of Wales, UK, Bachelor of Science (Economics)
- Asian Institute of Chartered Bankers, Kuala Lumpur
- Securities Institute Exams, London

Current directorships

- HSBC Bank Malaysia Berhad: Non-independent Executive Director
- HSBC Amanah Malaysia Berhad: Non-independent Executive Director



Mrs Karen Tay Koh
(Ms Tay Cheng Kim Karen)
Director
Independent and non-executive

Mrs Karen Tay Koh was first appointed to the Board on 5 May 2020 and was re-elected as a director on 30 June 2020. She is a member of the Audit Committee and Risk Committee.

Mrs Koh is on the board of several companies including Manulife US Real Estate Management Pte Ltd, Banyan Tree Holdings Limited and The Red Pencil Singapore. She has held several directorships, notably Singapore Deposit Insurance Corporation Limited, Falck (Denmark) and EDB Investments Pte Ltd. Mrs Koh was CEO and Executive Director of IP Investment Management Pte Ltd from 2016 to 2018, Deputy CEO of Singapore Health Services from 2001 to 2008, Deputy CEO of Singapore General Hospital from 2003 to 2008. She started her career with the Singapore Government Administrative Services which included postings at the Ministry of Finance, the Monetary Authority of Singapore and the Inland Revenue Department.

Academic and professional achievements

- Harvard University, USA (Kennedy School of Govt & Law School) – Masters in Public Administration / International Tax (Certificate Program)
- Cambridge University, UK (Churchill College), Bachelor of Arts, Economics

Current directorships

- Manulife US Real Estate Management Pte. Ltd. (as manager of Manulife US REIT*): Non-executive Director; Audit and Risk Committee member
- Banyan Tree Holdings Limited*: Non-executive Director; Audit and Risk Committee member; Chair of Remuneration Committee
- BC Platforms AG (Switzerland): Non-executive Director
- The Red Pencil (Singapore): Non-executive Director and Deputy Chairman
- HealthCura Pte. Ltd: Executive Director
- Nutmeg Capital Pte. Ltd.: Executive Director
- Nutmeg Management Pte Ltd: Executive Director
- Nutmeg Solutions Pte. Ltd.: Executive Director

**listed*

Other principal commitments

- BC Platforms AG (Switzerland): Senior Advisor and Chair of Asia Advisory Board
- Center for Emerging Markets, D'amore Mckim School of Business, Northeastern University, USA: Advisory Board member
- TVM Capital Healthcare Partners, Singapore: Senior Advisor



Mr Mervyn Fong Mun Ngin

Director

Independent and non-executive

Mr Mervyn Fong Mun Ngin was first appointed to the Board on 20 April 2016 and last re-elected as a director on 30 June 2020. With Mr Tarun Kataria's resignation on 16 September 2020, Mr Fong had been appointed as the Interim Audit Committee Chairman until the appointment of the new Audit Committee Chairman, Mr Winston Ngan on 19 March 2021. Mr Fong is a Singapore citizen. He is currently the Chairman of the Risk Committee and a member of the Audit Committee.

Mr Fong is on the board of Keppel REIT Management Limited. He has held several directorships and appointments, including appointments as a past Chairman of the Singapore Investment Banking Association, and a past president of ACI Singapore – The Financial Markets Association. Mr Fong joined Samuel Montagu & Co Limited in 1982 as a capital markets manager. After Samuel Montagu & Co Limited was acquired by HSBC in 1988, he held various positions in HSBC Singapore and eventually became the Head of Treasury and Capital Markets/Treasurer Singapore in 1998. From 2004 to 2008, he was the Deputy CEO of HSBC Indonesia.

Academic and professional achievements

- National University of Singapore, MBA
- University of Birmingham, UK, Bachelor of Commerce (Honours)
- INSEAD, France, High Performance Leadership Programme
- Singapore Management University, Executive Diploma in Directorship
- IMD, Switzerland, Strategic Implementation Programme
- London Business School, UK, Business Management Programme

Current directorships

Keppel REIT Management Limited (as manager of Keppel REIT*): Non-executive Director; Audit and Risk Committee member; Nominating and Remuneration Committee member

Other principal commitments

- Sparks Systems Pte Ltd: Advisory Board Member
- Confrerie de la Chaine des Rotisseurs, Bailliage de Singapour: Honorary Conseiller
- Barker Road Methodist Church, Singapore: Member of Finance Committee
- Trinity Annual Conference (TRAC), The Methodist Church in Singapore: Member of Executive Board; Vice Chairman of Board of Finance; and Chairman of the Investment and Reserves Committee



Mrs Penny Goh
(Ms Lee Yoke Sim Penny)
Director
Independent and non-executive

Mrs Penny Goh was first appointed to the Board on 12 August 2019 and last re-elected as a director on 30 June 2020. Mrs Goh is a Singapore citizen. She is a member of the Audit Committee and Risk Committee.

Mrs Goh is on the board of several companies including Keppel REIT Management Limited, Keppel Corporation Limited and Singapore Totalisator Board. Mrs Goh is formerly the Co-Chairman and Senior Partner of Allen & Gledhill LLP, a leading law firm in Singapore, where she has for many years served on the firm's executive committee and headed the firm's corporate real estate practice. She is now Senior Adviser of Allen & Gledhill LLP. She advises listed corporations, private equity property funds, sovereign wealth funds and real estate investment trusts and she has extensive experience in a broad range of corporate real estate transactions for commercial, industrial and logistics projects in Singapore and Asia Pacific, involving investment, joint development and profit participation structures.

Academic and professional achievements

- National University of Singapore, Bachelor of Laws (Honours)
- Member of Singapore Bar, Law Society of Singapore

Current directorships

- Keppel REIT Management Limited (as manager of Keppel REIT*): Non-Executive Chairman
- Keppel Corporation Limited*: Non-Executive Director, Audit and Risk Committee member
- Singapore Totalisator Board: Non-executive Director
- Trailblazer Foundation Ltd: Director

**listed*

Other principal commitments

- Allen & Gledhill LLP: Senior Adviser
- Advisory Committee to the School of Design and Environment, National University of Singapore: Member of Advisory Committee
- SMU Advisory Board for Real Estate Programmes, Singapore Management University: Member of SMU Advisory Board

Past directorships in listed companies in last 3 years

- Mapletree Logistics Trust Management Ltd. (as Manager for Mapletree Logistics Trust): Director



Mr Winston Ngan
Director
Independent and non-executive

Mr Winston Ngan was first appointed to the Board on 19 March 2021 and his appointment is subject to election at the forthcoming annual general meeting. He is Chairman of the Audit Committee and a member of the Risk Committee.

Mr Ngan is currently an Executive Director of PYE Consulting Services Pte. Limited. Mr Ngan was formerly a partner and the Head of Assurance for the Financial Services Singapore and ASEAN of Ernst & Young LLP, where he was overseeing the growth and strategic priorities of the Financial Services Assurance practices in Singapore and in ASEAN. Mr Ngan has more than 26 years of professional services experience.

Academic and professional achievements

- Institute of Singapore Chartered Accountants, Member
- Canadian Institute of Chartered Accountants, Chartered Accountant
- Certified Public Accountant (CPA) Australia, Member
- York University, Canada, Master of Business Administration (Accounting)
- Loughborough University of Technology, UK, First Class Honors, Electronic & Electrical Engineering

Current directorships

- PYE Consulting Services Pte. Limited: Executive Director
- iLeap Learning Centre Limited Partnership: Partner

Other principal commitments

- Society for the Physically Disabled: Non-executive President

Board duties

The Board is collectively responsible for the long-term success of the Bank and delivery of sustainable value to the Shareholder and other stakeholders. Its key responsibilities include:

- providing entrepreneurial leadership within a framework of prudent and effective controls which enables risks to be assessed and managed;
- setting the strategy and risk appetite and approving the capital and operating plans for the Bank's achievement of the HSBC Group's strategic objectives;
- overseeing risk governance;
- reviewing the nominations and reasons for resignations of key appointment holders including directors, the CEO, Chief Financial Officer ("CFO") and Chief Risk Officer ("CRO");
- providing oversight of Management;
- considering sustainability issues in formulating strategies;
- ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct; and
- providing stewardship of the HSBC corporate values and standards.

In addition to matters reserved to the Board by law and the Bank's Constitution, the following matters specifically require board approval:

- (i) strategic plans, annual operating plan, risk appetite and performance targets for the Bank;
- (ii) establishment of effective procedures for the monitoring and control of operations including internal procedures for audit, risk and compliance;
- (iii) recovery plan of the Bank;
- (iv) authority or delegation of authority to approve credit, market risk limits, acquisition, disposal, investment, capital expenditure or realisation and creation of a new venture;
- (v) appointment, resignation or removal of the Head of Internal Audit; and
- (vi) any substantial change in the policies established from time to time by the Board for balance sheet management, including capital adequacy, liquidity, maturity structure of assets and liabilities, interest rate and exchange rate risks and asset concentration.

All directors are required to act objectively in discharging their duties, and in the interests of the Bank. Where a director has a personal interest in a matter that may conflict with the director's duties to the Bank, the director is required to disclose the conflict, recuse himself from the discussion of the matter and abstain from voting on the matter.

Board delegation

The Board has delegated certain duties to two board committees while retaining overall oversight. The committees are the Audit Committee and Risk Committee. The board committees have been constituted in accordance with the CG Regulations. Each board committee has written terms of reference which set out the committee's responsibilities. The terms of reference of the committees and the effectiveness of the committees are reviewed annually. Any change to the terms of reference is subject to the Board's approval. Each committee provides a report of its activities and the minutes of its meeting to the Board at least quarterly.

As allowed under the CG Regulations, the Board performs the responsibilities of a nominating committee. The MAS has, pursuant to Regulation 39(1) of the CG Regulations, exempted the Bank from forming a remuneration committee as the responsibilities of such committee are undertaken by the HSBC Group Remuneration Committee. The Board has not established a Board executive committee.

The Board has delegated certain authorities to the CEO and senior management of the Bank, with powers of sub delegation in relation to the day-to-day management of all business and support functions of the Bank within certain financial limits and in accordance with certain directions.

Meetings and attendance

The Board has five scheduled meetings and each of the board committees have four scheduled meetings in a year. Additional meetings are convened when required. Directors are provided with comprehensive information related to the agenda items in a timely manner. Copies of all Board and board committee minutes are distributed to directors with the papers at every scheduled Board meeting. These are also available to directors at all times via the Company Secretary. All deliberations and decisions of the Board and board committees are minuted and maintained by the Company Secretary.

The constitution of the Bank provides for a director to participate in a meeting via telephonic or video conference where exigencies prevent the director from attending the meeting in person. The table below sets out the number of meetings of the Board and board committees held in 2020 and the attendance of directors at the meetings.

2020 Meetings and Attendance

	Board	AC	RC
Number of meetings held	10	4	4
Number of meetings attended by director			
Mr Mukhtar Malik Hussain	10/10	4/4	4/4
Mr Anthony William Cripps ¹	10/10	-	-
Mrs Karen Tay Koh ²	8/8	3/3	3/3
Mr Mervyn Fong Mun Ngin	10/10	4/4	4/4
Mr Tarun Kataria ³	5/5	3/3	3/3
Mrs Penny Goh	9/10	4/4	4/4
Mr Josh Bottomley ⁴	5/8	-	-
Mr Winston Ngan ⁵	-	-	-

¹ Ceased to be Director and CEO on 3 April 2021.

² Appointed as Director and member of Audit and Risk Committees on 5 May 2020.

³ Ceased to be Director on 16 September 2020.

⁴ Ceased to be Director on 31 October 2020.

⁵ Appointed as Director, Chairman of Audit Committee and member of Risk Committee on 19 March 2021.

Directors' induction and continuous development

Upon appointment, new directors are given a comprehensive and tailored induction. The induction includes materials on a director's duties and obligations, the terms of reference of the Board and board committees and relevant HSBC Group policies. As part of the induction, new directors meet with key senior executives and receive briefings on the Bank's business, operations, risk management and governance practices.

All directors are given appropriate training on a continuing basis. Directors attend in house and external programmes, such as those conducted by the Singapore Institute of Directors. Directors may also request training on specific topics of interest. In addition to in-house and external programmes, executive directors have access to training programmes for employees.

Training topics covered in 2020 included risk management including resilience risk, health, safety and wellbeing, data privacy, cyber security, anti-bribery and corruption, anti-money laundering, sanctions, values and conduct, insider risk, model risk management, and asset, liability and capital management.

Annually, the directors are given updates on key HSBC policies. At quarterly Board and board committee meetings, directors are briefed on matters relating to risk management including financial crime risk and regulatory compliance risk, the Bank's culture and behavioural standards and on customer experience.

The Board is satisfied that the regular updates and training as set out above met the objective of equipping them with the appropriate knowledge to perform their duties.

Culture and conduct

As part of the HSBC Group, the Bank adopts the HSBC values which promote high levels of professional conduct of business. The values emphasise proper conduct including integrity at all times and are adopted as performance appraisal criteria for employees. All employees of the Bank are required to undergo training on the values.

The Bank has established guidelines for assessing and handling customer complaints received and properly documenting the assessment outcome for each complaint. Management reviews regular reports on customer complaints and highlights material complaints to the Board.

Board composition

Annually, the Board assesses its size and composition and each director's independence.

The Board has assessed that each director remains fit and proper and qualified for the position of Director and contributes to the collective skills, experience and knowledge of the Board. Collectively, the Directors have experience in banking, finance and management, providing the core competencies that are relevant to the Bank's business and contributing to the effective oversight of the Bank's affairs. After taking into account the Bank's scope and nature of business and operations, the Board considers a board size of up to seven members appropriate for overseeing the Bank's affairs and for progressive renewal of the Board. Succession planning is an ongoing process. The Board will continue to assess the board size and the skills and expertise required to provide effective stewardship of the Bank.

In assessing each director's independence, the Board considers the director's profile, disclosures of his other appointments, interests or personal circumstances as well as responses in questionnaires. The questionnaires are designed for assessing a director's independence based on the criteria in the CG Regulations and CG Guidelines and whether he/she is a fit and proper person for office based on the MAS Guidelines on Fit and Proper Criteria.

There is a strong independent element on the current Board, with independent directors making up more than half of the Board. Each director's tenure on the Board is less than nine years. Page 9 and 10 sets out the Board's assessment of directors' independence.

In addition, a majority of the Board comprises non-executive directors. This Board composition allows constructive challenge of proposals tabled before the Board. To facilitate an even more effective check and balance on senior management, the non-executive directors meet at least once a year without the presence of Management.

Chairman and CEO

The roles of the Chairman and the CEO are separate and held by unrelated individuals.

Mr Mukhtar Malik Hussain is the non-independent and non-executive Chairman. The Chairman's responsibilities include providing leadership to the Board, setting the agenda for Board meetings, ensuring that directors receive timely and comprehensive information for informed deliberations and promoting high standards of corporate governance.

The CG Guidelines have recommended the appointment of a lead independent director where the Chairman is not an independent director. The Board is of the view that it is not necessary to do so as there is a strong independent element on the Board, notwithstanding that the Bank is a wholly-owned subsidiary. Further, the Chairman is able to foster open and constructive discussions during meetings and, as a nominee of the Shareholder, to facilitate effective communication with the Shareholder.

The CEO leads the management team and implements the decisions of the Board and Board Committees. Assisted by management committees, the CEO is responsible for the Bank's day-to-day operations and business, including ensuring the continued adequacy and effectiveness of the system of internal controls and risk management.

Selection and nomination of directors

The Board performs the functions of a nominating committee, whose main responsibilities include:

- (i) identifying and evaluating candidates for the Board and Board Committees;
- (ii) assessing the independence of Directors;
- (iii) reviewing the size and composition of the Board and Board Committees;

- (iv) evaluating the performance of the Board, Board Committees and each director; and
- (v) reviewing the nomination, appointment and reasons for the resignation of Directors and the CEO, CFO and CRO.

The criteria applied by the Board in identifying and evaluating candidates include (i) compliance with the CG Regulations requirements on independence and composition for Board and board committees; (ii) whether the candidate is a fit and proper person for the office and is qualified for office, taking into account inter alia, the candidate's experience, capabilities and skills; (iii) whether the candidate has the appropriate knowledge and skills that the Board and board committee members require to discharge their responsibilities effectively ("**skills matrix**"); and (iv) whether the candidate will be able to allocate sufficient time to discharge his responsibilities effectively.

In recommending the appointment and re-appointment of executive and non-executive directors to the Board, the Board seeks to ensure that these directors fulfill their criteria and skill sets which are aligned with the strategic direction and emerging challenges faced by the Bank.

As part of the fit and proper assessment, the Bank conducted vetting checks which included credit bureau, litigation and blacklist searches.

The Board in considering whether the candidate would be able to allocate sufficient time, had set a limit on listed companies' directorships. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three listed companies, while directors who do not have any full-time employment shall have appointments in no more than six listed companies.

Key Appointment Holders

The following changes took place in 2020 and up to the date of this report:

- (i) Mrs Karen Tay Koh was appointed as an Independent Non-Executive Director and a member of the Audit Committee and Risk Committee on 5 May 2020.
- (ii) Mr Tarun Kataria stepped down as an Independent Non-Executive Director on 16 September 2020.
- (iii) Mr Jamil Ahmed was appointed as the Chief Compliance Officer on 20 July 2020, a new role that was created following the integration of the Financial Crime Compliance and Regulatory Compliance functions.
- (iv) Mr Josh Bottomley stepped down as a Non-Independent Non-Executive Director on 31 October 2020.
- (v) Mr Winston Ngan was appointed as an Independent Non-Executive Director, Chairman of the Audit Committee Member and a member of the Risk Committee on 19 March 2021.
- (vi) Mr Anthony William Cripps stepped down as Executive Director and CEO on 3 April 2021. He will be succeeded by Mr Kee Joo Wong with effect from 1 June 2021. The Chief Operating Officer, Mr Olfert de Wit is the Interim Chief Executive Officer.

Re-appointment of directors

Each of the directors are subject to re-election at the Annual General Meeting ("**AGM**"). Mr Mukhtar Malik Hussain, Mr Mervyn Fong Mun Ngin, Mrs Karen Tay Koh and Mrs Penny Goh were re-elected at the 2020 AGM. Mr Winston Ngan who was appointed after the 2020 AGM will be subject to election at the forthcoming AGM together with the other Directors.

In considering the re-appointments of Mr Mukhtar Malik Hussain, Mr Mervyn Fong Mun Ngin, Mrs Karen Tay Koh and Mrs Penny Goh, the Board conducted its annual review to assess (i) the independence status of each Director, (ii) whether each Director remained a fit and proper person and qualified for office, (iii) each Director's attendance, time commitment and contribution, and (iv) the composition of the Board against the skills matrix. Prior to the Board meeting, the directors completed fit and proper declarations confirming their fit and proper status. The Board had concluded that each director was fit and proper for the position of director on the basis of their assessment, their individual contributions to deliberations at Board and committee meetings, their fit and proper declarations and results of various searches including credit bureau, litigation and blacklist searches conducted on each director.

Independence of Directors

The independence of a director is determined based on the criteria set out in the CG Regulations and the CG Guidelines. The CG Regulations provide that a director is considered independent if he is independent from management and business relationships and the substantial shareholder and if he has not served on the Board for a continuous period of nine years or more. The Board made the following independence assessments in May 2021:

- (i) Mr Mukhtar Malik Hussain (Chairman) is an employee of the Shareholder and is the currently the Head of Belt and Road Initiative and Business Corridors, Asia Pacific. He is not considered independent from the Shareholder. He is also a director of HSBC affiliates.

Mr Hussain is independent from management relationships with the Bank on the grounds that he is not involved in the day-to-day operations and decision making of the Bank and that the CEO does not report to him.

In the course of the 2020 financial year, payments were made and received between the Bank and the Shareholder. These were mainly payments for infrastructure, support services and intra-group borrowing/lending activities which were made in the usual course of business. As the aforesaid payments made and received were in the usual course of business and Mr Hussain did not have any direct control over the payments made and he derived no personal benefit from these payments, Mr Hussain is considered independent from business relationships with the Bank.

- (ii) Mrs Karen Tay Koh is independent from business and management relationships with the Bank and its related corporations, and is independent from the Shareholder. She is not currently employed by any HSBC company, does not serve on the boards of other HSBC companies and has no direct family members who are employed by the Bank.
- (iii) Mr Mervyn Fong is independent from business and management relationships with the Bank and its related corporations, and is independent from the Shareholder. He is not currently employed by any HSBC company, does not serve on the boards of other HSBC companies and has no direct family members who are employed by the Bank.
- (iv) Mrs Penny Goh is independent from business and management relationships with the Bank and its related corporations, and is independent from the Shareholder. She is not currently employed by any HSBC company, does not serve on the boards of other HSBC companies and has no direct family members who are employed by the Bank.
- (v) Mr Winston Ngan is independent from business and management relationships with the Bank and its related corporations, and is independent from the Shareholder. He is not currently employed by any HSBC company, does not serve on the boards of other HSBC companies and has no direct family members who are employed by the Bank.

With four independent directors, namely Mrs Karen Tay Koh, Mr Mervyn Fong Mun Ngin, Mrs Penny Goh and Mr Winston Ngan, the Bank has satisfied the requirement under the CG Regulations that where a substantial shareholder holds 50% or more of the share capital of the voting power in a bank incorporated in Singapore, at least one-third of directors must be independent. The Bank also satisfied the requirement under the CG Regulations that independent directors make up at least half of the board where the Chairman is not an independent director.

None of the independent directors have served on the Board for more than nine years from the date of first appointment.

Board Performance

The Board performs an annual assessment of its own effectiveness and that of its committees. Each director participates and evaluates the performance of the Board and board committees based on a set of performance criteria adopted from HSBC Group which includes quality of risk management, adequacy of internal controls, board culture and behaviour and attendance of directors at Board and board committee meetings. Policies exist whereby if the Board is deliberating upon any matter that involves a member, including his/her performance, that member would not participate in the discussion and/or recuse himself/herself from the discussion to avoid conflicts of interest. The results of these collective self-assessments are reviewed and discussed at the Board. The assessment results are used constructively to discuss improvement opportunities for the Board and board committees.

Board's access to information

Directors have separate and unrestricted access to information and Management. Directors are entitled to request from Management and be provided with such additional information as needed to make informed decisions and to discharge their duties effectively. Management has an obligation to supply the Board with complete, adequate information in a timely manner. Information provided includes board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of budgets, forecasts and monthly internal financial statements, with material variances between projections and actuals. Information provided on an ongoing basis at board meetings includes financial, business, risk, operational, human resources and regulatory updates. The Board has unrestricted access to the Bank's senior executives at all times. All scheduled Board and Board Committee meetings papers are distributed to Directors not less than 7 days in advance of the meetings. Directors are also equipped with secure access to electronic Board and committee meeting materials. Any additional material or information requested is furnished promptly.

Company Secretary's duties

Directors have separate and unrestricted access to the Company Secretary. The Company Secretary attends all Board, Audit Committee, Risk Committee and management Executive Committee ("EXCO") meetings and prepares minutes of those proceedings. She is responsible for (i) ensuring that board procedures are followed and that applicable rules and regulations are complied with; (ii) assisting the Chairman to prepare the agendas of all Board and board committee meetings; (iii) facilitating good information flows within the Board, the Audit Committee, Risk Committee and the EXCO; (iv) facilitating the annual process of the evaluation of director's independence and qualification for office; (v) advising the Board on governance matters; (vi) facilitating the orientation of non-executive directors and assisting with directors professional development as required; (vii) maintaining minutes of all Board, Audit Committee and Risk Committee meetings and records of all directors' resolutions; (viii) facilitating the Board's annual performance evaluation; (ix) reminding and facilitating the disclosure by the directors of theirs' and their related party interests; (x) preparation of the Corporate Governance Report; (xi) acting as a channel of communication between the Board, Audit Committee and Risk Committee and the board and audit and risk committees of the Shareholder; (xii) acting as a channel of information between the Bank and the Shareholder by reporting on material Board developments to the company secretary of the Shareholder.

The appointment and removal of the Company Secretary is subject to approval by the Board.

Directors, either individually or as a group, in furtherance of their duties, may appoint, employ or retain such professional advisors as they may consider appropriate. Any such appointment shall be made through the Company Secretary, who shall be responsible for the contractual arrangements and payment of fees by the Bank on behalf of the Board.

REMUNERATION MATTERS **(Principles 7 to 9, CG Guidelines)**

The Bank has an exemption from the MAS on the requirement to set up a Remuneration Committee pursuant to Regulation 39(1) of the CG Regulations on the basis that the responsibility of the Remuneration Committee will be undertaken by the HSBC Group Remuneration Committee.

The board of directors of the Shareholder, adopts the remuneration policy of HSBC Holdings plc. The remuneration policy is approved by the HSBC Group Remuneration Committee which comprises independent non-executive directors. The HSBC Group Remuneration Committee is responsible for setting the principles, parameters and governance framework for HSBC Group's remuneration policy applicable to all HSBC Group employees. It also oversees the application of the policy to subsidiaries and branches, subject to local regulations and is responsible for assessing that there are effective safeguards in place to ensure that remuneration policies are clearly aligned with the Group's risk appetite and regulatory requirements. The Shareholder's Board and its Remuneration Committee consisting of independent non-executive directors are accountable to review the Group policy and to independently consider its effectiveness in complying with local regulations in order to support delivery of its strategic priorities.

Level and mix of remuneration

The Bank's remuneration is aligned to the HSBC Group's remuneration policy and practices which promote sound and effective risk management and support our business objectives.

Our remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience with the HSBC Group while performing their role in the long-term interests of our stakeholders.

Total compensation, consisting of fixed pay and variable pay, is the key focus of our remuneration framework, with variable pay (namely annual incentive and long term incentives) differentiated by performance and adherence to HSBC values.

Where employees are eligible to be considered for a discretionary variable pay award, the amount will be determined based on overall group affordability, any adjustment relating to recognition and conduct, individual performance and adherence to HSBC values.

There is no specific policy setting out the proportion of variable pay over total compensation other than for those employees who have been identified as a Material Risk Taker ("MRT") in accordance with the European Union Regulatory Technical Standard 604/2014. For MRTs, their variable pay awards will be limited to 200% of fixed pay.

In principle, variable pay represents a higher proportion of total compensation for more senior employees and will be more closely aligned to HSBC Group and business performance as seniority increases. All awards are subject to malus and awards granted to employees identified as MRTs are subject to clawback.

The Group's remuneration strategy, as approved by the Group Remuneration Committee, is based on the following principles:

- Alignment to performance at all levels (individual, business and Group) taking into account both 'what' has been achieved and 'how' it has been achieved. The 'how' helps ensure that performance is sustainable in the longer term, consistent with HSBC's values and risk and compliance standards.
- Being informed, but not driven by, market position and practice. Market benchmarks are sourced through independent specialists and provide an indication of the range of pay levels and employee benefits provided by our competitors.
- Consideration of the full-market range when making pay decisions for employees, taking into account the individual's and the Group's performance in any given year. An individual's pay will vary depending upon their performance.

- Compliance with relevant regulation across all countries and territories in which HSBC operates.

Based on these principles, HSBC's approach to determining remuneration is based on the following objectives:

- Offering our employees a competitive total reward package. This includes market competitive fixed pay levels, which ensure our employees are able to meet their basic day-to-day needs;
- Maintaining an appropriate balance between fixed pay, variable pay and employee benefits, taking into consideration an employee's seniority, role, individual performance and the market;
- Ensuring variable pay is awarded on a discretionary basis and dependent upon Group, business and individual performance;
- Offering employee benefits that are valued by a diverse workforce, appropriate at the local market level and support HSBC's commitment to employee well-being;
- Promoting employee share ownership through variable pay deferral or voluntary enrolment in an all employee share plan; and
- Linking reward packages to performance and behaviour with no bias towards an individual's ethnicity, gender, age, or any other characteristic.

Please refer to the HSBC remuneration practices and governance at <https://www.hsbc.com/who-we-are/leadership-and-governance/remuneration> and the Capital and Risk Management Pillar 3 Disclosures of HSBC Holdings plc for details of the major design characteristics of the remuneration system including alignment between risk and reward.

Remuneration of key executives

The Bank is ultimately a wholly-owned subsidiary of HSBC Holdings plc. As set out above, the Bank's remuneration is aligned to HSBC Group's remuneration policy and practices. HSBC Group including the Shareholder has full knowledge of the remuneration of the executive directors and non-executive directors employed by HSBC Group and the top five key executives.

The Board is also of the view that given the sensitive and confidential nature of the CEO and employees' remuneration, detailed disclosure on the remuneration of each of these individuals is not in the best interests of the Bank. Since the Bank is a wholly-owned subsidiary of the HSBC Group, providing such remuneration details will prejudice the Bank's interests in relation to its competitors, given the highly competitive environment in the financial industry where poaching of executives is common place.

Remuneration of Executive Directors and Non-Executive Directors employed by HSBC Group

Executive directors and non-executive directors employed by HSBC Group do not receive any remuneration or fees for their services as directors for the Bank. The remuneration for such directors is delivered in their capacity of employees of the HSBC Group and is decided in line with HSBC Group's remuneration policy.

Remuneration of Independent Non-Executive Directors

The remuneration for independent non-executive directors in 2020 is in line with the HSBC Group's remuneration framework for independent directors:

	<u>Role</u>	<u>Fees per annum</u>
(i)	Board member's fee	S\$85,000
(ii)	Committee Chairman's fee for Audit and Risk Committees	S\$53,000
(iii)	Committee member's fee for Audit and Risk Committees	S\$33,000

There is no employee of the Bank who is an immediate family member of a director or the CEO whose remuneration exceeds S\$50,000 for the year under review.

Employee share plans

HSBC operates all-employee share option plans under which options are granted over HSBC ordinary shares. Subject to leaver provisions, all eligible employees are entitled to participate in the all-employee share option plan. Options are normally exercisable after three to five years. HSBC's all-employee share plan is also published on page 257 of the Annual Report and Accounts 2020 for HSBC Holdings plc at this link: <http://www.hsbc.com/investor-relations/group-results-and-reporting/annual-report>.

No disclosure is made on the Bank's directors' interests in HSBC Holdings plc shares as there are no public shareholders of the Bank whose interests need to be protected through the disclosure of the directors' interests. In addition, in the case of executive directors and non-executive directors of the Bank who are employed by HSBC Group, share options and discretionary awards of shares granted to them are considered part of their remuneration package and, as mentioned above, such disclosure would prejudice the Bank's interests in relation to its competitors.

ACCOUNTABILITY AND AUDIT (Principle 10, CG Guidelines)

The Board reviews risk, legal, operational and regulatory compliance reports from management to ensure compliance with all HSBC Group's operational practices and procedures and relevant regulatory requirements.

Board members receive financial statements, operational and other reports from management containing analysis and explanations of variances against budget to understand the Bank's financial and operational performance and prospects. The financial performance of the Bank, including explanation against plan, is presented at each quarterly Audit Committee and Board meeting.

The Audit Committee is responsible for reviewing the adequacy of the external and internal audit functions of the Bank, including reviewing the scope and results of audits carried out in respect of the operations of the Bank and the independence and objectivity of the Bank's external auditors.

RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROLS (Principles 11 to 13, CG Guidelines)

Risk Management

Robust risk governance and accountability are embedded throughout the Bank through an established risk management framework that ensures appropriate oversight of, and accountability for, and clear escalation path for the effective management of risk at all levels of the organisation and across all risk types.

The governance model is organized around two meeting types, formal decision-making governance meeting/committees; and informal risk governance forums. The consistency of governance structures across the Bank is enforced through risk management meetings/committee and adherence to consistent standards and risk management policies.

The Board has ultimate responsibility for approving the Bank's risk appetite and the effective management of risk. The Bank's management advises the Board on risk appetite and its alignment with strategy, risk governance and internal controls, and high-level risk related matters.

Executive accountability for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management policies resides with the Risk Management Meeting ("RMM").

Day-to-day risk management activities are the responsibility of senior managers of individual businesses, supported by global functions as described under the "3 Lines of Defence" model. The model delineates management accountabilities and defines who is responsible to do what to identify, assess, measure, manage,

monitor and mitigate risks, encouraging collaboration and enabling efficient coordination of risk and control activities.

The Bank uses four key risk management tools to promote strong enterprise-wide risk management: Risk Appetite Statement (“**RAS**”), Risk Map, Top and Emerging Risks and Stress Testing. Risk Appetite Profile and Risk Map provide information on our current and projected Risk Profile for awareness and to inform decision making. Top and Emerging Risks and Stress Testing provide information on the risk landscape that are impacting or could impact our Risk Profile. Enterprise Risk Reports generated by these tools are provided on a monthly basis to RMM and routinely to the Board for information. These consistent and integrated standard reports are used at the RMM to ensure appropriate monitoring and cascading of information is achieved.

The Global Risk Appetite Framework (“**GRAF**”) sets out HSBC’s approach to measuring, managing and reporting Risk Appetite. It provides a globally consistent approach, outlining processes, policies, metrics and governance, to help ensure that business activities remain within the stated risk appetite of the Bank.

The Bank complies with the GRAF and supplements the framework by setting the scope of applicability and detailing any deviations from the GRAF, including guiding principles, governance, metrics, monitoring and associated reporting processes that are specific to the Bank. The Bank’s GRAF Addendum is written consistent with the Shareholder’s GRAF Addendum and is subject to annual review and approval by the Board.

As required under the MAS Guidelines on Risk Management Practices – Board and Senior Management, the Board has approved a Risk Appetite Framework for the Bank. An update on effectiveness of Risk Management Function is provided to the Risk Committee annually with an overview of governance structure, framework for managing enterprise wide risks and capacity and capability of resources within risk function to fulfill these responsibilities. Moreover, a risk management report is presented by the Chief Risk Officer to the Risk Committee at every meeting, which, in addition to updates on management of various risks – Credit, Market and Non-financial Risk - also provides insight into effectiveness of internal controls.

Credit Risk

HSBC credit culture is dedicated to achieving and maintaining risk assets of high quality. The Bank is to be committed to sound professionalism and discipline in applying a consistently high standard of credit skills.

The Bank manages and monitors credit risks to properly establish, monitor and control facilities and their utilisation at individual customer or portfolio level, being essential for:

- (i) ensuring a consistent global approach to credit product risk evaluation and approval;
- (ii) maintaining durable credit quality at facility and portfolio level, identifying problems or deterioration at an early stage;
- (iii) ensuring that the level of new business is appropriate and utilisations remain within limits, or otherwise that suitable action is taken; and
- (iv) in the event of customer failure, ensuring optimum recoveries are achieved.

The RMM has the oversight responsibilities of the following:

- (i) To understand credit risk, balance sheet dynamics and interaction between portfolios; and
- (ii) To review credit risk (existing and potential) on a systematic basis, ensuring that:
 - (a) a mechanism exists for early identification of risk;
 - (b) adequate controls exist to mitigate; and
 - (c) related returns reflect the risks and the capital allocated to support them.

Market Risk

Market risk is managed and controlled through limits approved by the Board. The management of market risk is principally undertaken in the Global Markets line of business, where all trading value at risk resides, using risk limits approved by the Board. Limits are set for portfolios, products and risk types, with market liquidity being a primary factor in determining the level of limits set.

HSBC Group's Global Risk is responsible for setting market risk management policies and framework. The Bank has an independent market risk management and control sub-function which is responsible for measuring market risk exposures in accordance with the policies defined by Global Risk, and monitoring and reporting these exposures against the prescribed limits on a daily basis. The market risk limits are governed according to the HSBC Group Risk Framework.

Non-financial Risk

Non-financial risk is the risk of loss resulting from people, inadequate or failed internal processes data or systems or external events. The risks arise during our day-to-day operations, while taking financial risks. Approach to management of non-financial risks is outlined in the risk management framework. The principle of individual accountability is exercised across the organisation and is fundamental to effective risk management within HSBC. This principle is reinforced through the three lines of defence model.

From a governance perspective, the Country Operational and Resilience risk forum provides oversight on management of non-financial risks. It supports the CRO in ensuring non-financial risks are managed within established risk appetite. Escalations, if any will be presented to the RMM.

Environmental Risk

In light of the MAS Environmental Risk Management guidelines issued in December 2020 and which has an implementation period of 18 months, the Bank has started embedding the Group and local requirements on climate risk in its enterprise risk management framework.

Internal audit

Internal Audit coverage of the Bank is performed by a HSBC Singapore-based audit team. The Singapore audit team is responsible for the oversight of, and provision of audit coverage in, the Bank in conjunction with specialist global business and functions audit teams established by the HSBC Group's Global Internal Audit ("**GBL INA**") function.

The Bank has a Head of Internal Audit ("**Head of INA**") overseeing internal audit matters. The Audit Committee had reviewed the adequacy and effectiveness of the Internal Audit function including whether it has adequate resources to fulfill its duties. Given the existing model of coverage of the Bank by GBL INA, the budget of the internal audit function has not been historically approved by the Audit Committee.

GBL INA adheres to The Institute of Internal Auditors' ("**IIA**") mandatory standards including the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. In addition, GBL INA complies with Practice Advisories, Practice Guides and recommendations issued by the IIA to the extent that these apply. The Singapore Internal Audit function ("**SG INA**") adopts the GBL INA standards.

Accountabilities of the audit function include the development and execution of a risk based annual audit plan, covering key risks, emerging risks, horizon risks and regulatory obligations, in line with the Group's risk management and internal control frameworks. In accordance with its charter, the primary role of GBL INA is to help Management to protect the assets, reputation and sustainability of the HSBC Group. GBL INA provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by management, is adequate.

The Head of INA reports into the South East Asia cluster Head of Audit as well as to the CEO of HSBC Singapore. Global Business and Functions audit teams responsible for coverage of the Bank have dual reporting lines to the Regional Head of Audit for Asia Pacific (a GBL INA Executive Committee member) and Global Business and Functions Audit Team Heads. The Chair of the GBL INA EXCO is the Group Head of Internal Audit who reports functionally into the Chair of the Group Audit Committee and administratively into the Group CEO. The Group Head of Internal Audit is also a member of the HSBC Group Management Board.

Based on this structure, the internal audit function is independent of the Bank's management and has appropriate standing within the Bank.

SG INA follows a risk-based methodology in determining audit needs and formulating an annual plan of audit. SG INA works in close coordination with GBL INA to ensure audit coverage is sufficient for the Bank and from HSBC Group's perspective. The Audit Committee reviews the internal audit plan and progress against the plan. The Audit Committee may also direct the Head of INA or the SG INA function to perform specific reviews. The internal audit plan is reviewed on a periodic basis and any changes to the plan are discussed with and reviewed by the Audit Committee. The Audit Committee reviews the performance of SG INA annually, and is satisfied that the performance of the internal audit function was effective and adequate, and that the internal audit function was adequately resourced.

On a quarterly basis, the Head of INA updates the Audit Committee on all completed and upcoming audits and findings from audits conducted. The Audit Committee meets with the Head of Internal Audit, without the presence of Management at least once a year. The Internal Audit has unfettered access to the Audit Committee, the Board and the Management to carry out its functions.

Board Risk Committee

As at the date of this report, the Risk Committee comprises Mr Mervyn Fong Mun Ngin (Chair), Mrs Karen Tay Koh, Mr Mukhtar Malik Hussain, Mrs Penny Goh and Mr Winston Ngan. Mrs Karen Tay Koh and Mr Winston Ngan was appointed to the Risk Committee as a member on 5 May 2020 and 19 March 2021 respectively.

Under the terms of reference of the Risk Committee, the Risk Committee is responsible for the oversight of risk-related matters including risk governance and internal control systems (other than internal controls over financial reporting). The Risk Committee is responsible, inter alia, for reviewing and providing independent challenge on risk management reports, assessing the risk profile of the Bank and how the risks arising from the Bank's businesses are controlled, monitored and mitigated, for focusing on current and forward-looking risks to assess the Bank's vulnerability and resiliency to potential risks, reviewing the effectiveness of the Bank's conduct framework designed to deliver fair outcomes for customers and reviewing and satisfying itself that the Bank's stress testing framework, governance and related internal controls are robust.

Board Audit Committee

As at the date of this report, the Audit Committee comprises Mr Winston Ngan (Chair), Mrs Karen Tay Koh, Mr Mervyn Fong Mun Ngin, Mr Mukhtar Malik Hussain and Mrs Penny Goh. Mrs Karen Tay Koh was appointed to the Audit Committee as a member on 5 May 2020.

Mr Tarun Kataria who was Chair, resigned on 16 September 2020 and Mr Mervyn Fong Mun Ngin was the interim Chair until the appointment of Mr Winston Ngan on 19 March 2021.

The Board, through the Audit Committee, ensures the integrity of the financial reports and oversees the Bank's financial reporting, internal accounting control system and the audit function.

Responsibilities

The Audit Committee has responsibility, delegated to it from the Board, for overseeing all matters relating to financial reporting. In discharging their responsibility, the Audit Committee oversees:

- (i) preparation of financial statements, compliance with accounting standards and accounting judgements;
- (ii) the effectiveness of internal financial control functions;
- (iii) the independence and performance of Internal Audit;
- (iv) the relationships with external auditors, including their objectivity, performance, appointment and remuneration; and
- (v) whistleblowing.

The Audit Committee held four scheduled meetings in 2020. During 2020, the Audit Committee reviewed, *inter alia*, the following:

(i) Financial statements:

On a quarterly basis, the Audit Committee reviews, *inter alia*, financial performance updates, updates on all completed and upcoming audits and updates on controls relating to financial reporting.

The Audit Committee reviews the Bank's financial statements before they are submitted to the Board. In respect of the financial year ended 31 December 2020, the Audit Committee reviewed the audited financial statements with management and the external auditors, including discussions on the accounting principles applied and significant financial reporting judgements to ensure the integrity of the financial statements.

(ii) ICAAP and stress testing:

The Audit Committee reviews the Bank's Internal Capital Adequacy Assessment Process ("**ICAAP**") annually and also reviewed the results from the stress-testing process to ensure overall alignment with the Bank's ICAAP.

(iii) Internal Audit:

On a quarterly basis, the Head of INA updates the Audit Committee on all completed and upcoming audits and findings from audits conducted. As mentioned above, the Audit Committee meets with the Head of Internal Audit, without the presence of Management at least once a year.

In addition, the Audit Committee oversees the internal audit plan and progress against plan, as mentioned above in page 17.

(iv) External Audit:

The Bank's external auditors have access to and provide regular reports to the Audit Committee. The external auditors present their audit plan for the Bank and their evaluation of the Bank's internal accounting controls to the Audit Committee for approval.

The status of any corrective action required arising from material findings in the external auditor's report is tracked by the relevant function and reported to the Audit Committee at its quarterly meetings until they have been addressed conclusively.

The Audit Committee reviewed and recommended to the Board, that the external auditors be re-appointed. In its review, the Audit Committee reviewed the independence of the external auditors, the work performed by the external auditors and the fees paid to the external auditors for the provision of audit and non-audit services to the Bank for 2020. The Audit Committee was satisfied that the nature and extent of non-audit services did not prejudice the external auditor's independence and objectivity and, that the external auditors can be considered independent. The external auditors' remuneration is disclosed in the 31 December 2020 financial statements and includes (a) statutory audit fees of S\$545,000; and (b) non-audit services fees of S\$136,500 in relation to the year ended 31 December 2020 engagement.

(v) Whistleblowing:

The Bank adopts the HSBC Group's whistleblowing policies and procedures. HSBC's global whistleblowing channel, HSBC Confidential is open to colleagues and other stakeholders to raise concerns either confidentially or anonymously. The Audit Committee is satisfied that whistleblowing arrangements and assessments of the whistleblowing arrangements are in place for capturing and responding to whistleblowers' concerns in confidence and ensuring protection of the whistleblowers. At

each Audit Committee meeting, the Audit Committee is provided with management information on whistleblowing cases affecting the Bank. In March 2021, the Board received a refresher briefing on the HSBC Group's whistleblowing policy and procedures.

The Audit Committee meets with the external auditors and the Head of Internal Audit, in separate sessions and without the presence of Management, at least once a year.

The Audit Committee members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through updates and briefings by the management and external auditors.

Internal controls and risk management

Based on the internal controls established and maintained by the HSBC Group, the Board, through the Audit Committee and Risk Committee, is of the opinion that the system of internal controls, covering all material controls, including financial, operational and compliance controls and risk management systems were adequate as at 31 December 2020, to address the risks which the Bank considers relevant and material to its operations. The system of internal controls, and risk management provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud and other irregularities.

SHAREHOLDER (Principles 14 to 16, CG Guidelines)

There is effective communication between the Bank and the Shareholder, which is entitled to participate in decisions concerning key corporate changes, such as any appointment to the Board and Board Committees and any amendment to the Bank's Constitution.

Dividend Payment

Declared dividends are paid out of the Bank's profits available for distribution after taking into account regulatory capital and other business needs.

AGM

The Bank holds its AGM within six months from the financial year-end. The AGM is convened pursuant to Section 179(6) of the Companies Act.

RELATED PARTY TRANSACTIONS (Principle 17, CG Guidelines)

Policies on related party transactions are established at the HSBC Group level for all HSBC entities. Group policies mandate that inter-Group transactions are conducted on an arm's length basis. Staff lending policies are documented as part of the Bank's overall lending programme. The Bank also complies with local regulatory requirements with respect to the monitoring and reporting of the exposures of the Bank to related parties. The Bank is reviewing its related party transactions policy and procedures in light of the MAS Notice 643 taking effect on 1 July 2021.

In connection with the preparation of the Bank's annual statutory accounts, the AC reviews all material related party transactions to assess if they are undertaken in the ordinary course of business, on normal commercial terms and at arm's length. The Bank disclosed related party transactions in the notes to the financial statements for the financial year ended 31 December 2020.