



## **HSBC BANK (SINGAPORE) LIMITED**

*(Incorporated in Singapore. Company Registration No. 201420624K)*

### **Pillar 3 Disclosures as at 31 December 2025**

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## **1. Introduction**

HSBC Bank (Singapore) Limited (the “Bank”) is incorporated in the Republic of Singapore and has its registered office at 10 Marina Boulevard #48-01 Marina Bay Financial Centre, Singapore 018983. The Bank operates in Singapore under a full banking license and Qualifying Full Bank privileges granted by the Monetary Authority of Singapore (“MAS”).

The immediate holding company is The Hongkong and Shanghai Banking Corporation Limited, incorporated in the Hong Kong Special Administrative Region (“HBAP”).

The ultimate holding company is HSBC Holdings plc (“HSBC”), incorporated in England. The shares of HSBC Holdings plc are listed on the stock exchanges of Hong Kong, London, New York, Bermuda and Paris.

The disclosures in this document are made in accordance with the requirements of Notice 637 “Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore” (“MAS Notice 637”), Notice 651 “Liquidity Coverage Ratio (“LCR”)” Disclosure and Notice 653 “Net Stable Funding Ratio (“NSFR”)” issued by the MAS.

The disclosures are prepared in accordance with the Bank’s Pillar 3 Disclosure Policy which specifies the Bank’s Pillar 3 disclosure requirements, frequency of disclosure, medium of disclosure and the roles and responsibilities of various parties involved in the reporting process. The policy has been approved by the Board of Directors of the Bank. While the disclosure statement is not required to be externally audited, the document has been subject review by Senior Management and has been approved by the Audit Committee as delegated by the Board.

The public disclosure document should be read in conjunction with the Bank’s Financial Statements for the year ended 31 December 2025.

## 2. Overview of Key Prudential Regulatory Metrics

The following table provides an overview of key prudential regulatory metrics of the Bank (except Liquidity Coverage Ratio and Net Stable Funding Ratio which are at Country-level, as explained in Notes 12.2 and 12.3 respectively). The Bank's capital requirements are based on the Standardised Approach in accordance with MAS Notice 637.

| in SGD millions  |  | (a)       | (b)       | (c)       | (d)       | (e)       |
|--|--|-----------|-----------|-----------|-----------|-----------|
|  |  | 31 Dec 25 | 30 Sep 25 | 30 Jun 25 | 31 Mar 25 | 31 Dec 24 |
| <b>Available Capital (Amounts)</b>                                 |  |           |           |           |           |           |
| 1  | CET1 Capital   | 1,835     | 1,647     | 1,646     | 1,644     | 1,861     |
| 2  | Tier 1 Capital   | 1,835     | 1,647     | 1,646     | 1,644     | 1,861     |
| 3  | Total Capital  | 2,047     | 1,849     | 1,848     | 1,849     | 2,067     |
| <b>Risk Weighted Assets (Amounts)</b>                              |  |           |           |           |           |           |
| 4  | Total Risk-weighted Assets ("RWA")   | 9,047     | 8,248     | 8,774     | 8,738     | 8,730     |
| 4a   | Total RWA (pre-floor)  | 9,047     | 8,248     | 8,774     | 8,738     | 8,730     |
| <b>Risk-based Capital Ratios as a Percentage of RWA</b>            |  |           |           |           |           |           |
| 5  | CET1 Ratio (%)   | 20.28%    | 19.97%    | 18.76%    | 18.81%    | 21.32%    |
| 5a   | CET 1 Ratio (%) (pre-floor ratio)  | 20.28%    | 19.97%    | 18.76%    | 18.81%    | 21.32%    |
| 6  | Tier 1 Ratio (%)   | 20.28%    | 19.97%    | 18.76%    | 18.81%    | 21.32%    |
| 6a   | Tier 1 Ratio (%) (pre-floor ratio)   | 20.28%    | 19.97%    | 18.76%    | 18.81%    | 21.32%    |
| 7  | Total Capital Ratio (%)  | 22.63%    | 22.42%    | 21.06%    | 21.16%    | 23.68%    |
| 7a   | Total Capital Ratio (%) (pre-floor ratio)  | 22.63%    | 22.42%    | 21.06%    | 21.16%    | 23.68%    |
| <b>Additional CET 1 Buffer Requirements as a percentage of RWA</b> |  |           |           |           |           |           |
| 8  | Capital Conservation Buffer Requirement (%)  | 2.50%     | 2.50%     | 2.50%     | 2.50%     | 2.50%     |
| 9  | Countercyclical Buffer Requirement (%) <sup>##</sup>                               | —%        | —%        | 0.01%     | 0.01%     | 0.01%     |
| 10   | Bank G-SIB and/or D-SIB additional requirement (%)                                 | —%        | —%        | —%        | —%        | —%        |
| 11   | Total of CET1 Specific Buffer Requirement (%) (row 8 + row 9 + row 10)             | 2.50%     | 2.50%     | 2.51%     | 2.51%     | 2.51%     |
| 12   | CET1 Available after Meeting the Reporting Bank's Minimum Capital Requirements (%) | 12.28%    | 11.96%    | 10.75%    | 10.81%    | 13.31%    |
| <b>Leverage Ratio</b>  |  |           |           |           |           |           |
| 13   | Total Leverage Ratio Exposure Measure  | 34,276    | 34,575    | 34,890    | 35,348    | 35,620    |
| 14   | Leverage Ratio (%) (row 2/row 13)  | 5.35%     | 4.76%     | 4.72%     | 4.65%     | 5.22%     |
| 14a  | Leverage Ratio (%) incorporating mean values for SFT assets                        | 5.27%     | 4.69%     | 4.66%     | 4.65%     | 5.19%     |
| <b>Liquidity Coverage Ratio<sup>#</sup></b>                        |  |           |           |           |           |           |
| 15   | Total High Quality Liquid Assets   | 47,883    | 48,471    | 46,939    | 45,854    | 44,502    |
| 16   | Total Net Cash Outflow   | 23,481    | 22,172    | 20,470    | 18,832    | 17,215    |
| 17   | Liquidity Coverage Ratio (%)   | 205%      | 220%      | 230%      | 248%      | 271%      |
| <b>Net Stable Funding Ratio<sup>#</sup></b>                        |  |           |           |           |           |           |
| 18   | Total Available Stable Funding   | 70,251    | 68,903    | 67,672    | 68,496    | 70,564    |
| 19   | Total Required Stable Funding  | 43,725    | 41,795    | 40,128    | 39,683    | 39,449    |
| 20   | Net Stable Funding Ratio (%)   | 161%      | 165%      | 169%      | 173%      | 179%      |

The increase in CET1, Tier 1 and Total Capital Ratios between September 2025 and December 2025 is mainly due to recognition of current year profit, offset by impact from increase in credit risk RWA and operational risk RWA.

Note:

<sup>#</sup> Refers to Country-level ratio for all currencies.

<sup>##</sup>The Countercyclical Capital Buffer ("CCyB") is the weighted average of the country-specific CCyB requirements that are applied by national authorities in jurisdictions to which the Bank has private sector credit exposures. The effective country-specific CCyB requirement for Hong Kong is 0.5% and the RWA for exposure in Hong Kong is 0.007% of Total Private Sector RWA.

### 3. Capital Structure and Capital Adequacy

#### 3.1 Capital Management

The Bank’s approach to capital management is driven by its strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. The Bank aims to maintain a strong capital base to support the risks inherent in its business, to invest in accordance with its strategy and to meet its regulatory capital requirements at all times.

The Bank’s policy on capital management is underpinned by a capital management framework and the internal capital adequacy assessment process (“ICAAP”). The framework incorporates key capital risk appetites for CET1, Tier1, Total Capital, Capital Funds and Leverage Ratio, which enables the Bank to manage its capital in a consistent manner.

ICAAP is an assessment of the Bank’s capital position, outlining both regulatory and internal capital resources and requirements resulting from its business model, strategy, risk profile and management, performance and planning, risks to capital and stress testing results. The assessment of capital adequacy is driven by an assessment of risks which include credit, market, operational, structural foreign exchange and interest rate risk in the banking book.

The Bank’s capital management process is articulated in its annual capital plan which is approved by the Board of Directors. The plan is drawn up with the objective of maintaining both an appropriate amount of capital and an optimal mix between the different components of capital. Capital and Risk-Weighted Assets (“RWAs”) are monitored and managed against the plan, with capital forecasts reported to relevant governance committees. In accordance with its capital management objectives, capital generated in excess of planned requirements is returned to the immediate holding company, normally by the way of dividends.

Pursuant to section 9 of the Banking Act of Singapore, the Bank is required to maintain paid-up capital and capital funds of not less than S\$1,500,000,000. The Bank’s CET1 and Tier 1 capital is the aggregate of its paid-up share capital and eligible reserves which comprises of retained earnings, property revaluation reserve and other reserves.

#### 3.2 Geographical Distribution of Credit Exposures Used in the Countercyclical Capital Buffer

| In SGD millions        | (a)   | (b)   | (c)  | (d)                           |
|------------------------|---|---|--|-------------------------------|
| Geographical Breakdown | Country-Specific Countercyclical Buffer Requirement | RWA for Private Sector Credit Exposures Used in the Computation of the Countercyclical Buffer | Bank-Specific Countercyclical Buffer Requirement | Countercyclical Buffer Amount |
| Hong Kong              | 0.50%   | —   |  |                               |
| Others                 |   | 5,815   |  |                               |
| <b>Total</b>           |   | <b>5,815</b>  | <b>—%</b>  | <b>—</b>                      |

The CCyB is calculated as the weighted average of the buffers in effect in the jurisdictions to which the Bank has private sector credit exposures. The Bank attributes its private sector credit exposures to jurisdictions based on the jurisdiction of each obligor or, if applicable, its guarantor. The determination of an obligor’s jurisdiction of risk is based on the look-through approach taking into consideration factors such as economic activity and availability of parental support.

### **3.3 Risk Management**

#### ***Our risk management framework***

We use a comprehensive risk management approach across the organisation and across all risk types, underpinned by our culture and values. This is outlined in our Risk Management Framework (RMF), including the key principles and practices that we employ in managing material risks, both financial and non-financial. Non-financial risk in our risk management framework includes, but is not limited to, those risks captured under the BCBS definition for Operational Risk.

The framework fosters continuous monitoring of the risk environment, and promotes risk awareness and sound operational and strategic decision making and escalation process. It also ensures we have a consistent approach to monitoring, managing and mitigating the risks we accept and incur in our activities, with clear accountabilities.

Commentary on hedging strategies and associated processes can be found in the Market risk section which is mentioned in Section 10 of the Pillar 3 report.

#### ***Material risks***

All material risks are disclosed to provide a comprehensive view of a bank's risk profile. The principal financial and non-financial risks are:

- Credit risk (including cross-border risk)
- Treasury risk
- Market risk
- Resilience risk

#### ***Culture***

HSBC understands the importance of a strong culture. Our culture refers to our shared attitudes, values and standards that shape behaviours related to risk awareness, risk taking and risk management. It is instrumental in aligning the behaviours of individuals with our attitude to assuming and managing risk, which helps to ensure that our risk profile remains in line with our risk appetite. The fostering of a strong culture is a key responsibility of our senior executives.

Our culture is also reinforced by our approach to remuneration. Individual awards, including those for senior executives, are based on compliance with our values and the achievement of financial and non-financial objectives, which are aligned to our risk appetite and strategy.

#### ***Risk governance***

The Board has ultimate responsibility for the effective management of risk and approves our risk appetite. It is advised on risk-related matters by the Risk Committee.

Executive accountability for the ongoing monitoring, assessment and management of the enterprise-wide risk environment, and the effectiveness of the Risk Management Framework, resides with the Bank's Chief Risk & Compliance Officer ("CRCO"), supported by the Bank's Risk Management Meeting ("RMM"). Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making. All employees have a role to play in risk management. These roles are defined using the three lines of defence ("LOD") model, which takes into account our business and functional structures. The Bank's three LOD is an activity-based model and delineates accountabilities and responsibilities for risk management and the control environment within each LOD. The model applies to all individuals and all risk types and supports the delivery of conduct outcomes and positive risk culture. There is a clear segregation between risk ownership (First LOD), risk oversight and stewardship (Second LOD) and independent assurance (Third LOD) to help support effective identification, assessment, management and reporting of risks.

We use a defined executive risk governance structure to ensure appropriate oversight and accountability for risk, which facilitates the reporting and escalation to the RMM.

***Risk appetite***

Risk appetite is a key component of our management of risk. It defines our desired forward-looking risk profile, and informs the strategic and financial planning process. At HSBC, risk appetite is managed through a global risk appetite framework and articulated in a Risk Appetite Statement (“RAS”), which is reviewed and approved by the Board on the advice of the Risk Committee, annually, to make sure it remains fit for purpose.

Our risk appetite provides an objective baseline to guide strategic decision making, helping to ensure that planned business activities provide an appropriate balance of return for the risk assumed, while remaining within acceptable risk levels. It is also integrated within other risk management tools, such as stress testing, to ensure consistency in risk management.

***Risk and Compliance function***

We have a dedicated Risk and Compliance function, headed by the CRCO, which is responsible for the Bank’s risk management framework. This includes establishing policy, monitoring risk profiles, and providing forward-looking risk identification and management capabilities. Risk and Compliance is composed of sub-functions covering both financial and non-financial risks. It is independent from the global businesses in order to provide challenge, appropriate oversight and balance in risk versus return decisions. The Risk and Compliance function operates in line with the three lines of defence model and plays an important role in reinforcing our culture and values. It focuses on creating an environment that encourages our people to speak up and do the right thing.

***Stress testing***

HSBC operates a wide-ranging stress testing programme that supports our risk management and capital planning. It includes execution of stress tests mandated by our regulators and those to meet our own internal requirements. Our stress testing is supported by dedicated teams and infrastructure.

Our stress testing programme assesses our capital and liquidity strength through a rigorous examination of our resilience to external shocks. Both the internal and regulatory driven stress tests help us to understand and mitigate risks, and informs our decisions about capital and liquidity levels. Stress testing provides management with key insights into the impact of severely adverse events on the Bank and helps provide confidence in the Bank’s financial stability.

The Bank's stress testing programme is overseen by the Bank's Risk Committee, and results are reported, where appropriate, to the RMM and Risk Committee.

***Risk management and internal control systems***

The Directors are responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and risk types they are willing to accept in achieving the group’s business objectives.

On behalf of the Board, the Bank's Risk Committee has responsibility for the oversight of risk related matters and the enterprise risks impacting the entity and risk governance, whilst the Bank’s Audit Committee has responsibility for oversight of matters relating to financial reporting and internal controls.

The Directors, through the Bank’s Risk Committee and Audit Committee, receive regular updates and confirmation that management has taken, or is taking, the necessary actions to remediate any failings or weaknesses identified through the operation of our framework of controls.

***Risk measurement and reporting systems***

Our risk measurement and reporting systems are designed to help ensure that risks are comprehensively captured with all the attributes necessary to support well-founded decisions, that those attributes are accurately assessed, and that information is delivered in a timely manner for those risks to be successfully managed and mitigated.

Risk measurement and reporting systems are also subject to a governance framework designed to ensure that their build and implementation are fit for purpose and functioning appropriately. Risk information systems development is a key responsibility of the Risk and Compliance function, while the development and operation of risk rating and management systems and processes are ultimately subject to the oversight of the Board.

The ongoing programme to strengthen our regulatory reporting also considers the efficacy of our systems. Potential enhancements identified through this programme will be assessed and, where appropriate, implemented under the governance framework.

We remain committed to investing in the reliability and resilience of our IT systems and critical services, including those provided by third parties, that support all parts of our business. We do so to help protect our customers, affiliates and counterparties, and to help ensure that we minimise any disruption to services that could result in reputational and regulatory consequences. In our approach to defend against these threats, we invest in business and technical controls to help us detect, manage and recover from issues, including data loss, in a timely manner.

## 4. Composition of Regulatory Capital

The following disclosures are pursuant to the requirements of MAS Notice 637.

### 4.1 Reconciliation of Regulatory Capital to the Balance Sheet

| In SGD millions   | 31 Dec 25<br>Balance<br>Sheet as per<br>Financial<br>Statements | Under<br>Regulatory<br>Scope of<br>Consolidation | Reference to<br>Section 4.2 |
|---|---|--|-----------------------------|
| <b>Assets</b>   |   |  |                             |
| Cash and balances with central banks                      | 333   |  |                             |
| Singapore government treasury bills and securities        | 4,899   |  |                             |
| Other government treasury bills and securities            | 3,350   |  |                             |
| Derivative  | 4   |  |                             |
| Balance and placements with, and loans to, banks          | 56  |  |                             |
| Loans and advances to customers                           | 11,470  |  |                             |
| of which: Provisions eligible for inclusion in T2 Capital | —   | 71   | A                           |
| Amounts due from immediate holding company                | 100   |  |                             |
| Amounts due from related corporations                     | 11,729  |  |                             |
| Other assets  | 431   |  |                             |
| Property, plant and equipment                             | 130   |  |                             |
| Intangible assets   | —   |  |                             |
| Deferred tax assets                                       | —   |  | B                           |
| Investment in joint venture                               | —   |  |                             |
| <b>Total Assets</b>                                       | <b>32,502</b>   |  |                             |
|   |   |  |                             |
| <b>Liabilities</b>  |   |  |                             |
| Derivatives   | 9   |  |                             |
| Deposits and balances of banks                            | 40  |  |                             |
| Deposits of non-bank customers                            | 29,335  |  |                             |
| Amounts due to immediate holding company                  | 15  |  |                             |
| Amounts due to related corporations                       | 821   |  |                             |
| of which: Subordinated loan                               |   | 141  | C                           |
| Other liabilities   | 328   |  |                             |
| Current tax liabilities                                   | 76  |  |                             |
| Deferred taxation   | —   |  |                             |
| <b>Total Liabilities</b>                                  | <b>30,624</b>   |  |                             |
|   |   |  |                             |
| <b>NET ASSETS</b>   | <b>1,878</b>  |  |                             |
|   |   |  |                             |
| <b>Shareholders' Equity</b>                               |   |  |                             |
| Share capital   | 1,530   | 1,530  | D                           |
| Reserves  | 73  | 32   | E                           |
| Accumulated profits                                       | 275   | 275  | F                           |
| Valuation adjustments                                     | —   | (2)  | G                           |
| <b>Total Equity</b>                                       | <b>1,878</b>  |  |                             |

**4.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Balance Sheet**

The following disclosures are made in accordance with the template prescribed in MAS Notice 637 Annex 11B. The column “31 Dec 25” is used to report the amounts used in the computation of regulatory capital and Capital Adequacy Ratios.

The column “Cross Reference to Section 4.1” provides alphabetic cross reference between Regulatory Capital and the balance sheet disclosed in Note 4.1.

MAS Notice 637 specifies the computation of provisions (also referred to as “allowances” in this document”) that may be recognised under Tier 2 capital. Under the standardised approach for credit risk, general allowances are eligible, subject to a cap of 1.25% of credit risk-weighted assets.

| <b>in SGD millions</b>  |  | <b>31 Dec 25</b> | <b>Cross Reference to Section 4.1</b> |
|---|--|------------------|---------------------------------------|
| <b>Common Equity Tier 1 Capital: Instruments and Reserves</b> |  |                  |                                       |
| 1   | Paid-up ordinary shares and share premium (if applicable)  | 1,530            | D                                     |
| 2   | Retained earnings  | 275              | F                                     |
| 3 <sup>#</sup>  | Accumulated other comprehensive income and other disclosed reserves  | 32               | E                                     |
| 4   | Minority interest that meets criteria for inclusion  | —                |                                       |
| 5   | <b>Common Equity Tier 1 capital before regulatory adjustments</b>  | <b>1,837</b>     |                                       |
| <b>Common Equity Tier 1 Capital: Regulatory Adjustments</b>   |  |                  |                                       |
| 6   | Prudent valuation adjustment pursuant to Part VI of MAS Notice 637   | (2)              | G                                     |
| 7   | Goodwill, net of associated deferred tax liability   | —                |                                       |
| 8 <sup>#</sup>  | Intangible assets, net of associated deferred tax liability  | —                |                                       |
| 9 <sup>#</sup>  | Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of associated deferred tax liability)   | —                | B                                     |
| 10  | Cash flow hedge reserve  | —                |                                       |
| 11  | Shortfall of TEP relative to EL under IRBA   | —                |                                       |
| 12  | Increase in equity capital resulting from securitisation transactions  | —                |                                       |
| 13  | Net exposures to credit-enhancing interest-only strips   | —                |                                       |
| 14  | Unrealised fair value gains/losses on financial liabilities and derivative liabilities arising from changes in own credit risk   | —                |                                       |
| 15  | Defined benefit pension fund assets, net of associated deferred tax liability  | —                |                                       |
| 16  | Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)   | —                |                                       |
| 17  | Reciprocal cross-holdings in ordinary shares of financial institutions   | —                |                                       |
| 18  | Investments in ordinary shares of unconsolidated financial institutions in which Reporting Bank does not hold a major stake  | —                |                                       |
| 19  | Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries) (amount above 10% threshold) | —                |                                       |
| 20 <sup>#</sup>   | Mortgage servicing rights (amount above 10% threshold)   | —                |                                       |
| 21 <sup>#</sup>   | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  | —                |                                       |
| 22  | Amount exceeding the 15% threshold   | —                |                                       |

| <b>in SGD millions</b>                                   |   | <b>31 Dec 25</b> | <b>Cross Reference to Section 4.1</b> |
|--|---|------------------|---------------------------------------|
| 23   | of which: investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries) | —                |                                       |
| 24 <sup>#</sup>  | of which: mortgage servicing rights   | —                |                                       |
| 25 <sup>#</sup>  | of which: deferred tax assets arising from temporary differences  | —                |                                       |
| 26   | National specific regulatory adjustments  | —                |                                       |
| 27   | PE/VC investments held beyond the relevant holding periods set out in MAS Notice 630  | —                |                                       |
| 28   | Capital deficits in subsidiaries and associates that are regulated financial institutions   | —                |                                       |
| 29   | Any other items which the Authority may specify   | —                |                                       |
| 30   | Regulatory adjustments applied in calculation of CET1 Capital due to insufficient AT1 Capital and Tier 2 Capital to satisfy required deductions   | —                |                                       |
| 31   | <b>Total regulatory adjustments to CET1 Capital</b>   | <b>(2)</b>       |                                       |
| 32   | <b>Common Equity Tier 1 capital (CET1)</b>  | <b>1,835</b>     |                                       |
| <b>Additional Tier 1 Capital: Instruments</b>            |   |                  |                                       |
| 33   | AT1 capital instruments and share premium (if applicable)   | —                |                                       |
| 34   | of which: classified as equity under the Accounting Standards   | —                |                                       |
| 35   | of which: classified as liabilities under the Accounting Standards  | —                |                                       |
| 36   | AT1 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion  | —                |                                       |
| 37   | <b>Additional Tier 1 capital before regulatory adjustments</b>  | <b>—</b>         |                                       |
| <b>Additional Tier 1 Capital: Regulatory Adjustments</b> |   |                  |                                       |
| 38   | Investments in own AT1 capital instruments  | —                |                                       |
| 39   | Reciprocal cross-holdings in AT1 capital instruments of financial institutions  | —                |                                       |
| 40   | Investments in AT1 capital instruments of unconsolidated financial institutions in which Reporting Bank does not hold a major stake   | —                |                                       |
| 41   | Investments in AT1 capital instruments of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)   | —                |                                       |
| 42   | National specific regulatory adjustments which the Authority may specify  | —                |                                       |
| 43   | Regulatory adjustments applied in calculation of AT1 Capital due to insufficient Tier 2 Capital to satisfy required deductions  | —                |                                       |
| 44   | <b>Total regulatory adjustments to Additional Tier 1 capital</b>  | <b>—</b>         |                                       |
| 45   | <b>Additional Tier 1 capital (AT1)</b>  | <b>—</b>         |                                       |
| 46   | <b>Tier 1 capital (T1 = CET1 + AT1)</b>   | <b>1,835</b>     |                                       |
| <b>Tier 2 Capital: Instruments and Provisions</b>        |   |                  |                                       |
| 47   | Tier 2 capital instruments and share premium (if applicable)  | 141              | C                                     |
| 48   | Tier 2 capital instruments issued by fully-consolidated subsidiaries that meet criteria for inclusion   | —                |                                       |
| 49   | Provisions  | 71               | A                                     |
| 50   | <b>Tier 2 capital before regulator adjustments</b>  | <b>212</b>       |                                       |
| <b>Tier 2 Capital: Regulatory Adjustments</b>            |   |                  |                                       |
| 51   | Investments in own Tier 2 instruments   | —                |                                       |
| 52   | Reciprocal cross-holdings in Tier 2 capital instruments and other TLAC liabilities of financial institutions  | —                |                                       |

| <b>in SGD millions</b>   |   | <b>31 Dec 25</b> | <b>Cross Reference to Section 4.1</b> |
|--|---|------------------|---------------------------------------|
| 53   | Investments in Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake   | —                |                                       |
| 54 <sup>#</sup>  | Investments in other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake: amount previously designated for the 5% threshold but that no longer meets the conditions             | —                |                                       |
| 55   | Investments in Tier 2 capital instruments and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries) | —                |                                       |
| 56   | National specific regulatory adjustments which the Authority may specify  | —                |                                       |
| 57   | <b>Total regulatory adjustments to Tier 2 capital</b>   | —                |                                       |
| 58   | <b>Tier 2 capital (T2)</b>  | <b>212</b>       |                                       |
| 59   | <b>Total capital (TC = T1 + T2)</b>   | <b>2,047</b>     |                                       |
| 60   | <b>Floor-adjusted total risk-weighted assets</b>  | <b>9,047</b>     |                                       |
| <b>Capital ratios (as a percentage of floor-adjusted risk weighted assets)</b> |   |                  |                                       |
| 61   | <b>Common Equity Tier 1 CAR</b>   | <b>20.28%</b>    |                                       |
| 62   | <b>Tier 1 CAR</b>   | <b>20.28%</b>    |                                       |
| 63   | <b>Total CAR</b>  | <b>22.63%</b>    |                                       |
| 64   | Bank-specific buffer requirement  | 9.00%            |                                       |
| 65   | of which: capital conservation buffer requirement   | 2.50%            |                                       |
| 66   | of which: bank specific countercyclical buffer requirement  | —%               |                                       |
| 67   | of which: G-SIB buffer requirement (if applicable)  | 0.00%            |                                       |
| 68   | Common Equity Tier 1 available after meeting the Reporting Bank's minimum capital requirements  | 12.28%           |                                       |
| <b>National Minima</b>   |   |                  |                                       |
| 69   | Minimum CET1 CAR  | 6.50%            |                                       |
| 70   | Minimum Tier 1 CAR  | 8.00%            |                                       |
| 71   | Minimum Total CAR   | 10.00%           |                                       |
| 72   | Investments in ordinary shares, AT1 Capital, Tier 2 Capital and other TLAC liabilities of unconsolidated financial institutions in which the Reporting Bank does not hold a major stake   | —                |                                       |
| 73   | Investments in ordinary shares of unconsolidated financial institutions in which the Reporting Bank holds a major stake approved under section 32 of the Banking Act (including insurance subsidiaries)                                       | —                |                                       |
| 74   | Mortgage servicing rights (net of related tax liability)  | —                |                                       |
| 75   | Deferred tax assets arising from temporary differences (net of associated deferred tax liability)   |                  |                                       |
| <b>Applicable Caps on the Inclusion of Provisions in Tier 2</b>                |   |                  |                                       |
| 76   | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)  | 71               |                                       |
| 77   | Cap on inclusion of provisions in Tier 2 under standardised approach  | 93               |                                       |
| 78   | Provision eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)   | —                |                                       |
| 79   | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach   | —                |                                       |

Note:

Items marked [#] are elements where a more conservative definition has been applied relative to those set out under the Basel III capital standards.

**4.3. Main Features of Capital Instruments**

The following disclosures are based on the prescribed template set out in MAS Notice 637 Table 11D-1. This disclosure shall be updated whenever there is an issuance, redemption, conversions, write-down, or other material changes to the existing capital instruments.

**Ordinary Shares**

| No |   |                               |   |
|----|---|-------------------------------|---|
| 1  | Issuer  | HSBC Bank (Singapore) Limited | HSBC Bank (Singapore) Limited                               |
| 2  | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)              | NA                            | NA  |
| 3  | Governing law(s) of the instrument  | Singapore                     | Singapore   |
| 4  | Transitional Basel III rules  | NA                            | NA  |
| 5  | Post-transitional Basel III rules   | Common Equity Tier 1          | Tier 2  |
| 6  | Eligible at solo / group / group & solo   | Solo                          | Solo  |
| 7  | Instrument type (types to be specified by each jurisdiction)                                    | Ordinary Shares               | Subordinated Loan   |
| 8  | Amount recognised in regulatory capital (Currency in million, as of most recent reporting date) | S\$1,530 million              | S\$141 million  |
| 9  | Par value of instrument   | No par value                  | US\$110 million   |
| 10 | Accounting classification   | Shareholder's Equity          | Liability – amortised cost                                  |
| 11 | Original date of issuance   | Various                       | 12 Dec 2022   |
| 12 | Perpetual or dated  | Perpetual                     | Dated   |
| 13 | Original maturity date  | No maturity                   | 12 Dec 2032   |
| 14 | Issuer call subject to prior supervisory approval   | NA                            | Yes   |
| 15 | Optional call date, contingent call dates and redemption amount                                 | NA                            | 12 Dec 2027 / Tax event at any time / Par                   |
| 16 | Subsequent call dates, if applicable  | NA                            | Callable on any interest payment date after first call date |
|    | Coupons / Dividends   |                               |   |
| 17 | Fixed or floating dividend / coupon   | NA                            | Floating  |
| 18 | Coupon rate and any related index   | NA                            | USD SOFR + 3.47%  |
| 19 | Existence of a dividend stopper   | NA                            | No  |
| 20 | Fully discretionary, partially discretionary or mandatory                                       | Fully discretionary           | Mandatory   |
| 21 | Existence of step up or other incentive to redeem   | NA                            | No  |
| 22 | Non-cumulative or cumulative  | Non-cumulative                | Cumulative  |
| 23 | Convertible or non-convertible  | Non-convertible               | Non-convertible   |
| 24 | If convertible, conversion trigger(s)   | NA                            | NA  |

|    |  |  |  |
|----|--|--|--|
| 25 | If convertible, fully or partially   | NA   | NA   |
| 26 | If convertible, conversion rate  | NA   | NA   |
| 27 | If convertible, mandatory or optional conversion   | NA   | NA   |
| 28 | If convertible, specify instrument type convertible into   | NA   | NA   |
| 29 | If convertible, specify issuer of instrument it converts into  | NA   | NA   |
| 30 | Write-down feature   | No   | Yes  |
| 31 | If write-down, write-down trigger(s)   | NA   | Contractual write-down, being earlier of:<br>a) MAS notifying the Bank in writing that it is of the opinion that conversion or write-off is necessary, without which the Bank would become non-viable; and<br>b) a decision by MAS to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by MAS. |
| 32 | If write-down, full or partial   | NA   | Fully or Partially   |
| 33 | If write-down, permanent or temporary  | NA   | Permanent  |
| 34 | If temporary write-down, description of write-up mechanism   | NA   | NA   |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned) | Represents the most subordinated claim in the event of liquidation of the Bank | Immediately subordinate to senior creditors  |
| 36 | Non-compliant transitioned features  | No   | No   |
| 37 | If yes, specify non-compliant features   | NA   | NA   |

## 5. Linkages between Financial Statements and Regulatory Exposures

### 5.1. Differences between Accounting and Regulatory Scopes of Consolidation and Mapping of Financial Statement Categories with Regulatory Risk Categories

The following table provides the breakdown of the amount reported in the financial statements by regulatory risk categories :-

| In SGD million                                     | 31 Dec 25   |  |                                     |  |                                     |                                     |           |   |
|--|---|--|-------------------------------------|--|-------------------------------------|-------------------------------------|-----------|---|
|  | (a)   | (b)  | (c)                                 | (d)  | (e)                                 | (f)                                 | (g)       |   |
|  | Carrying amounts as reported in balance sheet of published financial statements | Carrying amounts under regulatory scope of consolidation | Carrying amount of items            |  |                                     |                                     |           | Not subject to capital requirements or subject to deduction from regulatory capital |
|  |   |  | Subject to credit risk requirements | Subject to CCR <sup>(1)</sup> requirements | Subject to securitization framework | Subject to market risk requirements |           |   |
| <b>Assets</b>                                      |   |  |                                     |  |                                     |                                     |           |   |
| Cash and balances with central banks               | 333   | 333  | 333                                 | —  | —                                   | —                                   | —         |   |
| Singapore government treasury bills and securities | 4,899   | 4,899  | 4,899                               | —  | —                                   | —                                   | —         |   |
| Other government treasury bills and securities     | 3,350   | 3,350  | 3,350                               | —  | —                                   | —                                   | —         |   |
| Derivatives  | 4   | 4  | —                                   | 4  | —                                   | 4                                   | —         |   |
| Balance and placements with, and loans to, banks   | 56  | 56   | 56                                  | —  | —                                   | —                                   | —         |   |
| Loans & advances to customers                      | 11,470  | 11,491   | 11,491                              | —  | —                                   | —                                   | (21)      |   |
| Amounts due from immediate holding company         | 100   | 100  | 100                                 | —  | —                                   | —                                   | —         |   |
| Amounts due from related corporations              | 11,729  | 11,729   | 7,222                               | 4,507                                      | —                                   | —                                   | —         |   |
| Other assets                                       | 431   | 412  | 412                                 | —  | —                                   | —                                   | 19        |   |
| Property, plant and equipment                      | 130   | 89   | 89                                  | —  | —                                   | —                                   | 41        |   |
| Intangible assets                                  | —   | —  | —                                   | —  | —                                   | —                                   | —         |   |
| Deferred tax asset                                 | —   | —  | —                                   | —  | —                                   | —                                   | —         |   |
| Investment in joint venture                        | —   | —  | —                                   | —  | —                                   | —                                   | —         |   |
| <b>Total Assets</b>                                | <b>32,502</b>   | <b>32,463</b>  | <b>27,952</b>                       | <b>4,511</b>                               | <b>—</b>                            | <b>4</b>                            | <b>39</b> |   |

|  | 31 Dec 25   |  |  |                                     |                                     |          |   |
|--|---|--|--|-------------------------------------|-------------------------------------|----------|---|
|  | (a)   | (b)  | (c)  | (d)                                 | (e)                                 | (f)      | (g)   |
|  | Carrying amounts as reported in balance sheet of published financial statements | Carrying amounts under regulatory scope of consolidation | Carrying amount of items                   |                                     |                                     |          | Not subject to capital requirements or subject to deduction from regulatory capital |
| Subject to credit risk requirements      |   |  | Subject to CCR <sup>(1)</sup> requirements | Subject to securitization framework | Subject to market risk requirements |          |   |
| <b>In SGD million</b>                    |   |  |  |                                     |                                     |          |   |
| <b>Liabilities</b>                       |   |  |  |                                     |                                     |          |   |
| Derivatives                              | 9   | 9  | —  | 9                                   | —                                   | 9        | —   |
| Deposits and balances of banks           | 40  | —  | —  | —                                   | —                                   | —        | 40  |
| Deposits of non-bank customers           | 29,335  | —  | —  | —                                   | —                                   | —        | 29,335  |
| Amounts due to immediate holding company | 16  | —  | —  | —                                   | —                                   | —        | 16  |
| Amounts due to related corporation       | 821   | —  | —  | —                                   | —                                   | —        | 821   |
| Other liabilities                        | 328   | —  | —  | —                                   | —                                   | —        | 328   |
| Current tax liabilities                  | 76  | —  | —  | —                                   | —                                   | —        | 76  |
| Deferred taxation                        | —   | —  | —  | —                                   | —                                   | —        | —   |
| <b>Total Liabilities</b>                 | <b>30,625</b>   | <b>9</b>   | <b>—</b>                                   | <b>9</b>                            | <b>—</b>                            | <b>9</b> | <b>30,616</b>   |

The sum of amounts disclosed under columns (b) to (f) above can exceed the amounts disclosed in column (a) as some of the assets and liabilities, such as derivatives and amounts due to/from immediate holding/related corporations can be subject to regulatory capital charges for multiple risks such as credit risk, counterparty credit risk and market risk.

Note:

(1) CCR - counterparty credit risk

**5.2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying amounts in Financial Statements**

The following table provides information on the main sources of differences between regulatory exposure amounts and carrying amounts in the financial statements.

| In SGD million  | 31 Dec 25 |                          |                  |                          |                          |
|---|-----------|--------------------------|------------------|--------------------------|--------------------------|
|   | (a)       | (b)                      | (c)              | (d)                      | (e)                      |
|   | Total     | Items subject to         |                  |                          |                          |
|   |           | Credit risk requirements | CCR requirements | Securitisation framework | Market Risk requirements |
| Assets carrying amount under regulatory scope of consolidation      | 32,463    | 27,952                   | 4,511            | —                        | —                        |
| Liabilities carrying amount under regulatory scope of consolidation | 9         | —                        | 9                | —                        | —                        |
| Total net amount under regulatory scope of consolidation            | 32,454    | 27,952                   | 4,502            | —                        | —                        |
| Off-balance sheet amounts   | 11,461    | 1,683                    | —                | —                        | —                        |
| Differences due to derivatives and securities financing transaction | —         | —                        | (4,377)          | —                        | —                        |
| Differences due to consideration of provision                       | —         | 71                       | —                | —                        | —                        |
| Other differences   | —         | (10)                     | —                | —                        | —                        |
| Exposure amounts considered for regulatory purposes                 | 29,820    | 29,696                   | 124              | —                        | —                        |

Items subject to market risk requirements have not been included in the above table as these are computed based on notional positions of the relevant underlying instruments.

**5.3 Qualitative Disclosure of Differences between Carrying Amounts in Financial Statements and Regulatory Exposure Amounts**

The key differences between carrying values in the financial statement and regulatory exposure amounts are as follows:

- (i) Off-balance sheet amounts: Off-balance sheet amounts reported in the financial statements are the notional principals while off balance sheet amounts under regulatory exposure are after application of credit conversion factors ranging from 10-100%.
- (ii) Differences due to derivatives and securities financing transactions: Derivatives and securities financing counterparty exposures are netted with collaterals where an enforceable netting agreement is in place for regulatory exposure purpose. Derivative exposures is calculated based on replacement cost and potential future exposure taking into account the volatility of the net derivative exposure and effect of collaterals.
- (iii) Differences due to consideration of provision: The carrying values of assets in the financial statements are net of impairment allowances - general allowances (Expected Credit Loss Stage 1 and 2) and specific allowances (Expected Credit Loss Stage 3). However, regulatory exposures under Standardised Approach ("SA") are netted only for Stage 3 allowances.
- (iv) Other differences: These are mainly due to eligible financial collaterals received for credit risk mitigation.

**Explanation of difference between accounting fair value and regulatory prudent valuation**

Fair value is defined as the best estimate of the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Some fair value adjustments already reflect valuation uncertainty to some degree. These are market data uncertainty and model uncertainty.

However, it is recognised that a variety of valuation techniques using stressed assumptions, combined with the range of plausible market parameters at a given point in time may still generate unexpected uncertainty beyond fair value.

A series of additional valuation adjustments (“AVAs”) are therefore required to reach a specified degree of confidence (the “Prudent Value”) set by regulators that differs both in terms of scope and measurement from HSBC’s own quantification for disclosure purposes.

AVAs should consider at the minimum: market price uncertainty; bid-offer (close-out) uncertainty; model risk; concentration; administration costs; unearned credit spreads; and investing and funding costs.

AVAs are not limited to Level 3 exposures, for which a 95% uncertainty range is already computed and disclosed, but must also be calculated for any exposure for which the exit price cannot be determined with a high degree of certainty. Table 5.4 presents further information on the prudent valuation adjustment.

**5.4 Prudent Valuation Adjustments**

The following table provides a breakdown of the elements of prudent valuation adjustment (“PVA”):-

| In SGD million |                             | 31 Dec 25 |                |          |          |             |          |                               |                               |
|----------------|-----------------------------|-----------|----------------|----------|----------|-------------|----------|-------------------------------|-------------------------------|
|                |                             | (a)       | (b)            | (c)      | (d)      | (e)         | (f)      | (g)                           | (h)                           |
|                |                             | Equity    | Interest rates | FX       | Credit   | Commodities | Total    | of which: in the trading book | of which: in the banking book |
| 1              | Closeout uncertainty        | —         | 2              | —        | —        | —           | 2        | —                             | 2                             |
| 2              | of which: Mid-market value  | —         | 2              | —        | —        | —           | 2        | —                             | 2                             |
| 3              | of which: Closeout cost     | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 4              | of which: Concentration     | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 5              | Early termination           | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 6              | Model risk                  | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 7              | Operational risk            | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 8              | Investing and funding costs | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 9              | Unearned credit spreads     | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 10             | Future administrative costs | —         | —              | —        | —        | —           | —        | —                             | —                             |
| 11             | Other                       | —         | —              | —        | —        | —           | —        | —                             | —                             |
| <b>12</b>      | <b>Total</b>                | <b>—</b>  | <b>2</b>       | <b>—</b> | <b>—</b> | <b>—</b>    | <b>2</b> | <b>—</b>                      | <b>2</b>                      |

The Bank has documented policies and maintains systems and controls for the calculation of PVA. Prudent value represents a conservative estimate at a 90% degree of certainty that the price would be received on sale of an asset or paid to settle a liability in orderly transactions occurring between market participants at the balance sheet date. The Bank’s PVA is solely related to close out uncertainty in respect of its securities and derivatives portfolio carried at fair values.

## 6. Leverage Ratio

### Leverage Ratio Common Disclosure Template

| In SGD million                                      |  | 31 Dec 25     | 30 Sep 25     |
|---|--|---------------|---------------|
| <b>Exposure Measure of On-Balance Sheet Items</b>   |  |               |               |
| 1   | On-balance sheet items (excluding derivative transactions and Securities Financing Transactions ("SFTs"), but including on-balance sheet collateral for derivative transactions or SFTs) | 28,084        | 27,400        |
| 2   | Gross-up for derivatives collateral provided where deducted from balance sheet assets in accordance with the Accounting Standards  | —             | —             |
| 3   | Deductions of receivable assets for cash variation margin provided in derivatives transactions   | —             | —             |
| 4   | Adjustment for collateral received under securities financing transactions that are recognised as assets   | —             | —             |
| 5   | Specific and general allowances associated with on balance sheet exposures that are deducted from Tier 1 Capital   | —             | —             |
| 6   | Asset amounts deducted in determining Tier 1 Capital and regulatory adjustments  | (20)          | (32)          |
| <b>7</b>  | <b>Total exposure measures of on-balance sheet items (excluding derivative transactions and SFTs)</b>  | <b>28,064</b> | <b>27,368</b> |
| <b>Derivative Exposure Measures</b>                 |  |               |               |
| 8   | Replacement cost associated with all derivative transactions (net of the eligible cash portion of variation margins and net of bilateral netting)  | —             | 8             |
| 9   | Potential future exposure associated with all derivative transactions  | 25            | 41            |
| 10  | Central Counterparty ("CCP") leg of trade exposures excluded in respect of derivative transactions cleared on behalf of clients  | —             | —             |
| 11  | Adjusted effective notional amount of written credit derivatives   | —             | —             |
| 12  | Further adjustments in effective notional amounts and deductions from potential future exposures of written credit derivatives   | —             | —             |
| <b>13</b>   | <b>Total derivative exposure measures</b>  | <b>25</b>     | <b>49</b>     |
| <b>SFT Exposure Measures</b>                        |  |               |               |
| 14  | Gross SFT assets (with no recognition of accounting netting), after adjusting for sales accounting   | 4,504         | 5,426         |
| 15  | Eligible netting of cash payables and cash receivables   | —             | —             |
| 16  | SFT counterparty exposures   | —             | —             |
| 17  | SFT exposure measures where a Reporting Bank acts as an agent in the SFTs  | —             | —             |
| <b>18</b>   | <b>Total SFT exposure measures</b>   | <b>4,504</b>  | <b>5,426</b>  |
| <b>Exposure Measures of Off-Balance Sheet Items</b> |  |               |               |
| 19  | Off-balance sheet items at notional amount   | 11,461        | 11,239        |
| 20  | Adjustments for calculation of exposure measures of off-balance sheet items  | (9,778)       | (9,507)       |
| 21  | Specific and general allowances associated with offbalance sheet exposures deducted in determining Tier 1 Capital  | —             | —             |
| <b>22</b>   | <b>Total exposure measures of off-balance sheet items</b>  | <b>1,683</b>  | <b>1,732</b>  |

| In SGD million                     |   | 31 Dec 25 | 30 Sep 25 |
|------------------------------------|---|-----------|-----------|
| <b>Capital and Total Exposures</b> |   |           |           |
| 23                                 | Tier 1 capital  | 1,835     | 1,647     |
| 24                                 | Total exposures   | 34,276    | 34,575    |
| <b>Leverage Ratio</b>              |   |           |           |
| 25                                 | Leverage ratio  | 5.35%     | 4.76%     |
| 26                                 | National minimum leverage ratio requirement   | 3.00%     | 3.00%     |
| 27                                 | Applicable leverage buffers   | —%        | —%        |
| <b>Disclosures of mean values</b>  |   |           |           |
| 28                                 | Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables        | 5,055     | 5,956     |
| 29                                 | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 4,504     | 5,426     |
| 30                                 | Total exposures incorporating values from row 28  | 34,827    | 35,105    |
| 31                                 | Leverage ratio incorporating values from row 28   | 5.27%     | 4.69%     |

The leverage ratio as at 31 December 2025 increase mainly due to higher Tier1 capital.

**Leverage Ratio Summary Comparison Table**

| In SGD million |  | 31 Dec 25     | 30 Sep 25     |
|----------------|--|---------------|---------------|
| 1              | Total consolidated assets as per published financial statements  | 32,502        | 32,763        |
| 2              | Adjustment for investments in entities that are consolidated for accounting purposes but are outside the regulatory scope of consolidation   | —             | —             |
| 3              | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference   | —             | —             |
| 4              | Adjustment for fiduciary assets recognised on the balance sheet in accordance with the Accounting Standards but excluded from the calculation of the leverage ratio exposure measure | —             | —             |
| 5              | Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting   | (19)          | (31)          |
| 6              | Adjustments for eligible cash pooling arrangements   | —             | —             |
| 7              | Adjustment for derivative transactions   | 25            | 49            |
| 8              | Adjustment for SFTs  | —             | —             |
| 9              | Adjustment for off-balance sheet items   | 1,683         | 1,732         |
| 10             | Adjustments for prudent valuation adjustments and specific and general allowances which have reduced Tier 1 Capital  | (2)           | (1)           |
| 11             | Other adjustments  | 87            | 62            |
| 12             | <b>Leverage Ratio Exposure Measure</b>   | <b>34,276</b> | <b>34,575</b> |

## 7. Overview of Risk Weighted Assets

The table provides an overview of the Bank's RWA as required under MAS Notice 637.

| In SGD million |  | RWA          |              | Minimum Capital Requirement <sup>1</sup> |
|----------------|--|--------------|--------------|--|
|                |  | 31 Dec 25    | 30 Sep 25    | 31 Dec 25                                |
| <b>1</b>       | <b>Credit Risk (excluding Counterparty Credit Risk)</b>  | <b>7,389</b> | <b>6,783</b> | <b>739</b>                               |
| 2              | of which: Standardised Approach  | 7,389        | 6,783        | 739                                      |
| 3              | of which: F-IRBA   | —            | —            |  |
| 4              | of which: supervisory slotting approach  | —            | —            |  |
| 5              | of which: A-IRBA   | —            | —            |  |
| <b>6</b>       | <b>Counterparty Credit Risk</b>  | <b>25</b>    | <b>35</b>    | <b>3</b>                                 |
| 7              | of which: SA-CCR   | 6            | 14           | 1  |
| 8              | of which: CCR Internal Models Method   | —            | —            |  |
| 9              | of which: other CCR  | 19           | 21           | 2  |
| 10             | of which: CCP  | —            | —            |  |
| <b>11</b>      | <b>CVA</b>   | <b>9</b>     | <b>19</b>    | <b>1</b>                                 |
| 12             | Equity investments in funds – Look Through Approach  | —            | —            |  |
| 13             | Equity investments in funds – Mandate-Based Approach   | —            | —            |  |
| 14             | Equity investments in funds – Fall Back Approach   | —            | —            |  |
| 15             | Equity investments in funds – Partial Use of an Approach   | —            | —            |  |
| <b>16</b>      | <b>Unsettled Transactions</b>  | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| <b>17</b>      | <b>Securitisation exposures in the Banking Book</b>  | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| 18             | of which: SEC-IRBA   | —            | —            |  |
| 19             | of which: SEC-ERBA   | —            | —            |  |
| 20             | of which: SEC-IAA  | —            | —            |  |
| 21             | of which: SEC-SA   | —            | —            |  |
| <b>22</b>      | <b>Market Risk (excluding CVA and capital charge for switch between trading book and banking book)</b> | <b>13</b>    | <b>10</b>    | <b>1</b>                                 |
| 23             | of which: SA(MR)   | 13           | 10           |  |
| 24             | of which: SSA(MR)  | —            | —            |  |
| 25             | of which: IMA  | —            | —            |  |
| <b>26</b>      | <b>Capital charge for switch between trading book and banking book</b>                                 | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| <b>27</b>      | <b>Operational Risk</b>  | <b>1,611</b> | <b>1,401</b> | <b>161</b>                               |
| <b>28</b>      | <b>Amounts below the thresholds for deduction (subject to 250% Risk Weight)</b>                        | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| <b>29</b>      | <b>Output floor calibration</b>  | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| <b>30</b>      | <b>Floor Adjustment</b>  | <b>—</b>     | <b>—</b>     | <b>—</b>                                 |
| <b>31</b>      | <b>Total</b>   | <b>9,047</b> | <b>8,248</b> | <b>905</b>                               |

The increase in RWA is mainly driven by higher credit risk RWA from bank, mortgage and regulatory retail exposures, coupled with higher operational risk RWA due to higher average interest and financial income.

(1) Minimum capital requirements are calculated at 10% of RWA.

## 8. Credit Risk

### 8.1 Overview and Responsibilities

Credit risk represents our largest regulatory capital requirement. The principal objectives of our credit risk management sub-function are:

- to maintain a strong culture of responsible lending and a robust credit risk policy and control framework across HSBC;
- to both partner and challenge our global businesses in defining, implementing and continually re-evaluating our credit risk appetite under actual and stress scenario conditions; and
- to ensure there is independent, expert scrutiny of credit risks, their costs and their mitigation.

The credit risk sub-functions within Wholesale Credit Risk Management, and International Wealth and Premier Banking Risk are the constituent parts of the Bank's Risk functions that support the Bank's CRCO in overseeing credit risks. Their major duties comprise undertaking independent review of large and high-risk credit proposals, overseeing large exposure policy and reporting on our wholesale and retail credit risk management disciplines. They also own our credit policy and oversee portfolio management and report on risk matters to senior executive management and to regulators.

These credit risk sub-functions work closely with other parts of the Bank's Risk function; for example, with Operational Risk on the internal control framework and with Risk Strategy on the risk appetite process. In addition, they work jointly with Finance on stress testing.

Our credit risk procedures operate through a hierarchy of personal credit limit approval authorities. The Bank's Chief Executives, acting under authorities delegated by the Boards and Group standards, are accountable for credit risk and other risks in their business. In turn, Chief Executives delegate authority to CRCO and management teams on an individual basis. The Bank is responsible for the quality and performance of its credit portfolios in accordance with Group standards. Above these thresholds of delegated personal credit limited approval authorities, approval must be sought from the group's and as appropriate, the global credit risk sub functions.

#### **Credit risk management**

Our exposures to credit risk arise from a wide range of customer types and products, and the risk rating systems in place to measure and monitor these risks are correspondingly diverse. Senior management receives reports on our credit risk exposures, including expected credit losses, total exposures and RWAs, as well as updates on specific portfolios that are considered to have heightened credit risk.

Credit risk exposures are generally measured and managed in portfolios of either customer types or product categories.

A fundamental principle of our policy and approach is that analytical risk rating systems and scorecards are valuable management tools that are fully embedded within the credit risk management framework, ensuring compliance with the regulatory requirements.

The credit process for wholesale lending requires a review of the internal rating at least annually and for retail lending revolving facilities, an annual review is undertaken for secured lending. Review may be more frequent as required by circumstances such as the emergence of adverse risk factors.

We seek to continually improve the quality of our risk management. IT systems that process credit risk data continue to be enhanced to deliver both comprehensive management information in support of business strategy and solutions to evolving regulatory reporting requirements.

Like other facets of risk management, analytical risk rating systems are not static. They are subject to review and modification in light of the changing economic environment, changing regulatory requirements and any deficiencies identified through internal and external regulatory review. Structured processes and metrics are in place to capture relevant data and feed this into continuous model improvement.

Compliance with Group standards is subject to examination by risk oversight and review from within the Risk function itself, and by Global Internal Audit.

**Stress Testing**

Stress testing is a key risk management tool used to assess a variety of risks to which the Bank is exposed, including liquidity risk, credit risk, market risk and operational risk.

A key objective of stress testing is to estimate the potential losses on the Bank's exposures and impact on the capital adequacy ratios, capital requirements and profit and loss under stressed conditions.

Within HSBC's framework, stress testing is considered as a collective quantitative and qualitative technique used to assess all facets of the risks faced by the HSBC Group and its operations.

**8.2 Qualitative Disclosures Related to Credit Risk Mitigation****Risk Mitigation**

Our approach to granting credit facilities is on the basis of capacity to repay, rather than placing primary reliance on Credit Risk Mitigation ("CRMs"). Depending on a customer's standing and the type of product, unsecured facilities may be provided.

Mitigation of credit risk is a key aspect of effective risk management and takes many forms. Our general policy is to promote the use of CRM, justified by commercial prudence and capital efficiency. Detailed policies cover the acceptability, structuring and terms relating to the availability of CRM such as in the form of collateral security. These policies, together with the setting of suitable valuation parameters, are subject to regular review to ensure that they are supported by empirical evidence and continue to fulfil their intended purpose.

**Collateral**

The most common method of mitigating credit risk is to take a charge over collateral. In our retail residential and commercial real estate ("CRE") businesses, a mortgage over the property is usually taken to help secure claims. Physical collateral is also taken in various forms of specialised lending and leasing transactions where income from the physical assets that are financed is also the principal source of facility repayment. In the commercial and industrial sectors, charges are created over business assets such as premises, stock and debtors. Loans to premier banking clients may be made against a pledge of eligible marketable securities and residential properties.

For CRM in the form of immovable property, the key determinant of concentration is geography. Use of immovable property mitigants for risk management purpose is predominant.

**Financial Collateral**

In the institutional sector, trading facilities are supported by charges over financial instruments, such as cash, debt securities and equities. Financial collateral in the form of marketable securities is used in much of the Bank's derivatives activities and in SFTs, such as repos, reverse repos, securities lending and borrowing. Netting is used extensively and is a prominent feature of market standard documentation.

In the banking book, we provide customers with working capital management products. In some cases, these products combine loans and advances to customers with customer accounts over which we have right of offset, which comply with the regulatory requirements for on-balance sheet netting.

Under on-balance sheet netting agreements, the customer accounts are treated as though they are covered by cash collateral and the effects of this collateral are incorporated in our model estimates. For risk management purposes, the net amounts of such exposures are subject to limits and the relevant customer agreements are subject to review to ensure the legal right of offset remains appropriate.

**Policy and Procedures**

Policies and procedures cover the end-to-end credit lending process including the governance of the protection of our position from the commencement of a customer relationship; for instance, in requiring standard terms and conditions or specifically agreed documentation permitting the offset of credit balances against debt obligations, and through controls over the integrity, current valuation and, if necessary, realisation of collateral security.

**Collateral Valuation**

Valuation strategies are established to monitor collateral mitigants to ensure that they will continue to provide the anticipated secure secondary repayment source. The frequency of valuation increases with the volatility of the collateral. For market trading activities such as collateralised over-the-counter (“OTC”) derivatives and SFTs, we typically carry out daily valuations. In the residential mortgage business, the Bank policy prescribes revaluation of the portfolio at intervals of up to three years, or more frequently as the need arises; for example, where market conditions are subject to significant change, and for non-performing loans on a regular basis (at least annually). Residential property collateral values are determined through a combination of professional appraisals, house price indices or statistical analysis.

For CRE, where the facility exceeds regulatory threshold requirements, Bank policy requires an independent review of the valuation at least every three years, or more frequently as the need arises. Revaluations are sought where, for example, material concerns arise in relation to the performance of the collateral. CRE revaluation also occurs commonly in circumstances where an obligor’s credit quality has declined sufficiently to cause concern that the principal payment source may not fully meet the obligation.

**8.3 Qualitative Disclosures on the Use of External Credit Ratings Under Standardised Approach (Credit Risk)**

The Bank uses external ratings for credit exposures under the Standardised Approach (Credit Risk) (“SA(CR)”), where relevant, and only accepts ratings from Standard & Poor’s Rating Services, Moody’s Investor Services and Fitch Ratings. The Bank follows the processes prescribed in MAS Notice 637 to map the ratings to the relevant risk weights across the various asset classes under the Standardised Approach. The bank will perform due diligence annually of the external ratings against its internal ratings to ensure the risk weight applied is appropriate and prudent.

Where the SA(CR) exposure has an issuer-specific external credit assessment (“ECA”), the Bank uses it for calculating the applicable risk weights. Where the SA(CR) exposure does not have an issuer-specific ECA, a process is in place to check if an external credit rating of comparable assets as prescribed in MAS Notice 637 is available, else the exposure is treated as unrated.

The above approach is used for determination of risk weights for the following asset classes:

- Central Government and Central Banks
- Financial Institutions
- Corporates

**8.4 Additional Disclosures Related to the Credit Quality of Assets**

The Bank’s credit facilities are classified according to the MAS Notice No. 612 “Credit Files, Grading and Provisioning” (“MAS Notice 612”).

These guidelines require credit portfolios to be categorised into one of the following five categories, according to the Bank’s assessment of a borrower’s ability to repay a credit facility from its normal sources of income.

| Classification Grade     | Description  |
|--------------------------|--|
| <b>Performing Assets</b> |  |
| Pass                     | Indicates that the timely repayment of the outstanding credit facilities is not in doubt.  |
| Special Mention          | Indicates that the borrower exhibits potential weakness that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Bank.   |
| <b>Classified or NPA</b> |  |
| Substandard              | Indicates that the borrower exhibits definable weakness in its business, cash flow or financial position that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.                             |
| Doubtful                 | Indicates that the borrower exhibits severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable. |
| Loss                     | Indicates that the amount of recovery is assessed to be insignificant.   |

A default is considered to have occurred on a particular non-retail borrower when either or both of the following events have taken place:

- The obligor is unlikely to repay its credit obligations in full without recourse to action such as realizing security
- The obligor is more than 90 days past due on its credit obligation

For retail exposures, a default on a single credit obligation does not automatically trigger default on all credit obligations held by the obligor unless default is specified at the obligor level.

Forborne loans are classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one-year period, and there are no other indicators of impairment. Any forborne loans not considered credit impaired will remain forborne for a minimum of two years from the date that credit impairment no longer applies.

Expected credit losses (“ECL”) are recognised for balances and placements with, and loans to banks, loans and advances to customers, nontrading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at FVOCI, and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (“12-month ECL”). In the event of a significant increase in credit risk (“SICR”), allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (“lifetime ECL”). Financial assets where 12-month ECL is recognized are considered to be “stage 1”; financial assets that are considered to have experienced a SICR are in “stage 2”; and financial assets for which there is objective evidence of impairment are considered to be in default or otherwise credit-impaired are in “stage 3”.

The Bank determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 90 days, there are other indications that the borrower is unlikely to pay such as a concession that has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition, or the loan is otherwise considered to be in default. If such unlikelihood to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore the definitions of credit-impaired and default are aligned as far as possible so that stage 3 represents all loans which are considered defaulted or otherwise credit-impaired. Interest income is recognised by applying the effective interest rate to the amortised cost amount, i.e. gross carrying amount less ECL allowance.

ECL Stage 1 & 2 will be categorised as general allowances while ECL stage 3 will be categorised as specific allowances with the guidance provided under MAS Notice 637.

**8.4.1 Credit Quality of Assets**

The table below provides an overview of the credit quality of the on- and off-balance sheet assets of the Bank.

| In SGD million |                             | (a)                                     | (b)                     | (c)                        | (d)  | (e)                          | (f)                                    | (g)                |
|----------------|-----------------------------|---|-------------------------|----------------------------|--|------------------------------|--|--------------------|
|                |                             | Gross carrying amount of <sup>(1)</sup> |                         | Allowances and impairments | of which: allowances for standardised approach exposures |                              | of which: allowances for IRBA exposure | Net values (a+b-c) |
|                |                             | Defaulted exposures <sup>(3)</sup>      | Non-defaulted exposures |                            | of which: specific allowances                            | of which: general allowances |  |                    |
| 1              | Loans <sup>(2)</sup>        | 100                                     | 11,464                  | (94)                       | (23)   | (71)                         | —                                      | 11,470             |
| 2              | Debt securities             | —                                       | 8,248                   | —                          | —  | —                            | —                                      | 8,248              |
| 3              | Off-balance sheet exposures | —                                       | 7,405                   | —                          | —  | —                            | —                                      | 7,405              |
| <b>4</b>       | <b>Total</b>                | <b>100</b>                              | <b>27,117</b>           | <b>(94)</b>                | <b>(23)</b>  | <b>(71)</b>                  | <b>—</b>                               | <b>27,123</b>      |

Note:

(1) Refers to the accounting value of the assets before any allowances and impairments but after write-offs.

(2) Excludes inter-bank loans

(3) Refers to loans classified as doubtful

**8.4.2 Changes in Stock of Defaulted Loans and Debt Securities**

| In SGD million |  | (a)        |
|----------------|--|------------|
| <b>1</b>       | <b>Defaulted loans and debt securities as at 30 June 2025</b>            | <b>98</b>  |
| 2              | Loans and debt securities that have defaulted in the second half of 2025 | 38         |
| 3              | Returned to non-defaulted status   | (8)        |
| 4              | Amounts written-off  | (29)       |
| 5              | Other changes  | 1          |
| <b>6</b>       | <b>Defaulted loans and debt securities as at 31 Dec 2025 (1+2-3-4+5)</b> | <b>100</b> |

**8.4.3 Additional Quantitative Disclosures related to Credit Quality of Assets**

The following tables show the breakdown of credit risk exposures by geographical areas, industry and residual maturity.

Breakdown by Geographical Areas

| <b>In SGD million</b> | <b>31 Dec 25</b> | <b>31 Dec 24</b> |
|-----------------------|------------------|------------------|
| Singapore             | 22,667           | 23,706           |
| South East Asia       | 364              | 426              |
| Greater China         | 282              | 307              |
| Rest of the World     | 3,904            | 3,890            |
| <b>Total</b>          | <b>27,217</b>    | <b>28,329</b>    |

Breakdown by Industry

| <b>In SGD million</b>  | <b>31 Dec 25</b> | <b>31 Dec 24</b> |
|--|------------------|------------------|
| Manufacture  | 184              | 586              |
| Electricity, gas, steam and air-conditioning supply                  | 189              | 225              |
| Wholesale and retail trade, repair of motor vehicles and motorcycles | 335              | 245              |
| Transportation and storage   | 9                | 10               |
| Publishing, audiovisual and broadcasting                             | 90               | 90               |
| Professional, scientific and technical activities                    | 198              | 47               |
| Real Estate  | 458              | 420              |
| Non-bank financial institutions                                      | 3                | 9                |
| Financial institutions, investment and holding companies             | 5,915            | 6,728            |
| Construction   | —                | 195              |
| Government   | 8,248            | 9,818            |
| Housing loans  | 9,865            | 8,421            |
| Professional and private individuals                                 | 1,723            | 1,535            |
| <b>Total</b>   | <b>27,217</b>    | <b>28,329</b>    |

Breakdown by Residual Maturity

| <b>In SGD million</b> | <b>31 Dec 25</b> | <b>31 Dec 24</b> |
|-----------------------|------------------|------------------|
| Up to 1 year          | 14,058           | 17,905           |
| More than 1 year      | 13,159           | 10,424           |
| <b>Total</b>          | <b>27,217</b>    | <b>28,329</b>    |

**8.4.3 Additional Quantitative Disclosures Related to Credit Quality of Assets (continued)**

The following tables show the breakdown of non-performing (substandard and doubtful) exposures, specific allowances and write-offs (during the year 2025) by geographical areas and industry.

Breakdown by Geographical Areas

| In SGD million |                   | 31 Dec 25            |                     |                              |
|----------------|-------------------|----------------------|---------------------|------------------------------|
|                |                   | Non-Performing Loans | Specific Allowances | Write-off (During Year 2025) |
| 1              | Singapore         | 101                  | (23)                | 57                           |
| 2              | South East Asia   | 3                    | —                   | —                            |
| 3              | Greater China     | —                    | —                   | —                            |
| 4              | Rest of the World | —                    | —                   | —                            |
|                | <b>Total</b>      | <b>104</b>           | <b>(23)</b>         | <b>57</b>                    |

| In SGD million |                   | 31 Dec 24            |                     |                              |
|----------------|-------------------|----------------------|---------------------|------------------------------|
|                |                   | Non-Performing Loans | Specific Allowances | Write-off (During Year 2024) |
| 1              | Singapore         | 94                   | (20)                | 49                           |
| 2              | South East Asia   | 3                    | —                   | —                            |
| 3              | Greater China     | —                    | —                   | —                            |
| 4              | Rest of the World | 1                    | —                   | —                            |
|                | <b>Total</b>      | <b>98</b>            | <b>(20)</b>         | <b>49</b>                    |

Breakdown by Industry

| In SGD million |                               | 31 Dec 25            |                     |                              |
|----------------|-------------------------------|----------------------|---------------------|------------------------------|
|                |                               | Non-Performing Loans | Specific Allowances | Write-off (During Year 2025) |
| 1              | Housing                       | 15                   | —                   | —                            |
| 2              | Professionals and individuals | 89                   | (23)                | 57                           |
|                | <b>Total</b>                  | <b>104</b>           | <b>(23)</b>         | <b>57</b>                    |

| In SGD million |                               | 31 Dec 24            |                     |                              |
|----------------|-------------------------------|----------------------|---------------------|------------------------------|
|                |                               | Non-Performing Loans | Specific Allowances | Write-off (During Year 2024) |
| 1              | Housing                       | 23                   | —                   | —                            |
| 2              | Professionals and individuals | 75                   | (20)                | 49                           |
|                | <b>Total</b>                  | <b>98</b>            | <b>(20)</b>         | <b>49</b>                    |

Breakdown of Ageing Analysis of Non-Performing Loans Exposures:

| In SGD million       | 31 Dec 25  | 31 Dec 24 |
|----------------------|------------|-----------|
| Less than 30 days    | 49         | 53        |
| Within 30 to 89 days | 16         | 13        |
| More than 90 days    | 39         | 33        |
| <b>Total</b>         | <b>104</b> | <b>98</b> |

**8.4.4 Disclosure on Forborne Exposures**

Forborne loans are classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one year period, and there are no other indicators of impairment. Any forborne loans not considered credit impaired will remain forborne for a minimum of two years from the date that credit impairment no longer applies.

The Bank's forborne loan and advances to customers as at 31 December 2025 is S\$36.9 million.

**8.5 Overview of Credit Risk Mitigation Techniques**

The effects of credit risk mitigation ("CRM") techniques are presented in accordance with the requirements of MAS Notice 637 on collateral eligibility and prescribed haircuts. As such, the reported collateral value is a subset of the total collateral value and would have excluded ineligible collateral types such as residential and commercial properties on mortgages, industrial properties located outside of Singapore, plant and machinery and underlying assets financed through specialised lending.

| In SGD million |                     | 31 Dec 25           |                   |                                 |   |   |
|----------------|---------------------|---------------------|-------------------|---------------------------------|---|---|
|                |                     | (a)                 | (b)               | (c)                             | (d)                                       | (e)                                     |
|                |                     | Exposures unsecured | Exposures secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
| 1              | Loans               | 11,460              | 10                | 10                              | —   | —                                       |
| 2              | Debt Securities     | 8,248               | —                 | —                               | —   | —                                       |
| 3              | <b>Total</b>        | <b>19,708</b>       | <b>10</b>         | <b>10</b>                       | —   | —                                       |
| 4              | Of which: defaulted | 100                 | —                 | —                               | —   | —                                       |

| In SGD million |                     | 30 Jun 25           |                   |                                 |   |   |
|----------------|---------------------|---------------------|-------------------|---------------------------------|---|---|
|                |                     | (a)                 | (b)               | (c)                             | (d)                                       | (e)                                     |
|                |                     | Exposures unsecured | Exposures secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
| 1              | Loans               | 10,448              | 9                 | 9                               | —   | —                                       |
| 2              | Debt Securities     | 8,366               | —                 | —                               | —   | —                                       |
| 3              | <b>Total</b>        | <b>18,814</b>       | <b>9</b>          | <b>9</b>                        | —   | —                                       |
| 4              | Of which: defaulted | 98                  | —                 | —                               | —   | —                                       |

The increase in unsecured exposures in the second half of 2025 is attributed to higher mortgage exposures partially offset by lower holdings in debt securities.

**8.6 SA(CR) – Credit Risk Exposure and CRM Effects**

| In SGD million           |                                     | 31 Dec 25                    |                         |                                |              |                            |            |
|--------------------------|-------------------------------------|------------------------------|-------------------------|--------------------------------|--------------|----------------------------|------------|
|                          |                                     | (a)                          | (b)                     | (c)                            | (d)          | (e)                        | (f)        |
|                          |                                     | Exposures before CCF and CRM |                         | Exposure post-CCF and post-CRM |              | RWA and RWA density        |            |
| Asset classes and others | On-balance sheet amount             | Off-balance sheet amount     | On-balance sheet amount | Off-balance sheet amount       | RWA          | RWA density <sup>(1)</sup> |            |
| 1                        | Cash items                          | 34                           | –                       | 34                             | –            | –                          | 0%         |
| 2                        | Central government and central bank | 8,876                        | –                       | 8,876                          | –            | –                          | 0%         |
| 3                        | PSE                                 | –                            | –                       | –                              | –            | –                          | 0%         |
| 4                        | MDB                                 | –                            | –                       | –                              | –            | –                          | 0%         |
| 5                        | Bank                                | 11,874                       | 3,423                   | 7,463                          | 93           | 1,511                      | 20%        |
| 6                        | Covered bond                        | –                            | –                       | –                              | –            | –                          | 0%         |
| 7                        | Corporate                           | 1,247                        | 225                     | 1,247                          | 122          | 1,420                      | 104%       |
| 7A                       | Of which: General                   | 1,063                        | 225                     | 1,063                          | 122          | 1,181                      | 100%       |
| 7B                       | Of which: Corporate SME             | –                            | –                       | –                              | –            | –                          | 0%         |
| 7C                       | Of which: SL                        | 184                          | –                       | 184                            | –            | 239                        | 130%       |
| 8                        | Equity and subordinated debt        | –                            | –                       | –                              | –            | –                          | 0%         |
| 9                        | Regulatory retail                   | 1,638                        | 9,903                   | 1,632                          | 989          | 1,752                      | 67%        |
| 10                       | Other retail                        | 15                           | 3                       | 15                             | –            | 17                         | 113%       |
| 11                       | Real Estate                         | 8,606                        | 1,262                   | 8,602                          | 505          | 2,443                      | 27%        |
| 12                       | Other exposures                     | 166                          | –                       | 166                            | –            | 166                        | 100%       |
| 13                       | Past due exposures                  | 97                           | –                       | 76                             | –            | 105                        | 139%       |
| 14                       | <b>Total</b>                        | <b>32,553</b>                | <b>14,816</b>           | <b>28,111</b>                  | <b>1,709</b> | <b>7,414</b>               | <b>26%</b> |

| In SGD million           |                                     | 30 Jun 25                    |                         |                                |              |                            |            |
|--------------------------|-------------------------------------|------------------------------|-------------------------|--------------------------------|--------------|----------------------------|------------|
|                          |                                     | (a)                          | (b)                     | (c)                            | (d)          | (e)                        | (f)        |
|                          |                                     | Exposures before CCF and CRM |                         | Exposure post-CCF and post-CRM |              | RWA and RWA density        |            |
| Asset classes and others | On-balance sheet amount             | Off-balance sheet amount     | On-balance sheet amount | Off-balance sheet amount       | RWA          | RWA density <sup>(1)</sup> |            |
| 1                        | Cash items                          | 27                           | –                       | 27                             | –            | –                          | –%         |
| 2                        | Central government and central bank | 8,858                        | –                       | 8,858                          | –            | –                          | –%         |
| 3                        | PSE                                 | –                            | –                       | –                              | –            | –                          | –%         |
| 4                        | MDB                                 | –                            | –                       | –                              | –            | –                          | –%         |
| 5                        | Bank                                | 13,485                       | 2,522                   | 7,723                          | 105          | 1,566                      | 20%        |
| 6                        | Covered bond                        | –                            | –                       | –                              | –            | –                          | –%         |
| 7                        | Corporate                           | 1,534                        | 268                     | 1,534                          | 161          | 1,724                      | 102%       |
| 7A                       | Of which: General                   | 1,343                        | 268                     | 1,343                          | 161          | 1,476                      | 98%        |
| 7B                       | Of which: Corporate SME             | –                            | –                       | –                              | –            | –                          | –%         |
| 7C                       | Of which: SL                        | 191                          | –                       | 191                            | –            | 248                        | 130%       |
| 8                        | Equity and subordinated debt        | –                            | –                       | –                              | –            | –                          | –%         |
| 9                        | Regulatory retail                   | 1,506                        | 9,188                   | 1,481                          | 919          | 1,602                      | 67%        |
| 10                       | Other retail                        | 6                            | –                       | 6                              | –            | 7                          | 117%       |
| 11                       | Real Estate                         | 7,537                        | 1,072                   | 7,534                          | 428          | 2,130                      | 27%        |
| 12                       | Other exposures                     | 224                          | –                       | 224                            | –            | 224                        | 100%       |
| 13                       | Past due exposures                  | 76                           | –                       | 76                             | –            | 103                        | 136%       |
| 14                       | <b>Total</b>                        | <b>33,253</b>                | <b>13,050</b>           | <b>27,463</b>                  | <b>1,613</b> | <b>7,356</b>               | <b>27%</b> |

Increase in credit exposure in the second half of 2025 is attributed to higher mortgage exposure partially offset by lower exposure with corporate and bank counterparties.

Note (1) Total RWA divided by the exposures post-CCF and post-CRM

**8.7 SA(CR) – Exposure by Asset Classes and Risk Weights**

The following table provides the breakdown of the Bank’s credit risk exposures under the SA(CR) and SA(EQ) by asset class and risk weight.

|                |   | 31 Dec 25   |     |     |       |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       |       | Total credit exposure amount (post-CCF and post CRM) <sup>(1)</sup> |       |
|----------------|---|-------------|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|------|------|------|------|-------|-------|---|-------|
|                |   | Risk weight |     |     |       |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       |       |   |       |
| In SGD million |   | 0%          | 10% | 15% | 20%   | 25% | 30% | 35% | 40% | 50% | 65% | 75% | 80% | 85% | 100%  | 130% | 150% | 250% | 400% | 1250% | Other |   |       |
| 1              | Cash items  | 34          |     |     | –     |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       |       |   | 34    |
| 2              | Central government and central bank                         | 8,876       |     |     | –     |     |     |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |       | –   | 8,876 |
| 3              | PSE   |             |     |     | –     |     |     |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |       | –   | –     |
| 4              | MDB   | –           |     |     | –     | –   |     |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |       |   | –     |
| 5              | Bank  |             |     |     | 7,555 |     | 1   |     | –   | –   |     | –   |     |     | –     |      |      | –    |      |       |       |   | 7,556 |
| 5A             | Of which: securities firms and other financial institutions |             |     |     | –     |     | –   |     | –   | –   |     | –   |     |     | –     |      |      | –    |      |       |       |   | –     |
| 6              | Covered bonds   |             | –   | –   | –     | –   |     | –   |     | –   |     |     |     |     | –     |      |      |      |      |       |       |   | –     |
| 7              | Corporate   |             |     |     | –     |     |     |     |     | 9   |     | –   | –   | –   | 1,176 | 184  |      |      |      |       |       |   | 1,369 |
| 7A             | Of which: General corporate                                 |             |     |     | –     |     |     |     |     | 9   |     | –   |     |     | 1,176 |      |      |      |      |       |       |   | 1,185 |
| 7B             | Of which: securities firms and other financial institutions |             |     |     | –     |     |     |     |     | –   |     | –   |     |     | –     |      |      | –    |      |       |       |   | –     |
| 7C             | Of which: Corporate SME                                     |             |     |     | –     |     |     |     |     | –   |     | –   |     | –   | –     |      |      | –    |      |       |       |   | –     |
| 7D             | Of which: securities firms and other financial institutions |             |     |     | –     |     |     |     |     | –   |     | –   |     | –   | –     |      |      | –    |      |       |       |   | –     |
| 7E             | Of which: SL  |             |     |     | –     |     |     |     |     | –   |     | –   | –   |     | –     | 184  |      | –    |      |       |       |   | 184   |
| 8              | Equity and subordinated debt                                |             |     |     |       |     |     |     |     |     |     |     |     |     |       |      | –    | –    | –    | –     | –     |   | –     |

|                |                                  | 31 Dec 25   |       |       |     |     |     |     |     |     |     |       |     |     |      |      |      |      |      |       | Total credit exposure amount (post-CCF and post CRM) <sup>(1)</sup> |       |       |     |
|----------------|----------------------------------|-------------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-------|-----|-----|------|------|------|------|------|-------|---|-------|-------|-----|
|                |                                  | Risk weight |       |       |     |     |     |     |     |     |     |       |     |     |      |      |      |      |      |       |   |       |       |     |
| In SGD million |                                  | 20%         | 25%   | 30%   | 35% | 40% | 45% | 50% | 60% | 65% | 70% | 75%   | 85% | 90% | 100% | 105% | 110% | 150% | 250% | 1250% |   | Other |       |     |
| 9              | Regulatory retail                |             |       |       |     |     | 897 |     |     |     |     | 1,555 |     |     |      |      |      |      |      |       |   | 169   | 2,621 |     |
| 10             | Other retail                     |             |       |       |     |     |     |     |     |     |     |       |     |     | 12   |      |      | 3    |      |       |   |       |       | 15  |
| 11             | Real Estate                      | 3,024       | 1,481 | 3,834 | –   | 12  | 327 | 15  | 3   |     | –   | 1     | –   | –   | –    | –    | –    | –    | –    | –     | –   | 410   | 9,107 |     |
| 11A            | Of which: ADC                    |             |       |       |     |     |     |     |     |     |     |       |     |     | –    |      |      |      |      |       |   | –     | –     |     |
| 11B            | Of which: Regulatory real estate | 3,024       | 1,481 | 3,834 | –   | 12  | 327 | 15  | 3   |     | –   | –     | –   | –   |      | –    | –    |      |      |       |   | 410   | 9,106 |     |
| 11C            | Of which: RRE                    | 3,024       | 1,481 | 3,834 | –   | 12  | 327 | 15  |     |     | –   | –     |     |     |      | –    |      |      |      |       |   | 410   | 9,103 |     |
| 11D            | Of which: CRE                    |             |       |       |     |     |     |     | 3   |     | –   | –     | –   | –   |      |      | –    |      |      |       |   |       | –     | 3   |
| 11E            | Of which: Other real estate      |             |       |       |     |     |     |     |     |     |     | 1     | –   |     |      |      |      |      | –    |       |   |       | –     | 1   |
| 12             | Defaulted exposures              |             |       |       |     |     |     |     |     |     |     |       |     |     |      | 16   |      |      | 60   |       |   |       |       | 76  |
| 13             | Other exposures                  |             |       |       |     |     |     |     |     |     |     |       |     |     |      | 166  |      |      |      | –     |   |       |       | 166 |

Abbreviations:

SME - Small Medium Enterprise

SL - Specialised Lending

MDB - Multi Development Bank

PSE - Public Service Entity

ADC - Land Acquisition, Development and Construction

RRE - Regulatory Real Estate

CRE - Commercial real Estate

**Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures**

| In SGD million |                 | 31 Dec 25                 |                                      |                                     |                                  |
|----------------|-----------------|---------------------------|--------------------------------------|-------------------------------------|----------------------------------|
| 14             | Risk weight     | (a)                       | (b)                                  | (c)                                 | (d)                              |
|                |                 | On-balance sheet exposure | Off-balance sheet exposure (pre-CCF) | Weighted average CCF <sup>(2)</sup> | Exposure (post-CCF and post-CRM) |
| 14A            | Less than 40%   | 29,047                    | 4,584                                | 75%                                 | 25,180                           |
| 14B            | 40-70%          | 572                       | 7,115                                | 17%                                 | 1,317                            |
| 14C            | 75%             | 1,271                     | 2,845                                | 38%                                 | 1,556                            |
| 14D            | 80-85%          | —                         | —                                    | —%                                  | —                                |
| 14E            | 90-100%         | 1,255                     | 227                                  | 93%                                 | 1,371                            |
| 14F            | 105-130%        | 330                       | 45                                   | 89%                                 | 334                              |
| 14G            | 150%            | 78                        | —                                    | 79%                                 | 62                               |
| 14H            | 250%            | —                         | —                                    | —%                                  | —                                |
| 14I            | 400%            | —                         | —                                    | —%                                  | —                                |
| 14J            | 1250%           | —                         | —                                    | —%                                  | —                                |
| 14K            | Other           | —                         | —                                    | —%                                  | —                                |
| 14L            | Total exposures | 32,553                    | 14,816                               |                                     | 29,820                           |

|                |   | 30 Jun 25   |     |     |       |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       |   |       |       |
|----------------|---|-------------|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|------|------|------|------|-------|---|-------|-------|
|                |   | Risk weight |     |     |       |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       | Total credit exposure amount (post-CCF and post CRM) <sup>(1)</sup> |       |       |
| In SGD million |   | 0%          | 10% | 15% | 20%   | 25% | 30% | 35% | 40% | 50% | 65% | 75% | 80% | 85% | 100%  | 130% | 150% | 250% | 400% | 1250% |   | Other |       |
| 1              | Cash items  | 27          |     |     | –     |     |     |     |     |     |     |     |     |     |       |      |      |      |      |       |   | 27    |       |
| 2              | Central government and central bank                         | 8,858       |     |     | –     |     |     |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |   | –     | 8,858 |
| 3              | PSE   |             |     |     | –     |     |     |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |   | –     | –     |
| 4              | MDB   | –           |     |     | –     |     | –   |     |     | –   |     |     |     |     | –     |      |      | –    |      |       |   | –     | –     |
| 5              | Bank  |             |     |     | 7,828 |     | –   |     | –   | –   |     | –   |     |     | –     |      | –    |      |      |       |   |       | 7,828 |
| 5A             | Of which: securities firms and other financial institutions |             |     |     | –     |     | –   |     | –   | –   |     | –   |     |     | –     |      | –    |      |      |       |   |       | –     |
| 6              | Covered bonds   |             | –   | –   | –     | –   | –   |     |     | –   |     |     |     |     | –     |      |      |      |      |       |   |       | –     |
| 7              | Corporate   |             |     |     | –     |     |     |     |     | 9   |     | 96  | –   | –   | 1,399 | 191  | –    |      |      |       |   |       | 1,695 |
| 7A             | Of which: General corporate                                 |             |     |     | –     |     |     |     |     | 9   |     | 96  |     |     | 1,399 |      | –    |      |      |       |   |       | 1,504 |
| 7B             | Of which: securities firms and other financial institutions |             |     |     | –     |     |     |     |     | –   |     | –   |     |     | –     |      | –    |      |      |       |   |       | –     |
| 7C             | Of which: Corporate SME                                     |             |     |     | –     |     |     |     |     | –   |     | –   |     |     | –     |      | –    |      |      |       |   |       | –     |
| 7D             | Of which: securities firms and other financial institutions |             |     |     | –     |     |     |     |     | –   |     | –   |     |     | –     |      | –    |      |      |       |   |       | –     |
| 7E             | Of which: SL  |             |     |     | –     |     |     |     |     | –   |     | –   | –   |     | –     | 191  | –    |      |      |       |   |       | 191   |
| 8              | Equity and subordinated debt                                |             |     |     |       |     |     |     |     |     |     |     |     |     |       |      | –    | –    | –    | –     | –   |       | –     |

|                |                                  | 30 Jun 25   |       |       |     |     |     |     |     |     |     |       |     |     |      |      |      |      |      |       | Total credit exposure amount (post-CCF and post CRM) <sup>(1)</sup> |       |       |   |
|----------------|----------------------------------|-------------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-------|-----|-----|------|------|------|------|------|-------|---|-------|-------|---|
|                |                                  | Risk weight |       |       |     |     |     |     |     |     |     |       |     |     |      |      |      |      |      |       |   |       |       |   |
| In SGD million |                                  | 20%         | 25%   | 30%   | 35% | 40% | 45% | 50% | 60% | 65% | 70% | 75%   | 85% | 90% | 100% | 105% | 110% | 150% | 250% | 1250% |   | Other |       |   |
| 9              | Regulatory retail                |             |       |       |     |     | 864 |     |     |     |     | 1,349 |     |     |      |      |      |      |      |       |   | 187   | 2,400 |   |
| 10             | Other retail                     |             |       |       |     |     |     |     |     |     |     |       |     |     | 3    |      |      |      | 3    |       |   |       |       | 6 |
| 11             | Real Estate                      | 2,753       | 1,298 | 3,191 | –   | 19  | 295 | 19  | 4   |     | –   | 1     | –   | –   | –    | –    | –    | –    | –    | –     |   | 382   | 7,962 |   |
| 11A            | Of which: ADC                    |             |       |       |     |     |     |     |     |     |     |       |     |     | –    |      |      |      |      |       |   | –     | –     |   |
| 11B            | Of which: Regulatory real estate | 2,753       | 1,298 | 3,191 | –   | 19  | 295 | 19  | 4   |     | –   | –     | –   | –   |      | –    | –    |      |      |       |   | 382   | 7,961 |   |
| 11C            | Of which: RRE                    | 2,753       | 1,298 | 3,191 | –   | 19  | 295 | 19  |     |     | –   | –     |     |     |      | –    |      |      |      |       |   | 382   | 7,957 |   |
| 11D            | Of which: CRE                    |             |       |       |     |     |     |     | 4   |     | –   | –     | –   | –   |      |      | –    |      |      |       |   | –     | 4     |   |
| 11E            | Of which: Other real estate      |             |       |       |     |     |     |     |     |     |     | 1     | –   |     |      |      |      |      | –    |       |   | –     | 1     |   |
| 12             | Defaulted exposures              |             |       |       |     |     |     |     |     |     |     |       |     |     | 22   |      |      |      | 54   |       |   |       | 76    |   |
| 13             | Other exposures                  |             |       |       |     |     |     |     |     |     |     |       |     |     | 224  |      |      |      |      | –     |   |       | 224   |   |

**Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures**

| In SGD million |                 | 30 Jun 25                 |                                      |                                     |                                  |
|----------------|-----------------|---------------------------|--------------------------------------|-------------------------------------|----------------------------------|
| 14             | Risk weight     | (a)                       | (b)                                  | (c)                                 | (d)                              |
|                |                 | On-balance sheet exposure | Off-balance sheet exposure (pre-CCF) | Weighted average CCF <sup>(2)</sup> | Exposure (post-CCF and post-CRM) |
| 14A            | Less than 40%   | 29,587                    | 3,483                                | 75%                                 | 24,303                           |
| 14B            | 40-70%          | 565                       | 6,634                                | 17%                                 | 1,263                            |
| 14C            | 75%             | 1,185                     | 2,621                                | 38%                                 | 1,447                            |
| 14D            | 80-85%          | —                         | —                                    | —%                                  | —                                |
| 14E            | 90-100%         | 1,493                     | 268                                  | 93%                                 | 1,648                            |
| 14F            | 105-130%        | 354                       | 44                                   | 89%                                 | 358                              |
| 14G            | 150%            | 69                        | —                                    | 79%                                 | 57                               |
| 14H            | 250%            | —                         | —                                    | —%                                  | —                                |
| 14I            | 400%            | —                         | —                                    | —%                                  | —                                |
| 14J            | 1250%           | —                         | —                                    | —%                                  | —                                |
| 14K            | Other           | —                         | —                                    | —%                                  | —                                |
| 14L            | Total exposures | 33,253                    | 13,050                               |                                     | 29,076                           |

**Note**

(1) Total credit exposure amount (post-CCF and post-CRM): This refers to the amount used for computing capital requirements (both for on- and off-balance sheet amounts), net of impairment allowances and write-offs and after applying CRM and CCF but before the application of the relevant risk weights.

(2) Weighting is based on off-balance sheet exposure (pre-CCF).

## 9. Counterparty Credit Risk

### 9.1 Overview

Counterparty credit risk ("CCR") arises for derivatives (including long settlement transactions) and SFTs. It is calculated in both the trading and banking books, and is the risk that a counterparty may default before final settlement, for cases where there is a bilateral risk of loss. Under the SA-CCR approach, the Exposure at Default ("EAD") is calculated as the sum of Replacement Cost and Potential Future Exposure ("PFE") multiplied by an alpha factor of 1.4. We use this approach for all derivative and long settlement transactions

From a risk management perspective, all products are subject to regulatory asset class add-ons. All products are subject to daily monitoring of credit limit utilisation. Limits for CCR exposures, including to CCPs are assigned within the overall credit risk management process. The credit risk sub-function assigns a limit against each counterparty to cover exposure that may arise as a result of a counterparty default. The magnitude of this limit will depend on the overall risk appetite, type of derivatives and type of SFT trading undertaken with a counterparty. Models and methodologies used in the calculation of CCR are overseen and monitored by the Regional Traded Risk Model Oversight Forum. Models are subject to ongoing monitoring and validation. Additionally, they are subject to independent review at inception and on an ongoing basis.

#### **Credit Valuation Adjustments**

Credit valuation adjustment ("CVAs") represent the risk of mark-to-market losses on the expected counterparty risk to OTC derivatives and SFTs that are subject to fair value accounting. Certain exposures to qualifying central counterparties are exempt from CVA.

#### **Collateral arrangements**

Our policy is to revalue all traded transactions and associated collateral positions on a daily basis. An independent collateral management sub-function manages the collateral process, including pledging collateral, receiving collateral, investigating disputes and following up on non-receipts. Collateral types are controlled under a policy to ensure price transparency, price stability, liquidity, enforceability, independence, reusability and eligibility for regulatory purposes. A valuation "haircut" policy reflects the fact that collateral may fall in value between the date the collateral was called and the date of liquidation or enforcement. A very high proportion of collateral held as variation margin under credit support annex ("CSAs") agreements is composed of either cash or liquid government securities.

#### **Central counterparties**

While exchange traded derivatives have been cleared through CCPs for many years, recent regulatory initiatives designed to reduce systemic risk in the banking system are directing increasing volumes of OTC derivatives to also be cleared through CCPs. To manage the significant concentration of risk in CCPs that results from this, we have developed a risk appetite framework to manage risk accordingly, at the level of individual CCPs and globally. A dedicated CCP risk team has been established in the Group to manage the interface with CCPs and undertake in-depth due diligence of the unique risks associated with these organisations. Currently, we do not have any central counterparties.

#### **Wrong-way risk**

Wrong-way risk occurs when a counterparty's exposures are adversely correlated with its credit quality. There are two types of wrong-way risk: – general wrong-way risk occurs when the probability of counterparty default is positively correlated with general risk factors, such as where a counterparty is resident and/or incorporated in a higher-risk country and seeks to sell a nondomestic currency in exchange for its home currency; and – specific wrong-way risk occurs in self-referencing transactions. These are transactions in which exposure is driven by capital or financing instruments issued by the counterparty and occurs where exposure from HSBC's perspective materially increases as the value of the counterparty's capital or financing instruments referenced in the contract decreases. It is HSBC policy that specific wrong-way transactions are approved on a case-by-case basis. We use a range of tools to monitor and control wrong-way risk, including requiring the business to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines. The regional Traded Risk sub-

functions are responsible for the control and monitoring process within an overarching Group framework including a limit framework.

**Credit rating downgrade**

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

**9.2 Analysis of Counterparty Credit Risk Exposure by Approach**

| In SGD million |   | 31 Dec 25        |                           |               |  |                |     |
|----------------|---|------------------|---------------------------|---------------|--|----------------|-----|
|                |   | (a)              | (b)                       | (c)           | (d)  | (e)            | (f) |
|                |   | Replacement Cost | Potential Future Exposure | Effective EPE | $\alpha$ used for Computing Regulatory EAD | EAD (Post-CRM) | RWA |
| 1              | SA-CCR (for derivatives)  | —                | 22                        |               | 1.4  | 30             | 6   |
| 2              | CCR internal models method (for derivatives and SFTs)             |                  |                           | —             | —  | —              | —   |
| 3              | Financial Collateral Simple Approach ("FC(SA)") (for SFTs)        |                  |                           |               |  | —              | —   |
| 4              | Financial Collateral Comprehensive Approach ("FC(CA)") (for SFTs) |                  |                           |               |  | 94             | 19  |
| 5              | Value at Risk ("VaR") for SFTs                                    |                  |                           |               |  | —              | —   |
| <b>6</b>       | <b>Total</b>  |                  |                           |               |  |                | 25  |

| In SGD million |   | 30 Jun 25        |                           |               |  |                |     |
|----------------|---|------------------|---------------------------|---------------|--|----------------|-----|
|                |   | (a)              | (b)                       | (c)           | (d)  | (e)            | (f) |
|                |   | Replacement Cost | Potential Future Exposure | Effective EPE | $\alpha$ used for Computing Regulatory EAD | EAD (Post-CRM) | RWA |
| 1              | SA-CCR (for derivatives)                              | 6                | 25                        |               | 1.4  | 44             | 9   |
| 2              | CCR internal models method (for derivatives and SFTs) |                  |                           | —             | —  | —              | —   |
| 3              | FC(SA) (for SFTs)                                     |                  |                           |               |  | —              | —   |
| 4              | FC(CA) (for SFTs)                                     |                  |                           |               |  | 96             | 19  |
| 5              | VaR for SFTs  |                  |                           |               |  | —              | —   |
| <b>6</b>       | <b>Total</b>  |                  |                           |               |  |                | 28  |

CCR exposures decreased in 31 December 25 due to the decrease in reverse repo transactions.

**9.3 Standardised Approach – Counterparty Credit Risk Exposures by Portfolio and Risk Weights**

|                                     | 31 Dec 25 |     |            |     |     |      |      |        |                       |
|-------------------------------------|-----------|-----|------------|-----|-----|------|------|--------|-----------------------|
| In SGD million                      | (a)       | (b) | (c)        | (e) | (f) | (g)  | (h)  | (i)    | (j)                   |
| Asset Classes and Others            | 0%        | 10% | 20%        | 50% | 75% | 100% | 150% | Others | Total Credit Exposure |
| Central government and central bank | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| PSE                                 | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| MDB                                 | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Bank                                | —         | —   | 124        | —   | —   | —    | —    | —      | 124                   |
| Covered bond                        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Corporate                           | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Equity and subordinated debt        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Regulatory retail                   | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Other retail                        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Real estate                         | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Other exposures                     | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| <b>Total</b>                        | —         | —   | <b>124</b> | —   | —   | —    | —    | —      | <b>124</b>            |

|                                     | 30 Jun 25 |     |            |     |     |      |      |        |                       |
|-------------------------------------|-----------|-----|------------|-----|-----|------|------|--------|-----------------------|
| In SGD million                      | (a)       | (b) | (c)        | (e) | (f) | (g)  | (h)  | (i)    | (j)                   |
| Asset Classes and Others            | 0%        | 10% | 20%        | 50% | 75% | 100% | 150% | Others | Total Credit Exposure |
| Central government and central bank | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| PSE                                 | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| MDB                                 | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Bank                                | —         | —   | 140        | —   | —   | —    | —    | —      | 140                   |
| Covered bond                        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Corporate                           | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Equity and subordinated debt        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Regulatory retail                   | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Other retail                        | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Real estate                         | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| Other exposures                     | —         | —   | —          | —   | —   | —    | —    | —      | —                     |
| <b>Total</b>                        | —         | —   | <b>140</b> | —   | —   | —    | —    | —      | <b>140</b>            |

CCR exposures decreased in 31 December 25 due to the decrease in reverse repo transactions.

9.4 Composition of Collateral for CCR Exposure

|                |                          | 31 Dec 25                                  |              |                                 |              |                                   |                                 |
|----------------|--------------------------|--|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                |                          | (a)  | (b)          | (c)                             | (d)          | (e)                               | (f)                             |
|                |                          | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |                                 |
|                |                          | Fair value of collateral received          |              | Fair value of collateral posted |              | Fair value of collateral received | Fair value of collateral posted |
| In SGD million |                          | Segregated                                 | Unsegregated | Segregated                      | Unsegregated |                                   |                                 |
| 1              | Cash - domestic currency | —  | —            | —                               | —            | —                                 | —                               |
| 2              | Cash - other currencies  | —  | —            | —                               | 2            | 7                                 | —                               |
| 3              | Domestic sovereign debt  | —  | —            | —                               | —            | 4,090                             | —                               |
| 4              | Other sovereign debt     | —  | —            | —                               | —            | 439                               | —                               |
| 5              | Government agency debt   | —  | —            | —                               | —            | —                                 | —                               |
| 6              | Corporate bonds          | —  | —            | —                               | —            | —                                 | —                               |
| 7              | Equity securities        | —  | —            | —                               | —            | —                                 | —                               |
| 8              | Other collateral         | —  | —            | —                               | —            | —                                 | —                               |
| <b>9</b>       | <b>Total</b>             | —  | —            | —                               | <b>2</b>     | <b>4,536</b>                      | —                               |

  

|                |                          | 30 Jun 25                                  |              |                                 |              |                                   |                                 |
|----------------|--------------------------|--|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
|                |                          | (a)  | (b)          | (c)                             | (d)          | (e)                               | (f)                             |
|                |                          | Collateral used in derivative transactions |              |                                 |              | Collateral used in SFTs           |                                 |
|                |                          | Fair value of collateral received          |              | Fair value of collateral posted |              | Fair value of collateral received | Fair value of collateral posted |
| In SGD million |                          | Segregated                                 | Unsegregated | Segregated                      | Unsegregated |                                   |                                 |
| 1              | Cash - domestic currency | —  | —            | —                               | —            | —                                 | —                               |
| 2              | Cash - other currencies  | —  | 18           | —                               | 1            | 5                                 | —                               |
| 3              | Domestic sovereign debt  | —  | —            | —                               | —            | 3,789                             | —                               |
| 4              | Other sovereign debt     | —  | —            | —                               | —            | 2,037                             | —                               |
| 5              | Government agency debt   | —  | —            | —                               | —            | —                                 | —                               |
| 6              | Corporate bonds          | —  | —            | —                               | —            | —                                 | —                               |
| 7              | Equity securities        | —  | —            | —                               | —            | —                                 | —                               |
| 8              | Other collateral         | —  | —            | —                               | —            | —                                 | —                               |
| <b>9</b>       | <b>Total</b>             | —  | <b>18</b>    | —                               | <b>1</b>     | <b>5,831</b>                      | —                               |

**9.5 The Reduced Basic Approach for Credit Valuation Adjustment (“BA-CVA”)**

The Bank adopts the reduced basic approach to compute CVA risk capital requirements for its trades with intra-group counterparties.

CVA risk with external counterparty is centrally managed by the X-Value Adjustment (“XVA”) desk in HBAP Hong Kong, with a risk participation agreement in place to transfer CVA risk to the XVA desk in Hong Kong and losses incurred by the Bank in case of counterparty default will be absorbed by the XVA desk in Hong Kong.

The XVA desk in Hong Kong acts as the first line of defence on CVA risks management, actively manage these risks on a daily basis in order to protect CVA profit and loss from adverse market movement, and limit losses incurred by the Bank in case of counterparty default.

Hedge effectiveness is monitored on a regular basis through sensitivity reports, profit and loss analysis, backtesting and stress-testing to ensure alignment between portfolio exposures and hedging strategies put in place by the desk.

The table below provides the exposure amount and RWA.

|                |   | 31 Dec 25  |   |
|----------------|---|------------|---|
|                |   | (a)        | (b)                                       |
| In SGD million |   | Components | CVA risk capital requirement under BA-CVA |
| 1              | Aggregation of systematic components of CVA risk    | 1          |   |
| 2              | Aggregation of idiosyncratic components of CVA risk | 1          |   |
| <b>3</b>       | <b>Total</b>  |            | <b>1</b>                                  |

**9.6 Exposures to Central Clearing Counterparties**

The Bank does not have exposures to central clearing counterparties as at 31 December 2025.

**9.7 Credit Derivative Exposures**

The Bank does not have any credit derivatives exposures as at 31 December 2025.

**9.8 Securitisation Exposures**

The Bank does not have any securitisation exposures as at 31 December 2025.

## 10. Market Risk

### 10.1 Overview

#### Overview of market risk

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

#### Exposure to market risk

Exposure to market risk arises from both trading portfolios and banking portfolios:

- Trading portfolios: these comprise positions held for client servicing and market-making, with the intention of short-term resale and/or to hedge risks resulting from such positions.
- Banking portfolios: these comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, financial investments measured at fair value through other comprehensive income, debt instruments measured at amortised cost, and exposures arising from our insurance operations. These portfolios also include non-trading book foreign exchange ("NTBFX") exposures, where risk may arise from changes in the accounting value of assets and liabilities held outside of the trading book, due to movements in FX rates. NTBFX exposures originate primarily from structural FX exposures, transactional FX exposures and limited residual FX exposures arising from timing differences or for other reasons.

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

#### Market risk governance

The Bank employs a range of tools to monitor and limit market risk exposures including sensitivity analysis, value at risk ("VaR") and stress testing.

The Bank manages market risk through risk limits approved by its Board of Directors. The Bank has adopted HSBC Group's market risk management framework and policies. HSBC's Group Risk function develops the market risk management policies and measurement techniques. An independent market risk management and control function, which is responsible for measuring market risk exposures in accordance with the policies defined by HSBC Group Risk, monitors and reports these exposures against the prescribed limits on a daily basis.

Risk limits are determined for each HSBC location and within location, for each portfolio. Limits are set for portfolios, products and risks types. Market liquidity, risk appetite and business needs are the primary factors in determining the level of limits set. HSBC Group's control of market risk in the trading and nontrading portfolios is based on a policy of restricting individual locations to trading within a list of permissible instruments authorised for each location by Group Risk, of enforcing new product approval procedures, and of restricting trading in the more complex derivative products only to locations with appropriate levels of product expertise and robust control systems.

#### Sensitivity analysis

We use sensitivity measures to monitor the market risk positions within each asset class and risk type. Granular sensitivity limits are set for each trading desk taking into consideration market liquidity, customer demand and capital constraints, amongst other factors.

#### Value at risk

VaR is a technique that estimates the potential mark-to-market losses on derivatives, securities and money market positions in the trading and banking portfolios as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The use of VaR is an integral part of our market risk management framework and is calculated for a scope of trading and banking positions which is wider than the set of trading positions which are capitalised under a VaR treatment. Our models are predominantly based on historical simulation and VaR is calculated at a 99% confidence level for a one-day holding period.

Our VaR model uses historical series of market rates and prices, implicitly taking into account inter-relationships between different markets and rates such as interest rates and FX rates.

The primary categories of risk factors driving market risk are summarised below:

| <b>Risk factor</b> | <b>Description</b>  |
|--------------------|---|
| FX                 | Risk arising from changes in FX rates and volatilities.   |
| Interest rate      | Risk arising from changes in the level of interest rates that may impact prices of interest rate sensitive assets such as interest rate |
| Credit             | Risk arising from changes in the level of credit spreads that may impact prices of credit spread sensitive assets.                      |

Our model uses a mixed approach when applying changes in market rates and prices:

- For credit and FX risk factors, VaR scenarios are calculated on a relative return basis.
- For interest rates, a mixed approach is used. The scenarios applied to volatilities are on a relative return basis, whereas the scenarios applied to interest rate curves are calculated using a hybrid of absolute and relative returns. This approach enables the VaR to smoothly adapt to either low or high interest rate environments and to support negative rates.

Our models aggregate general and specific risks and allow for diversification across them. We use the past two years as the historical data set in our VaR model and the scenarios are updated at least on a weekly basis. These scenarios are then applied to the market baselines and positions on a daily basis. The model incorporates the effect of option features on the underlying exposures.

The valuation approach used in our model varies:

- Desks trading non-linear instruments mainly use a full revaluation approach; and
- Desks trading only linear instruments, such as bonds and swaps, mainly use a sensitivity based approach.

The nature of the VaR model means that an increase in observed market volatility will lead to an increase in VaR even without any changes in the underlying positions.

**VaR model limitations**

Although a valuable guide to risk, VaR is used with awareness of its limitations, for example:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature. As the model is calibrated on the last 500 business days, it does not adjust instantaneously to sufficiently reflect a change in the market regime.
- The use of a 1-day holding period for risk management purposes of the trading book assumes that this short period is sufficient to hedge or liquidate all positions.
- The use of a 99% confidence level, by definition does not take into account losses that might occur beyond this level of confidence.
- VaR is calculated on the basis of exposures outstanding at close of business and therefore does not necessarily reflect intra-day exposures.

**Risk not in VaR framework**

The risks not in VaR (“RNIV”) framework captures risks from exposures in the trading book that are not captured well by the VaR model. Our VaR model is designed to capture significant basis risk, such as Credit Default Swap (“CDS”) versus bond, asset swap spreads and cross-currency basis. Other basis risks that are not completely covered in VaR, such as CCP swap basis risks, are complemented by our RNIV calculations and are integrated into our capital framework.

Risk factors are reviewed on a regular basis and are either incorporated directly in the VaR model, where possible, or quantified through the VaR-based RNIV approach or a stress test approach within the RNIV framework. While VaR-based RNIVs are calculated by using historical scenarios, stress-type RNIVs are estimated on the basis of stress scenarios whose severity is calibrated to be in line with the capital adequacy requirements. The outcome of the VaR-based RNIV approach is included in the overall VaR calculation for risk management purposes but excluded from the VaR measures used for regulatory back-testing. In addition, stressed VaR (“SVaR”) also captures risk factors considered in the VaR-based RNIV approach through a corresponding SVaR RNIV.

**Back-testing**

We validate the accuracy of our VaR model on a daily basis by back-testing the model against both actual and hypothetical profit and loss. Hypothetical profit and loss excludes non-modelled items, such as fees, commissions and revenues of intra-day transactions.

The actual number of profits or losses in excess of VaR over this period can therefore be used to gauge how well the models are performing. A VaR model is deemed satisfactory if it experiences fewer than five profit or loss exceptions in a 250-day period.

We back-test our VaR at various levels of our group entity hierarchy. Our back-testing covers those entities within the group which have approval to use VaR in the calculation of market risk regulatory capital requirements.

**Stress testing**

Stress testing is an important procedure that is integrated into our market risk management framework to evaluate the potential impact on portfolio values of more extreme events or movements in a set of financial variables. In such scenarios, losses can be much greater than those predicted by VaR modelling. Stress testing and reverse stress testing provide senior management with insights regarding the “tail risk” beyond VaR.

Stress testing is implemented at various legal entity and overall Group levels. The risk appetite around potential stress losses for the group is set and monitored against referral limits.

Market risk reverse stress tests are designed to identify vulnerabilities in our portfolios by looking for scenarios that lead to loss levels considered severe for the relevant portfolio. These scenarios may be local or idiosyncratic in nature, and complement the systematic top-down stress testing.

SVaR and stress testing, together with reverse stress testing and the management of gap risk, provide senior management with insights regarding the “tail risk” beyond VaR for which the group’s appetite is limited.

The market risk stress testing incorporates both historical and hypothetical events.

The Bank’s market risk RWA is summarized below:

**10.2 Market Risk RWA under Standardised Approach (SA(MR))**

| In SGD million |  | 31 Dec 25           | 30 Jun 25           |
|----------------|--|---------------------|---------------------|
|                |  | Capital Requirement | Capital Requirement |
| 1              | General interest rate risk   | 0.653               | 0.089               |
| 2              | Equity risk  | —                   | —                   |
| 3              | Commodity risk   | —                   | —                   |
| 4              | Foreign exchange risk  | 0.415               | 0.25                |
| 5              | Credit spread risk – non-securitisations                                 | —                   | —                   |
| 6              | Credit spread risk – securitisations (non-correlation trading portfolio) | —                   | —                   |
| 7              | Credit spread risk – securitisations (correlation trading portfolio)     | —                   | —                   |
| 8              | Default risk – non-securitisations                                       | —                   | —                   |
| 9              | Default risk – securitisations (non-correlation trading portfolio)       | —                   | —                   |
| 10             | Default risk – securitisations (correlation trading portfolio)           | —                   | —                   |
| 11             | Residual risk add-on   | —                   | —                   |
| 12             | <b>Total</b>   | <b>1.067</b>        | <b>0.343</b>        |

## 11. Asset Encumbrance

The following table provides an overview of the bank's breakdown of encumbered and unencumbered assets, as required under MAS Notice 637.

Unencumbered assets have decreased in the second half of the year due to lower reverse repo transactions.

|   | 31 Dec 25                |                            |              | 30 Jun 25                |                            |              |
|---|--------------------------|----------------------------|--------------|--------------------------|----------------------------|--------------|
|   | (a)                      | (b)                        | (c)          | (a)                      | (b)                        | (c)          |
| <b>In SGD million</b>                             | <b>Encumbered assets</b> | <b>Unencumbered assets</b> | <b>Total</b> | <b>Encumbered assets</b> | <b>Unencumbered assets</b> | <b>Total</b> |
| The assets on the balance sheet, as disaggregated | 2                        | 32,500                     | 32,502       | 1                        | 33,235                     | 33,236       |

## 12. Operational Risk

Operational risk is the risk of loss resulting from people, inadequate or failed internal processes, data or systems and external events. Sound operational risk management is central to achieving fair outcomes for our customers, growing our business safely, and maintaining the orderly and transparent operation of financial markets. Operational risk is relevant to every aspect of our business and is managed in line with the Risk Management Framework, which sets out our approach to risk management and governance together with the principles for management of risks and associated controls including, but not limited to, operational risks and controls. Operational risk covers a wide spectrum of areas, such as resilience risk, financial crime risk, regulatory compliance risk, financial reporting and tax risk, legal risk, model risk and people risk. Losses arising from breaches of regulation and law, unauthorised activities, error, omission, inefficiency, fraud, systems failure or external events all fall within the definition of operational risk.

### **Organisation and responsibilities**

The first line of defence, being the risk and control owners, has ultimate ownership for risk and controls and is accountable for identifying, assessing, and managing key existing and emerging risks. The second line of defence, being the risk stewards, provides subject matter expertise, advice, guidance, and challenge to the first line to ensure it is managing risk effectively. The third line of defence is Internal Audit, which provides independent assurance to the Board and management that our risk management approach and processes are designed and operate effectively.

The responsibilities of the Head of Enterprise Risk Management include overseeing the management of operational risks and controls, ensuring the Group takes appropriate mitigating actions against emerging risks, and monitoring the level of operational losses. The Head of Enterprise Risk Management is accountable to the CRCO in respect of this element of the overall RMF. The Enterprise Risk Management sub-function helps the business grow safely by driving governance and management of operational risk through the delivery and embedding of effective frameworks, tools, policies, and continuous oversight and assurance of risks, controls, events, and impacts

### **Measurement and monitoring**

The RMF explains our approach to identifying, assessing, monitoring, and controlling risk (including, but not limited to, operational risk) and gives guidance on mitigating actions to be taken when weaknesses are identified. To achieve our strategic objectives, we set our risk appetite and then regularly monitor risk exposure against that appetite.

Losses from internal events are recorded in our Group-wide risk management system. External loss data is available from a financial services industry operational risk data exchange. Stress testing is conducted for material risk category, assessing impacts from severe but plausible scenarios, to understand the consequences if risks materialise and evaluate potential further actions by management.

### **Risk mitigation and control assessment approach**

Operational risk and control assessments are performed by the first line of defence. The risk and control assessment process is designed to provide the first line of defence with a view of operational risks, an assessment of the effectiveness of controls, and a tracking mechanism for action plans so that they can proactively manage operational risks within acceptable levels.

### **Recording**

We use a Group-wide risk management system to record the results of our operational risk management process. Operational risk and control assessments are input and maintained by the first line of defence. The first line of defence monitors and follows up the progress of documented action plans. Operational risk losses are entered into the Group-wide risk management system and are reported through governance at the agreed intervals to executive management and the board of directors (as appropriate).

**Operational risk capital**

The Bank uses the Standardised Approach in determining its operational risk capital requirements. The Bank's operational risk RWA, business indicators and its subcomponents which are used in the calculation of the operational risk capital requirement are summarized below.

**12.1 Business Indicator and Subcomponents**

| In SGD million               |  | (a)        | (b)       | (c)       |
|------------------------------|--|------------|-----------|-----------|
| BI and its subcomponents     |  | 31 Dec 25  | 31 Dec 24 | 31 Dec 23 |
| 1                            | <b>Interest, lease and dividend component</b>                                      | <b>682</b> |           |           |
| 1a                           | Interest and lease income  | 1,096      | 1,347     | 1,248     |
| 1b                           | Interest and lease expense   | 500        | 632       | 513       |
| 1c                           | Interest earning assets  | 31,810     | 33,319    | 30,808    |
| 1d                           | Dividend income  | —          | —         | —         |
| 2                            | <b>Services component</b>  | <b>228</b> |           |           |
| 2a                           | Fee and commission income  | 227        | 222       | 178       |
| 2b                           | Fee and commission expense   | 93         | 85        | 71        |
| 2c                           | Other operating income   | 18         | 24        | 16        |
| 2d                           | Other operating expense  | (2)        | 4         | 5         |
| 3                            | <b>Financial component</b>   | <b>164</b> |           |           |
| 3a                           | Net P&L on the trading book  | 231        | 148       | 110       |
| 3b                           | Net P&L on the banking book  | (1)        | —         | (1)       |
| 4                            | BI   | 1,074      |           |           |
| 5                            | Business indicator component (BIC)   | 129        |           |           |
| <b>Disclosure on the BI:</b> |  |            |           |           |
|                              |  |            | (a)       |           |
| 6                            | BI gross of excluded divested businesses pursuant to paragraph 9.1.7(a)            |            |           | 1,074     |
| 7                            | Reduction in BI due to excluded divested businesses pursuant to paragraph 9.1.7(a) |            |           | —         |

BI increase in 31 December 25 mainly due to higher average gross income for FY2025 to FY2023.

**12.2 Minimum Required Operational Risk Capital**

| In SGD million |   | (a)          |
|----------------|---|--------------|
|                |   | 31 Dec 25    |
| 1              | Business indicator component (BIC)                      | 129          |
| 2              | Internal loss multiplier (ILM)                          | 1            |
| 3              | Minimum required operational risk capital ( $K_{ORC}$ ) | 129          |
| 4              | <b>Operational RWA</b>                                  | <b>1,611</b> |

## 13. Other Risks

### 13.1 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (“IRRBB”) is the risk of an adverse impact to earnings or capital due to changes in market interest rates. It is generated by our non-traded assets and liabilities, specifically loans, deposits and financial instruments that are not held for trading intent. In its management of IRRBB, the Bank aims to balance the potential adverse effect of future interest rate movements on the net interest income (“NII”) against the cost of hedging.

#### *Risk management and governance*

The Asset, Liability and Capital Management (“ALCM”) function measures, monitors and manages interest rate risk in the banking book, with robust policies and frameworks in place. This includes reviewing and challenging the interest rate management impacts of proposed new products and the related behavioural assumptions used for products where there is either no defined maturity or customer optionality exists. ALCM is also subject to independent oversight and challenge from Treasury Risk, Internal Audit and model governance.

ALCM is responsible for maintaining and updating the transfer pricing framework, informing the Bank’s Asset and Liability Committee (“ALCO”) of the Bank’s overall banking book interest rate risk exposure. The Bank’s IRRBB risks are measured and managed using a combination of economic value and earnings-based measures to ensure that the balance between stabilizing earnings and generating value sensitivity is managed appropriately. Key metrics used to support the overall control and monitoring of IRRBB include

- NII sensitivity; and
- Economic value of equity (“EVE”) sensitivity

under varying interest rate scenarios as prescribed by the regulators as well as internally calibrated shocks.

Banking book assets and liabilities are transferred to Markets Treasury based on their repricing and maturity characteristics. Markets Treasury manages the banking book interest rate positions transferred to it within the Market Risk limits. Any interest rate risk that Markets Treasury cannot economically hedge is not transferred and will remain within the business from where the risks originate. Hedging can be executed through derivatives, customer lending or fixed-rate bonds via hold-to-collect and hold-to-collect-and-sell accounting treatments.

ALCM is responsible for monitoring and reviewing the Bank’s overall structural interest rate risk position. The primary driver of interest rate risk in the banking book in the Bank is the repricing mismatch between interest rate sensitive assets, and rate insensitive liabilities and equity. The structural hedge is the tool to manage and mitigate the earnings variability by smoothing the impact of market rate movements over the medium term. Structural hedge demand is determined as per HSBC Group’s Structural Hedge methodology and is approved by the Bank’s ALCO quarterly.

Stress testing is used to assess how the Bank copes with severe economic scenarios, in particular looking at the Bank’s resilience to make sure there is enough capital to withstand extreme shocks. Stress testing also forms a key part of the Bank’s risk management framework. The Bank runs various internal and regulatory stress tests during the year which helps the Bank to identify key economic risks the Bank is exposed to and how they impact on the Bank’s financial and capital position in a severe economic shock. Identifying these risks allow the Bank to actively assess and implement effective risk management strategies to help mitigate before those risks occur. The results of the various stress tests also help to ensure that the Bank has adequate capital and liquidity to withstand severe but plausible hypothetical economic shocks as defined in the stress scenarios and thus help to determine the Bank’s capital requirements under ICAAP.

#### *Net interest income and Economic value of equity sensitivity*

NII sensitivity measures the impact of our expected net interest income applying varying interest rate scenarios, where all other economic variables are held constant. The sensitivity of NII reflects the bank’s sensitivity of earnings due to changes in market interest rates over a 12-month period.

EVE sensitivity measures the impact to the present value of banking book assets and liabilities excluding equity, based on a run-off balance, from a movement in interest rates, including the assumed term profile of non-maturing deposits (“NMDs”) having adjusted for stability and price sensitivity. It is measured and

reported as part of HSBC's internal risk metrics, regulatory rules and external Pillar 3 disclosures. The Bank monitors EVE sensitivities as a percentage of its capital resource.

The NII and EVE sensitivities are shown under the  $\Delta$ NII and  $\Delta$ EVE columns in the table below. The measurement frequency of NII sensitivity and EVE sensitivity is quarterly.

### **Interest rate shock and stress scenarios applied**

The NII sensitivities are based on scenarios and shocks prescribed by MAS (Annex 10C of MAS Notice 637).

Calculations are done under the following scenarios:

- Parallel up;
- Parallel down;

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

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

### **Key modelling assumptions**

For EVE sensitivities, commercial margins and other spread components have been excluded from the interest cash flows calculation and all balance sheet items are discounted at the risk free rate back to the reporting date. All the positions captured are assumed to run to maturity and slotted into the appropriate time bands based on structural hedge maturity profile or the earliest interest repricing date, whichever is applicable. As prescribed by the MAS, post-shock interest rates are floored at -100bps. All equity instruments that have no coupon or call dates are excluded.

For NII sensitivities, the Bank assumes a static balance sheet (specifically no assumed migration from current accounts to term deposits) and include commercial margins. All forecasted market rates are based on implied forward rates from the reporting date. As prescribed by the MAS, the post-shock interest rates are floored at -100bps. The Bank applies beta assumptions to the managed rate products, reflecting the degree to which changes in market and policy rates may be passed on to customers. Customer pricing are subjected to floors where there are contractual obligations. Prepayment or early redemption risk is assumed to be immaterial as part of the annual risk identification performed by the Bank.

Behaviouralisation assumptions are applied to deposits without explicit maturity and repricing date (NMDs).

### **Quantitative information on IRRBB**

The Bank computes EVE and NII sensitivities, as well as the average and longest repricing maturity assigned to NMDs, are on "all currencies" basis. The change in EVE and NII sensitivities across all currencies have been aggregated as it reflects the different net asset / liability position across individual currencies that make up the total balance sheet and the individual currencies are shocked independently based on the IRRBB standardised interest rate shock scenarios (Annex 10C of MAS Notice 637).

The most adverse NII scenario over the next 12 months is the parallel down shock, resulting in a decrease in projected NII of S\$165m as at 31 December 2025, as compared with S\$146m as at 31 December 2024.

At 31 December 2025, the maximum decline in EVE was under the parallel up shock scenario at S\$45m. This translates to 2.46% of the Bank's Tier 1 capital. The changes in the sensitivities have been driven by factors including balance sheet evolution, increase in stabilisation activities in line with the Bank's strategy and modelling improvements.

The average repricing maturity for NMDs, as of 31 December 2025, was 11 months or 330 days. The longest repricing maturity for NMDs, as of 31 December 2025, was 84 months or 7 years.

The table below discloses the changes in interest rate risk in the banking book for economic value of equity and net interest income, calculated under the standardised interest rate shock scenarios defined in the MAS Notice 637.

| <b>Changes in EVE and NII under standardised interest rate shock scenarios</b> |                    |     |     |       |                    |     |     |       |                    |     |     |       |                    |     |     |       |
|--|--------------------|-----|-----|-------|--------------------|-----|-----|-------|--------------------|-----|-----|-------|--------------------|-----|-----|-------|
| <b>In SGD million</b>  | <b>ΔEVE</b>        |     |     |       |                    |     |     |       | <b>ΔNII</b>        |     |     |       |                    |     |     |       |
|  | <b>31 Dec 2025</b> |     |     |       | <b>31 Dec 2024</b> |     |     |       | <b>31 Dec 2025</b> |     |     |       | <b>31 Dec 2024</b> |     |     |       |
|  | SGD                | USD | OTH | Total | SGD                | USD | OTH | Total | SGD                | USD | OTH | Total | SGD                | USD | OTH | Total |
| Parallel up  | 52                 | -5  | -2  | 45    | 33                 | -5  | -4  | 23    | -142               | -13 | 1   | -153  | -139               | -28 | 9   | -157  |
| Parallel down  | -58                | 1   | 2   | -55   | -36                | 2   | 4   | -30   | 146                | 13  | 6   | 165   | 129                | 28  | -12 | 146   |
| Steeper  | -9                 | -4  | 1   | -12   | -10                | -4  | 3   | -10   |                    |     |     |       |                    |     |     |       |
| Flattener  | 23                 | 2   | -2  | 23    | 16                 | 2   | -4  | 14    |                    |     |     |       |                    |     |     |       |
| Short rate up  | 48                 | -1  | -2  | 44    | 27                 | 0   | -5  | 22    |                    |     |     |       |                    |     |     |       |
| Short rate down  | -51                | -1  | 2   | -49   | -28                | -2  | 5   | -25   |                    |     |     |       |                    |     |     |       |
| Maximum  | 52                 | 2   | 2   | 45    | 33                 | 2   | 5   | 23    | 146                | 13  | 6   | 165   | 129                | 28  | 9   | 146   |
| <b>Tier 1 capital</b>  |                    |     |     |       |                    |     |     |       |                    |     |     |       |                    |     |     |       |
| <b>In SGD million</b>  | <b>31 Dec 2025</b> |     |     |       |                    |     |     |       | <b>31 Dec 2024</b> |     |     |       |                    |     |     |       |
| Tier 1 Capital   | 1,835              |     |     |       |                    |     |     |       | 1,861              |     |     |       |                    |     |     |       |

The 2025 EVE and NII sensitivities have incorporated the revised IRRBB standardised interest rate shock scenarios which come into effect from 31 December 2025.

**13.2 Liquidity Coverage Ratio (“LCR”) Disclosure for the Quarter ended 31 Dec 2025**

The objective of LCR is to promote short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered High Quality Liquid Assets (“HQLA”) to meet their 30 calendar day liquidity stress scenario. The Bank and the Singapore Branch of The Hongkong and Shanghai Banking Corporation Limited (“Branch”) have obtained MAS approval to comply with the requirements set out in MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” at HSBC Singapore Country-level Group basis (“Country-level Group”).

The following disclosures as per MAS Notice 651 “Liquidity Coverage Ratio Disclosure” are consistent with compliance to MAS Notice 649, which is at the Country-level Group basis. The Country-level Group is required to maintain on a daily basis an All-Currency LCR of 50% and Singapore dollar (“SGD”) LCR of 100%.

**13.2.1 Average Country-level Group All-Currency LCR for the Quarter ended 31 Dec 2025**

(Number of data points: 92)

| In SGD million                    |   | 31 Dec 25                   |                        |
|-----------------------------------|---|-----------------------------|------------------------|
|                                   |   | Average Unweighted Value    | Average Weighted Value |
| <b>High-Quality Liquid Assets</b> |   |                             |                        |
| 1                                 | Total high-quality liquid assets (HQLA)   |                             | 47,883                 |
| <b>Cash Outflows</b>              |   |                             |                        |
| 2                                 | Retail deposits and deposits from small business customers, of which:                   | 42,718                      | 4,068                  |
| 3                                 | Stable deposits   | 4,075                       | 204                    |
| 4                                 | Less stable deposits  | 38,643                      | 3,864                  |
| 5                                 | Unsecured wholesale funding, of which:  | 60,426                      | 29,845                 |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 12,207                      | 2,989                  |
| 7                                 | Non-operational deposits (all counterparties)   | 48,219                      | 26,856                 |
| 8                                 | Unsecured debt  | –                           | –                      |
| 9                                 | Secured wholesale funding   |                             | 75                     |
| 10                                | Additional requirements, of which:  | 13,681                      | 7,962                  |
| 11                                | Outflows related to derivative exposures and other collateral requirements              | 5,580                       | 5,577                  |
| 12                                | Outflows related to loss of funding on debt products                                    | –                           | –                      |
| 13                                | Credit and liquidity facilities   | 8,101                       | 2,385                  |
| 14                                | Other contractual funding obligations   | 1,610                       | 1,610                  |
| 15                                | Other contingent funding obligations  | 6,493                       | 1,300                  |
| 16                                | Total Cash Outflows   |                             | 44,860                 |
| <b>Cash Inflows</b>               |   |                             |                        |
| 17                                | Secured lending (e.g. reverse repos)  | 3,536                       | 291                    |
| 18                                | Inflows from fully performing exposures   | 18,572                      | 14,472                 |
| 19                                | Other cash inflows  | 6,671                       | 6,615                  |
| 20                                | Total Cash Inflows  | 28,779                      | 21,378                 |
|                                   |   | <b>Total Adjusted Value</b> |                        |
| 21                                | <b>Total HQLA</b>   |                             | <b>47,883</b>          |
| 22                                | <b>Total Net Cash Outflows</b>  |                             | <b>23,481</b>          |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>   |                             | <b>205%</b>            |

**13.2.2 Average Country-level Group SGD LCR for the Quarter ended 31 Dec 2025**

(Number of data points: 92)

|                                   |   | 31 Dec 25                |                        |
|-----------------------------------|---|--------------------------|------------------------|
|                                   |   | Average Unweighted Value | Average Weighted Value |
| <b>In SGD million</b>             |   |                          |                        |
| <b>High-Quality Liquid Assets</b> |   |                          |                        |
| 1                                 | Total high-quality liquid assets (HQLA)   |                          | 23,771                 |
| <b>Cash Outflows</b>              |   |                          |                        |
| 2                                 | Retail deposits and deposits from small business customers, of which:                   | 16,972                   | 1,494                  |
| 3                                 | Stable deposits   | 4,075                    | 204                    |
| 4                                 | Less stable deposits  | 12,897                   | 1,290                  |
| 5                                 | Unsecured wholesale funding, of which:  | 13,723                   | 6,739                  |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | 4,136                    | 971                    |
| 7                                 | Non-operational deposits (all counterparties)   | 9,587                    | 5,768                  |
| 8                                 | Unsecured debt  | —                        | —                      |
| 9                                 | Secured wholesale funding   |                          | —                      |
| 10                                | Additional requirements, of which:  | 26,933                   | 24,387                 |
| 11                                | Outflows related to derivative exposures and other collateral requirements              | 24,030                   | 24,030                 |
| 12                                | Outflows related to loss of funding on debt products                                    | —                        | —                      |
| 13                                | Credit and liquidity facilities   | 2,903                    | 357                    |
| 14                                | Other contractual funding obligations   | 499                      | 499                    |
| 15                                | Other contingent funding obligations  | 711                      | 311                    |
| 16                                | Total Cash Outflows   |                          | 33,430                 |
| <b>Cash Inflows</b>               |   |                          |                        |
| 17                                | Secured lending (e.g. reverse repos)  | 808                      | —                      |
| 18                                | Inflows from fully performing exposures   | 7,454                    | 7,064                  |
| 19                                | Other cash inflows  | 15,117                   | 15,101                 |
| 20                                | Total Cash Inflows  | 23,379                   | 22,165                 |
| <b>Total Adjusted Value</b>       |   |                          |                        |
| 21                                | <b>Total HQLA</b>   |                          | <b>23,771</b>          |
| 22                                | <b>Total Net Cash Outflows</b>  |                          | <b>11,335</b>          |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>   |                          | <b>215%</b>            |

**13.2.3 Liquidity Coverage Ratio**

The Country-level Group maintains a healthy liquidity position with the average All-Currency LCR and SGD LCR at 205% and 215% respectively (above the respective regulatory requirements of 50% and 100%) for the quarter ended 31 Dec 2025.

The main drivers of the LCR are 1) movements in customer loans/deposits; 2) wholesale interbank lending/borrowing; 3) movements due to positions falling into or out of the LCR 30-day tenor and 4) derivative cashflows (for SGD LCR).

Average All-Currency LCR decreased from 220% to 205% quarter-on-quarter mainly due to lower HQLA and higher non-operational deposit cash outflows. Average SGD LCR increased from 208% to 215% quarter-on-quarter mainly due to lower net derivative cash outflows.

**I. Composition of HQLA**

The Country-level Group's pool of HQLA consists mainly of Level 1 HQLA (highly rated unencumbered government and central bank securities). These securities can be readily liquidated through sale or repurchase ("Repo") transactions into cash to meet cash flow obligations under liquidity stress scenarios.

**II. Concentration of Funding Sources**

Primary sources of funding are customer current accounts, customer savings deposits payable on demand or at short notice and term deposits. Wholesale securities (secured and unsecured) are issued to supplement customer deposits and change the currency mix, maturity profile or location of liabilities.

The Country-level Group maintains a diversified funding base across retail and wholesale depositors. Balance Sheet and NSFR projections are regularly discussed in monthly ALCO meetings to ensure that the Country-level Group remains well-funded to support the business strategy. Internal metrics on concentration of funding are also embedded in ALCO limits to monitor funding risks.

**III. Derivatives Exposures and Potential Collateral Calls**

Under the terms of current collateral obligations of derivative contracts (which are International Swaps and Derivatives Association ("ISDA") compliant credit support annex ("CSA") contracts), the additional collateral required to post is immaterial.

**IV. Currency Mismatch in the LCR**

Group policy requires the Country-level Group to manage currency mismatch risks for material currencies. The Country-level Group can, if required, access the FX swap markets to manage any currency mismatch. This forms part of the Business-As-Usual activities undertaken for surplus deployment and managing liquidity risks. Limits are set to ensure that outflows can be met, given assumptions on stressed capacity in the FX swap markets.

**13.2.4 Liquidity and Funding Risk Management**

Management oversight of liquidity and funding risks at both group and entity level is ensured through governance arrangements aligned with the risk management framework. Liquidity and funding risk of the Company is managed together with The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch at the Country-level Group to make sure that obligations can be met in the jurisdiction where they fall due, generally without reliance on other parts of the HSBC Group while adhering to globally consistent policies procedures and reporting standards.

The Country-level Group is required to consistently meet internal and applicable regulatory requirements related to liquidity and funding risk management at all times. Our Internal Liquidity Adequacy Assessment Process ("ILAAP"), ensures that the Country-level Group has robust strategies, policies, processes and systems for the identification, measurement, management and monitoring of liquidity risk over an appropriate set of time horizons, including intra-day. ILAAP supports determination of liquidity and funding risk appetite and assesses the capability to manage liquidity and funding effectively in the Country-level Group. Liquidity and funding risk metrics are set and managed locally but are subject to robust global review and challenge to ensure consistency with the HSBC Group's policies and controls.

The ALCM function is responsible for the application of policies and controls at a local operating entity level. The elements of liquidity and funding risk management framework are underpinned by a robust governance framework.

The Country-level Group is required to prepare an ILAAP document annually. Compliance with liquidity and funding requirements is monitored and reported to governance committees on a regular basis.

Liquidity and Funding Risk management processes include:

- maintaining compliance with relevant regulatory requirements;
- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation to;
- monitoring liquidity and funding ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with adequate back-up facilities;

- managing contingent liquidity commitment exposures within pre-determined limits;
- monitoring of depositor and maturity concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix and maturity profile; and
- maintaining and testing liquidity contingency plans.

Funding and liquidity plans are part of the Board approved financial resource plan. The Board-level risk appetite measures are the LCR, Internal Liquidity Metrics (“ILM”), and NSFR. An appropriate funding and liquidity profile is managed through a wider set of measures:

- a minimum LCR requirement;
- a minimum NSFR requirement or other appropriate metric;
- an ILM requirement;
- a minimum liquidity requirement in material currencies;
- a legal entity depositor concentration limit;
- cumulative term funding maturity concentrations limit;
- intra-day liquidity;
- the application of liquidity funds transfer pricing; and
- forward-looking funding assessments.

### **i. Risk Management Teams**

Whilst overall liquidity and funding management is an ALCO responsibility, the day-to-day management and monitoring rests with Market Treasury (“MKTY”) and ALCM respectively. ALCM manages the balance sheet with a view to achieve efficient allocation and utilization of all resources. It assists senior management to review liquidity and funding risks to ensure their prudent management. Liquidity and funding risks are monitored daily and reported to ALCO regularly.

MKTY, within Global Markets, is responsible for managing cash, short-term liquidity and funding for the Country-level Group. This includes deployment of commercial surplus as well as accessing wholesale senior funding markets if needed.

Treasury Risk Management function (“TRM”), a dedicated second line of defense, provides independent oversight of Treasury risk for the Country-level Group including liquidity and funding risk. TRM is responsible for review and challenge of first line activities, and is responsible for policy and risk appetite/limit approval. In summary, the high-level responsibilities of the second line are as follows:

- to monitor compliance of first line (i.e. ALCM and MKTY) within the internal and regulatory requirements;
- providing review and challenge to the first line on ALCO limit requests; and
- monitoring of ALCO risks against approved risk appetite measures.

### **ii. Stress Testing**

The Country-level Group conducts various regulatory and internal liquidity stress testing exercises to strengthen the overall liquidity risk management. The Country-level Group uses ILM to monitor and manage liquidity risk via a low-point measure using a variety of liquidity stress scenarios, including 3-month combination of institution-specific and market-wide liquidity stress, based on internally calibrated assumptions on projected cash flows and liquid assets monetisation.

The stress tests results validate that the Country-level Group continues to hold sufficient HQLA to withstand a range of liquidity stress scenarios.

### **iii. Country-level Liquidity Contingency Plan (“LCP”)**

The LCP ensures that the Country-level Group has an actionable plan in place to cope with a liquidity crisis. It establishes a collection of 1) warning indicators with predetermined triggers to detect any early signs of liquidity stress; and 2) specific mitigating actions that can be applied to address the stress scenario. The Country-level Group LCP is reviewed and approved by the Board and tested annually.

**13.3 Net Stable Funding Ratio (“NSFR”) Disclosure for 31 Dec 2025**

The objective of NSFR is to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. It is defined as the amount of Available Stable Funding (“ASF”) relative to the amount of Required Stable Funding (“RSF”).

In line with the approval by the MAS to comply with MAS Notice 649 “Minimum Liquid Assets and Liquidity Coverage Ratio” requirements at the Country-level Group basis, the Bank and the Branch also comply with MAS Notice 652 “Net Stable Funding Ratio” requirements at the Country-level Group basis.

The following disclosures as per MAS Notice 653 “Net Stable Funding Ratio Disclosure” comply with MAS Notice 652, which is at the Country-level Group basis. The Country-level Group is required to maintain All-Currency NSFR of 50% at all times.

**13.3.1 Country-level Group All-Currency NSFR for 31 Dec 2025**

| In SGD million  |  | Unweighted value by residual maturity |            |                    |        | Weighted Value |
|-----------------|--|---------------------------------------|------------|--------------------|--------|----------------|
|                 |  | No Maturity                           | < 6 months | 6 months to < 1 yr | ≥ 1 yr |                |
| <b>ASF Item</b> |  |                                       |            |                    |        |                |
| 1               | Capital:   | 1,730                                 | —          | —                  | —      | 1,730          |
| 2               | <i>Regulatory capital</i>  | 1,730                                 | —          | —                  | —      | 1,730          |
| 3               | <i>Other capital instruments</i>   | —                                     | —          | —                  | —      | —              |
| 4               | Retail deposits and deposits from small business customers:  | 20,838                                | 21,674     | —                  | —      | 38,467         |
| 5               | <i>Stable deposits</i>   | 3,268                                 | 849        | —                  | —      | 3,911          |
| 6               | <i>Less stable deposits</i>  | 17,570                                | 20,825     | —                  | —      | 34,556         |
| 7               | Wholesale funding:   | 39,206                                | 37,802     | 1,816              | 534    | 29,568         |
| 8               | <i>Operational deposits</i>  | 13,887                                | —          | —                  | —      | 6,943          |
| 9               | <i>Other wholesale funding</i>   | 25,319                                | 37,802     | 1,816              | 534    | 22,625         |
| 10              | Liabilities with matching interdependent assets  | —                                     | —          | —                  | —      | —              |
| 11              | Other liabilities:   | 224                                   | 17,902     |                    |        | 486            |
| 12              | <i>NSFR derivative liabilities</i>   |                                       | 10,261     |                    |        |                |
| 13              | <i>All other liabilities and equity not included in the above categories</i>   | 224                                   | 7,147      | 17                 | 477    | 486            |
| <b>14</b>       | <b>Total ASF</b>   |                                       |            |                    |        | <b>70,251</b>  |
| <b>RSF Item</b> |  |                                       |            |                    |        |                |
| 15              | Total NSFR high-quality liquid assets (HQLA)   |                                       |            |                    |        | 2,713          |
| 16              | Deposits held at other financial institutions for operational purposes   | —                                     | —          | —                  | —      | —              |
| 17              | Performing loans and securities:   | —                                     | 42,428     | 5,042              | 30,960 | 38,125         |
| 18              | <i>Performing loans to financial institutions secured by Level 1 HQLA</i>  | —                                     | 3,804      | 408                | 197    | 781            |
| 19              | <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i> | —                                     | 10,725     | 1,293              | 4,070  | 6,325          |

| In SGD million |   | Unweighted value by residual maturity |            |                    |        | Weighted Value |
|----------------|---|---------------------------------------|------------|--------------------|--------|----------------|
|                |   | No Maturity                           | < 6 months | 6 months to < 1 yr | ≥ 1 yr |                |
| 20             | <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which:</i> | —                                     | 27,334     | 2,906              | 16,027 | 22,943         |
| 21             | <i>With a risk weight of less than or equal to 35% under paragraphs 7.3.42 to 7.3.51, 7.3.67 to 7.3.79, 7.3.93, 7.3.94 and 7.3.98 of MAS Notice 637</i>                                       | —                                     | —          | —                  | —      | —              |
| 22             | <i>Performing residential mortgages, of which:</i>  | —                                     | 331        | 219                | 8,108  | 5,677          |
| 23             | <i>With a risk weight of less than or equal to 35% under paragraph 7.3.91 and 7.3.92 of MAS Notice 637</i>  | —                                     | 234        | 197                | 7,452  | 5,060          |
| 24             | <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>  | —                                     | 235        | 216                | 2,558  | 2,400          |
| 25             | Assets with matching interdependent liabilities   | —                                     | —          | —                  | —      | —              |
| 26             | Other assets:   | 908                                   | 24,443     |                    |        | 2,456          |
| 27             | <i>Physical trade commodities, including gold</i>   | 908                                   |            |                    |        | 772            |
| 28             | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>  |                                       | —          |                    |        | —              |
| 29             | <i>NSFR derivative assets</i>   |                                       | 10,177     |                    |        | —              |
| 30             | <i>NSFR derivative liabilities before deduction of variation margin posted</i>  |                                       | 10,264     |                    |        | 513            |
| 31             | <i>All other assets not included in the above categories</i>  | —                                     | 3,410      | 17                 | 576    | 1,171          |
| 32             | Off-balance sheet items   |                                       | 89,952     |                    |        | 430            |
| <b>33</b>      | <b>Total RSF</b>  |                                       |            |                    |        | <b>43,725</b>  |
| <b>34</b>      | <b>Net Stable Funding Ratio (%)</b>   |                                       |            |                    |        | <b>161%</b>    |

**13.3.2 Country-level Group All-Currency NSFR for 30 Sep 2025**

| In SGD million  |   | Unweighted value by residual maturity |            |                    |        | Weighted Value |
|-----------------|---|---------------------------------------|------------|--------------------|--------|----------------|
|                 |   | No Maturity                           | < 6 months | 6 months to < 1 yr | ≥ 1 yr |                |
| <b>ASF Item</b> |   |                                       |            |                    |        |                |
| 1               | Capital:  | 1,730                                 | —          | —                  | —      | 1,730          |
| 2               | <i>Regulatory capital</i>                                   | 1,730                                 | —          | —                  | —      | 1,730          |
| 3               | <i>Other capital instruments</i>                            | —                                     | —          | —                  | —      | —              |
| 4               | Retail deposits and deposits from small business customers: | 20,884                                | 22,185     | —                  | —      | 38,970         |
| 5               | <i>Stable deposits</i>                                      | 3,282                                 | 877        | —                  | —      | 3,952          |
| 6               | <i>Less stable deposits</i>                                 | 17,602                                | 21,307     | —                  | —      | 35,018         |
| 7               | Wholesale funding:  | 34,670                                | 37,325     | 684                | 553    | 27,391         |

| In SGD million  |  | Unweighted value by residual maturity |            |                    |        | Weighted Value |
|-----------------|--|---------------------------------------|------------|--------------------|--------|----------------|
|                 |  | No Maturity                           | < 6 months | 6 months to < 1 yr | ≥ 1 yr |                |
| 8               | Operational deposits   | 12,267                                | —          | —                  | —      | 6,133          |
| 9               | Other wholesale funding  | 22,403                                | 37,325     | 684                | 553    | 21,257         |
| 10              | Liabilities with matching interdependent assets  | —                                     | —          | —                  | —      | —              |
| 11              | Other liabilities:   | 137                                   | 17,816     |                    |        | 812            |
| 12              | NSFR derivative liabilities  |                                       | 9,936      |                    |        |                |
| 13              | All other liabilities and equity not included in the above categories  | 137                                   | 6,851      | 434                | 595    | 812            |
| <b>14</b>       | <b>Total ASF</b>   |                                       |            |                    |        | <b>68,903</b>  |
| <b>RSF Item</b> |  |                                       |            |                    |        |                |
| 15              | Total NSFR high-quality liquid assets (HQLA)   |                                       |            |                    |        | 2,928          |
| 16              | Deposits held at other financial institutions for operational purposes   | —                                     | —          | —                  | —      | —              |
| 17              | Performing loans and securities:   | —                                     | 37,891     | 4,688              | 28,833 | 36,528         |
| 18              | Performing loans to financial institutions secured by Level 1 HQLA   | —                                     | 2,992      | 78                 | 399    | 737            |
| 19              | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions  | —                                     | 9,715      | 2,124              | 4,000  | 6,519          |
| 20              | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs), of which: | —                                     | 24,410     | 2,063              | 14,984 | 22,048         |
| 21              | With a risk weight of less than or equal to 35% under paragraphs 7.3.42 to 7.3.51, 7.3.67 to 7.3.79, 7.3.93, 7.3.94 and 7.3.98 of MAS Notice 637                                       | —                                     | —          | —                  | —      | —              |
| 22              | Performing residential mortgages, of which:  | —                                     | 313        | 213                | 7,656  | 5,363          |
| 23              | With a risk weight of less than or equal to 35% under paragraph 7.3.91 and 7.3.92 of MAS Notice 637  | —                                     | 225        | 187                | 7,037  | 4,780          |
| 24              | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities  | —                                     | 460        | 211                | 1,794  | 1,861          |
| 25              | Assets with matching interdependent liabilities  | —                                     | —          | —                  | —      | —              |
| 26              | Other assets:  | 529                                   | 24,274     |                    |        | 1,946          |
| 27              | Physical trade commodities, including gold   | 529                                   |            |                    |        | 450            |
| 28              | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs  |                                       | —          |                    |        | —              |
| 29              | NSFR derivative assets   |                                       | 9,941      |                    |        | 6              |

| In SGD million |  | Unweighted value by residual maturity |            |                    |        | Weighted Value |
|----------------|--|---------------------------------------|------------|--------------------|--------|----------------|
|                |  | No Maturity                           | < 6 months | 6 months to < 1 yr | ≥ 1 yr |                |
| 30             | <i>NSFR derivative liabilities before deduction of variation margin posted</i> |                                       | 9,937      |                    |        | 497            |
| 31             | <i>All other assets not included in the above categories</i>                   | —                                     | 3,736      | 17                 | 643    | 994            |
| 32             | Off-balance sheet items  |                                       | 86,219     |                    |        | 393            |
| <b>33</b>      | <b>Total RSF</b>   |                                       |            |                    |        | <b>41,795</b>  |
| <b>34</b>      | <b>Net Stable Funding Ratio (%)</b>  |                                       |            |                    |        | <b>165%</b>    |

### 13.3.3 Net Stable Funding Ratio

The Country-level Group maintains a healthy funding profile with the 31 Dec 2025 and 30 Sep 2025 All-Currency NSFR at 161% and 165% respectively (above regulatory requirements of 50%). The Country-level Group has a diversified funding base across retail and wholesale depositors and the funding structure remains stable.

The NSFR ratio has decreased quarter-on-quarter mainly due to higher non HOLA securities partially offset by higher commercial surplus.

## 14. Remuneration

### 14.1 Governance Framework and Oversight of Remuneration Practices

The Group Remuneration Committee is responsible for setting the principles, parameters and governance framework for the Group's remuneration strategy applicable to all Group employees, which is adopted by the Bank. The HBAP Remuneration Committee (HBAP RemCo) is responsible for the oversight of matters related to remuneration impacting the Bank and its subsidiaries, in particular, overseeing the implementation and operation of the Group's Remuneration Strategy and satisfying itself that the remuneration framework complies with local laws, rules or regulations; is in line with the risk appetite, business strategy, culture and values, and long-term interests of the Bank; and is appropriate to attract, retain and motivate employees to support the success of the Bank. This is aligned to Hong Kong Monetary Authority's Supervisory Policy Manual CG-1. The effectiveness and compliance of the Group's reward strategy as adopted is reviewed annually by the HBAP RemCo. The members of the Remuneration Committee are independent non-executive Directors of the Bank Board.

The Bank as an authorised institution under the Banking Ordinance is required by HKMA Supervisory Policy Manual CG-5 "Guideline on a Sound Remuneration System" (the Guideline) to assess whether their existing remuneration systems and policy are in line with the principles in the Guideline, independently of management. This review is undertaken annually. For the review completed in April 2025, Deloitte LLP confirmed that the Bank's remuneration strategy as adopted from the Group is consistent with the principles set out in the Guideline. Deloitte has been commissioned to undertake the review for 2025/2026.

The Bank is not required to set up a subsidiary remuneration committee, on the basis that the employees of the Bank, including the Bank's directors and executive officers, are subject to the remuneration framework and processes of the HSBC Group. In addition, the Bank annually reviews the remuneration framework to ensure that it aligns with the Corporate Governance regulation and guidance issued by the MAS.

### 14.2 Remuneration Strategy

Our approach to workforce reward enables a high-performance culture where colleagues are at their best and focused on excellent customer outcomes.

Our workforce reward principles and commitments guide our approach, strengthen our ability to attract, retain and motivate the people we need and energise colleagues to perform at their best:

- We reward our colleagues responsibly through fixed pay security and protection through core benefits, a competitive total compensation opportunity, pay equity, and a more inclusive and sustainable benefits proposition over time.
- We recognise colleagues' success through our performance routines, including feedback and recognition, pay for performance, and all employee share ownership opportunities.
- We support our colleagues to grow through our proposition beyond pay, with a focus on future skills and development, support for well-being, and flexibility.

In 2024, we made significant changes to our approach to improve colleague experience and unlock our performance edge. We introduced performance routines to support more frequent exchange of feedback and implemented a 'Target Variable Pay' plan to help improve transparency on how we make pay decisions. The year-end performance assessment was simplified to focus less on ratings and more on dialogue between managers and colleagues.

In 2025, we continued to evolve our approach and made enhancements based on the lessons learned from the first year of implementation. We continued to improve our well-being and recognition offering, which help motivate employees to perform at their best.

Our approach to workforce reward forms part of our broader employee value proposition and helps us retain and engage the leaders and people we need to execute our strategy.

More details of the Bank's remuneration strategy are contained within the Annual Report and Accounts 2025 of HSBC Holdings plc, available here: <https://www.hsbc.com/investors/results-and-announcements> and also further referenced in the Director's Remuneration Policy Supplement available here: <https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2025/annual/pdfs/hsbc-holdings-plc/260225-directors-remuneration-policy-supplement.pdf>

### **14.3 Performance and Risk Management on Remuneration Structure**

Please refer to the HSBC remuneration practices and governance at <https://www.hsbc.com/who-we-are/esg-and-responsible-business/governance/remuneration>. The Pillar 3 Remuneration Disclosures in the Director's Remuneration Report section of the Annual Report and Accounts of HSBC Holdings plc for details of the major design characteristics of the remuneration strategy at <https://www.hsbc.com/investors/results-and-announcements>.

**14.4 Remuneration Disclosures**

The following tables show the remuneration awards made by the Bank to its Identified Staff and Material Risk Takers ('MRTs') for 2025. Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014 and additional criteria determined by the Committee.

**Table 1: Guaranteed Bonuses, Sign-on Awards and Severance Payments**

| Category                | Senior Management (Executive Board of the Bank) (Exclude MRT) |              | Material Risk Takers * |              |
|-------------------------|---|--------------|------------------------|--------------|
|                         | Number  | In SGD '000s | Number                 | In SGD '000s |
| MRTs                    | —   |              | 25                     |              |
| Guaranteed bonus awards | —   | —            | —                      | —            |
| Sign-on awards          | —   | —            | —                      | —            |
| Severance payments      | —   | —            | 3                      | 996,100      |

4 Group MRTs are part of Senior Management but their remuneration are not included under Senior Management

\* The MRTs include the 4 Group MRTs and 24 Local Material Risk Personnel identified under the MAS Individual Accountability & Conduct Guidelines.

**Table 2: Breakdown of Remuneration Awarded in Current Financial Year (FY2025)**

|    |                           |  | (a)               | (b)                        |
|----|---------------------------|--|-------------------|----------------------------|
|    |                           |  | Senior Management | Other Material Risk Takers |
| 1  | Fixed Remuneration        | Number of Employees                                    | 10                | 28                         |
| 2  |                           | Total Fixed Remuneration (3+5+7)                       | 66%               | 64%                        |
| 3  |                           | Of which: Cash-based                                   | 66%               | 64%                        |
| 4  |                           | Of which: Deferred                                     | —                 | —                          |
| 5  |                           | Of which: Shares or Other Share-linked Instruments     | —                 | —                          |
| 6  |                           | Of which: Deferred                                     | —                 | —                          |
| 7  |                           | Of which: Other Forms                                  | —                 | —                          |
| 8  |                           | Of which: Deferred                                     | —                 | —                          |
| 9  | Variable Remuneration     | Number of employees                                    | 10                | 28                         |
| 10 |                           | Total variable remuneration (11+13+15)                 | 34%               | 36%                        |
| 11 |                           | Of which: Cash-based                                   | 29%               | 25%                        |
| 12 |                           | Of which: Deferred                                     | —                 | 5%                         |
| 13 |                           | Of which: Shares or Other Share-linked Instruments (1) | 5%                | 11%                        |
| 14 |                           | Of which: Deferred                                     | 5%                | 6%                         |
| 15 |                           | Of which: Other Forms                                  | —                 | —                          |
| 16 |                           | Of which: Deferred                                     | —                 | —                          |
| 17 | Total remuneration (2+10) |  | 100%              | 100%                       |

Senior Management represent Senior Managers identified under the MAS Individual Accountability & Conduct Guidelines effective 10 September 2021. Other Material Risk Takers comprises 4 Group MRT and 21 Local Material Risk Personnel as well as 3 Local Material Risk Personnel that have left the bank in FY2025.

**Note**

(1) Immediate Shares are subject to a one year retention period

(2) For the senior Management and Other Material Risk Takers population used for Table 2, note there are 30 individuals employed by a legal entity other than the Bank.

**Table 3: Analysis of Deferred Remuneration**

|  | (a)  | (b)  | (c)  | (d)  | (e)   |
|--|--|--|--|--|---|
| <b>Deferred and Retained Remuneration <sup>(1)</sup></b> | <b>Total Outstanding Deferred Remuneration</b> | <b>of which: Total outstanding Deferred and Retained Remuneration Exposed to Ex post Explicit and/or Implicit Adjustments <sup>(5)</sup></b> | <b>Total Amendment During the Year Due to Ex post Explicit Adjustments</b> | <b>Total Amendment During the Year Due to Ex post Implicit Adjustments</b> | <b>Total Deferred Remuneration Paid Out in the Financial Year</b> |
| <b>Senior Management</b>                                 |  |  |  |  |   |
| Cash <sup>(2)(3)</sup>                                   | —%   | —%   | —  | —  | 21%   |
| Shares <sup>(2)(3)(4)</sup>                              | 100%   | 100%   | —  | 100%   | 79%   |
| Share-linked Instruments                                 | —  | —  | —  | —  | —   |
| Other  | —  | —  | —  | —  | —   |
| <b>Other Material Risk Takers</b>                        |  |  |  |  |   |
| Cash <sup>(2)(3)</sup>                                   | 28%  | 28%  | —  | —  | 26%   |
| Shares <sup>(2)(3)(4)</sup>                              | 72%  | 72%  | —  | 100%   | 74%   |
| Share-linked Instruments                                 | —  | —  | —  | —  | —   |
| Other  | —  | —  | —  | —  | —   |

**Note**

- (1) The forms of variable remuneration and the proportion deferred are based on the seniority, role and responsibilities of employees and their level of total variable compensation.
- (2) Outstanding, unvested, deferred remuneration is exposed to ex post explicit adjustments.
- (3) There is no reduction of deferred remuneration and retained remuneration due to ex post explicit adjustments during 2025 via the application of malus and/or clawback.
- (4) Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares in 2025 are calculated based on the closing market share price of HSBC Holdings plc.
- (5) Outstanding, unvested, deferred shares are exposed to ex post implicit adjustments. The total value of these shares in 2025 are calculated based on the closing market share price of HSBC Holdings plc as at 31 December of the respective financial years.

## **15. Attestation**

The Pillar 3 disclosures as at 31 December 2025 have been prepared in accordance with the internal control processes approved by the Bank's Board of Directors.



Wong Kee Joo  
Chief Executive Officer, Singapore

31 Mar 2026