REGISTRATION DOCUMENT DATED 15 MAY 2026

HSBC Bank plc

(a company incorporated in England with registered number 00014259; the liability of its members is limited)

This document (the "**Registration Document**") (which expression shall include this document and all documents incorporated by reference herein) has been approved by the United Kingdom ("**UK**") Financial Conduct Authority (the "**FCA**") as a registration document in compliance with the FCA Handbook Prospectus Rules: Admission to Trading on a Regulated Market sourcebook ("**PRM**") made in accordance with the Public Offers and Admissions to Trading Regulations 2024 (together with PRM, the "**UK Prospectus Regime**") for the purpose of providing the information with regards to HSBC Bank plc (the "**Issuer**") as an issuer of debt or derivative securities ("**Securities**") during the period of twelve months after the date hereof. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in PRM. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document. This Registration Document is valid for a period of twelve months from the date of approval.

When combined with a securities note approved by the FCA, which contains information on the Securities, the combination will form a prospectus in relation to the Securities for the purposes of the UK Prospectus Regime.

This Registration Document includes details of the long-term and short-term credit ratings assigned to the Issuer by S&P Global Ratings UK Limited ("**S&P**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch is established in the United Kingdom and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK CRA Regulation**"). Each of S&P, Moody's and Fitch appears on the latest update of the list of registered credit rating agencies (as of the date of this Registration Document) on the UK FCA's Financial Services Register. The ratings each of S&P, Moody's and Fitch has given to the Issuer are endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, each of which is established in the European Economic Area and registered under Regulation (EC) No 1060/2009 on credit rating agencies.

Information on how to use this Registration Document is set out on page i.

Certain risk factors relating to the Issuer are set out in "*Risk Factors*" which commences on page 1.

HOW TO USE THIS REGISTRATION DOCUMENT

*All references in this section of this Registration Document to "**Issuer**" refer to HSBC Bank plc, all references to "**Group**" refer to HSBC Bank plc and its subsidiary undertakings, and all references to "**HSBC Group**" refer to HSBC Holdings plc and its subsidiary undertakings.*

This Registration Document provides information about the Issuer and incorporates by reference (as per the section entitled "*Documents Incorporated by Reference*" below): (i) the annual report and accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2025 (the "**2025 Annual Report and Accounts**"), submitted to and filed with the FCA; and (ii) the annual report and accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2024 (the "**2024 Annual Report and Accounts**"), submitted to and filed with the FCA. The 2025 Annual Report and Accounts, incorporated by reference herein includes the latest publicly available financial information relating to the Group and other information in relation to the Group, which is relevant to investors. This Registration Document (including such information incorporated by reference) contains information necessary for investors to make an informed assessment of the Issuer. Investors must read this Registration Document together with the 2025 Annual Report and Accounts and the 2024 Annual Report and Accounts, incorporated by reference herein. Where further information is provided in the 2025 Annual Report and Accounts and the 2024 Annual Report and Accounts incorporated by reference herein on matters covered by this Registration Document, this is highlighted in this Registration Document.

This Registration Document is split up into a number of sections, each of which is briefly described below.

Risk Factors provides details of the principal risks relating to the Group that may affect the Issuer's ability to fulfil its obligation under its Securities.

Important Notices sets out important information about the Issuer's responsibility for this Registration Document and provides information about its authorised use.

Documents Incorporated by Reference provides details of the documents incorporated by reference which form part of this Registration Document and which are publicly available.

The Issuer and its Subsidiary Undertakings provides information about the Issuer and its subsidiary undertakings, including on its history and development, the legislation under which it operates, its principal activities and markets, its organisational structure, trends affecting the Issuer, its credit ratings and its management.

General Information provides additional, general disclosure in relation to the Issuer.

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RISK FACTORS

*All references in this section of this Registration Document to the "**Issuer**", "**we**", "**us**", "**our**" refer to HSBC Bank plc, all references to the "**Group**" refer to HSBC Bank plc and its subsidiary undertakings, and all references to the "**HSBC Group**" refer to HSBC Holdings plc ("**HSBC Holdings**") and its subsidiary undertakings.*

Prospective investors in any Securities issued by us should carefully consider the risk factors associated with the business of the Group and the industry in which it operates together with all other information contained in this Registration Document, including, in particular, the risk factors referred to in this section, which we consider to be the principal risk factors relating to the Group that may affect our ability to fulfil our obligations under the Securities.

The risk factors relating to the Group specified in this section "Risk Factors" do not comprise an exhaustive list or explanation of all risks relating to the Group which investors may face when making an investment in Securities issued by us. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, also may have, individually or cumulatively, a material adverse effect on the business, prospects, results of operations and/or financial position of the Group and, if any such risk should occur, the price of any Securities issued by us may decline and investors could lose all or part of their investment.

Risks Relating to the Group

A description of the risk factors relating to the Group that may affect the ability of the Issuer to fulfil its obligations to investors in relation to any of its Securities is set out below.

Macroeconomic and Geopolitical Risks

Economic and market conditions and geopolitical developments may adversely affect the Group's financial condition and results

The Group's earnings are affected by global and local economic, financial and geopolitical changes. Uncertain economic conditions and volatile markets can create a challenging environment for our business operations.

The Group has experience of financial and operational loss sustained as a consequence of the economic cycle, financial crises and wars. The Group's earnings, operations and operating model have been and could be affected in future by the following factors:

- The economic cycle: Deteriorating business, consumer or investor confidence and lower levels of investment and productivity growth, may lead to economic recession and reduced customer and client activity. Rapid changes in the economic environment can also create challenging operating conditions for the HSBC Group and may affect the Group's earnings and profits. The conflict in the Middle East, which began on 28 February 2026, and the subsequent disruption to energy supply are key sources of economic uncertainty. These developments could undermine confidence and weaken economic growth. The duration and direction of the conflict will determine the eventual impact on the global economy, but higher energy prices have already raised inflation expectations and costs for households and other key economic sectors. Evidence of broader supply chain disruptions is emerging and there could be long-lasting implications for the direction of trade, and for energy, military and economic security. Volatility in US trade and tariff policies also remains an ongoing source of risk. Changes to tariff rates, including sector-specific levies, may deter capital investment, disrupt supply chains and reduce global trade growth. Heightened uncertainty may also deter businesses from hiring. During 2025, unemployment rose across many of our major markets, and there remains a risk of further increases if current geopolitical uncertainty deters investment and hiring, or if artificial intelligence ("**AI**") disrupts established business models and yields productivity gains that structurally reduce demand for labour as a result of improvements in technology. Weak growth, higher unemployment and rising costs are risks which could impair the creditworthiness of borrowers, decrease the value of collateral and other claims and affect our customers' earnings and activity, which could, in turn, reduce demand for our products and services and affect our risk profile and earnings;

- Inflation and monetary policy: The future path for interest rates remains uncertain and changes to rate expectations could affect net interest income, the fair value of our assets and liabilities and overall financial performance. The conflict in the Middle East has disrupted oil and gas production and supply and has raised inflation risks. Interest rate volatility has increased as a consequence and central bank communication has become more cautious. In April 2026, the US Federal Reserve left interest rates unchanged at 3.5%–3.75% and assessed that inflation risks have increased. The Bank of England ("**BoE**") also left the policy rate unchanged at 3.75%, and judged that inflation pressures have increased, but assessed that the impact on the economy would depend on the scale and duration of the conflict in the Middle East. The combined effects of higher energy costs, tariffs and restrictive interest rates could materially affect the Group's customers by eroding real purchasing power, increasing debt service costs, and/or weighing on real estate and other asset prices. High interest rates may affect the credit rating of the Group's customers and their ability to repay debt. This could negatively impact the Group's risk-weighted assets ("**RWAs**") and capital position, result in increases in expected credit losses and other impairment charges ("**ECL**") and drive potential liquidity stresses, including increased customer drawdowns. High rates could also reduce the Group's income if they reduce loan demand, weaken wealth and insurance revenue, weaken credit quality, and weigh on real estate and other asset prices. Alternatively, lower interest rates, while potentially stimulating demand for new lending, could pressure net interest margins and adversely affect profitability. Major central banks, including the European Central Bank and the BoE, eased monetary policy during 2025 as inflation risks were seen to diminish as unemployment rose. However, this trajectory could be disrupted if geopolitical developments lead to sustained commodity price increases and supply chain disruption, or if wage growth or tariffs keep inflation higher for longer.
- Financial stability: The conflict in the Middle East and changing economic policy and conditions create an uncertain and volatile environment for asset markets, which remain sensitive to changing inflation and interest rate expectations. Volatility and sharp price adjustments can erode confidence, disrupt funding markets and lead to financial distress. Valuations and lending volumes in the AI and technology sectors remain an area of concern. Market valuations may reflect expectations of productivity improvements and can influence investor sentiment. If those expectations change or are not realised, valuations and investment values could adjust abruptly. A sharp repricing could weigh on economic activity and adversely affect the Group's risk profile and earnings, including through increased customer financial vulnerability and reduced values of collateral and other claims. The value of the US dollar is also an area of focus due to its depreciation through 2025 and the associated hedging and revaluation risks that it raises. Although the conflict in the Middle East resulted in a rise of the value of the US dollar against other major currencies, concerns over US fiscal sustainability and the increasingly complex fiscal and monetary policy environment are expected to persist. Exchange rate volatility may affect our risk exposure through mark-to-market changes in trading positions and the translation effects of currency movements.
- Fiscal policy and high levels of government debt: Public debt levels in many of our major markets have continued to rise due to higher social welfare commitments and increased expenditures on defence, energy security and climate transition. Rising government debt and high interest payments could adversely affect the fiscal capacity and debt sustainability of highly indebted sovereign issuers. Emerging markets with substantial debt and weak fiscal positions may also face increased repayment costs, heightened refinancing risks and greater likelihood of rating downgrades. A fragmented political landscape in many markets has diminished the political will for fiscal tightening. These factors could drive higher refinancing costs and could lead to tax increases that prove negative for growth. Further, the rise in funding costs in our major markets could reduce the potential for GDP growth by increasing the cost of borrowing, while also creating refinancing risks for our customers and counterparties. Uncertainty about future taxation could also undermine confidence, business investment and consumer spending, which would be negative for the Group's retail and corporate operations in various markets. Where the Group has exposure to such sovereigns or related parties, it could incur losses. At the same time, sovereign rating downgrades and/or a disorderly increase in long-term government funding costs, could increase the cost of funding for the Group and/or limit access to market funding, resulting in an adverse impact on interest margins and liquidity.
- Longer term trends: Strategic competition between countries is reshaping trading relationships and increasing the focus on long-term economic, energy and supply chain security, which could adversely affect the Group and our customers. Diversification in trade invoicing currencies, payment systems and reserve holdings is increasing as a consequence of these trends, raising liquidity risks and volatility, as well as increasing operational complexity. Evolving demographics,

including population ageing and changing migration patterns, may also result in changes to long-term savings and investment behaviours, including reduced demand for bank borrowing.
- Geopolitical risks: Geopolitical risks remain high. The disruption of key supply routes caused by geopolitical conflicts has continued to impact global supply chains. The Russia-Ukraine war, the conflict in the Middle East and any further military action or conflict elsewhere, are key sources of uncertainty that may impact us and our customers, including through increased market volatility and supply chain disruptions. This could impact economic activity regionally or globally, which, if continued for a prolonged period, could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (for further details see "*The Group is subject to political, social and other risks in the countries in which it operates*").

Adverse changes to the current economic, financial and geopolitical situation including in relation to any of the factors listed above, could result in:

- Idiosyncratic losses: The Group's impairment estimates attempt to capture the effects of economic, financial and geopolitical risks in the aggregate, but credit losses on specific exposures, with idiosyncratic features that make them particularly susceptible to the risks described above, may not be fully captured in the Group's impairment estimates;
- Sector-wide impairment: Changing economic conditions, policies and funding costs may give rise to a deterioration in specific industries and sectors that may reduce the creditworthiness of our customers. In addition, certain products, sectors and countries may be targeted by material increases in trade tariffs, potentially driving a slowdown in export demand;
- Reduced credit demand: The demand for borrowing from creditworthy customers may diminish during periods of recession or where economic activity slows or remains subdued;
- A tightening of financial market conditions: The Group's ability to borrow from other financial institutions or to engage in funding transactions may be adversely affected by market disruption; and
- Goodwill and intangibles: A changing economic and geopolitical outlook may change the recoverable value of assets and necessitate a write down in the value of intangible balance sheet items such as goodwill.

Provisioning against credit loss is conducted under the IFRS 9 '*Financial Instruments*' ("**IFRS 9**") calculations of ECL, which use forward-looking scenarios that incorporate the economic and financial risks detailed above. Four economic scenarios, including a 'Central', an upside and two downside scenarios are developed and deployed for the calculation of ECL under most circumstances. In the first quarter of 2026, risks relating to the conflict in the Middle East were addressed through the introduction of a fifth scenario, the 'Downside 1', that explored the economic and financial risks arising from an energy supply shock, including lower GDP, higher inflation and policy tightening by central banks.

Forecasts remain uncertain, and changing economic conditions and the materialisation of key risks could reduce the accuracy of our 'Central' and other scenarios. There remains uncertainty regarding the adequacy of our models in capturing credit losses under emerging risks which are not captured by the historical loss experience of our models, or to effectively distinguish risks for specific sectors and portfolios. Our financial model outputs (including retail and wholesale credit models such as IFRS loss models) continue to be monitored and management judgemental adjustments are used where modelled ECL do not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events. Nevertheless, our model outputs may fail to accurately capture the effects of complex economic, financial and geopolitical risks. See also "*The Group could incur losses or be required to hold additional capital as a result of model limitations or failure*".

The occurrence of any of these events or circumstances could have a material adverse effect on our business, financial condition, results of operations, prospects and customers.

The Group is subject to political, social and other risks in the countries in which it operates

We operate through an international network of subsidiaries and affiliates across countries and territories. Our operations are subject to potentially unfavourable political, social, environmental and economic developments in such jurisdictions, which may include:

- coups, armed conflict or acts of terrorism;
- political and/or social instability;
- geopolitical tensions;
- epidemics and pandemics (such as the Covid-19 pandemic);
- climate change, acts of God and natural disasters (such as floods and hurricanes); and
- infrastructure issues, such as transportation and power failures.

Each of the above could impact RWAs, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers.

These risk events or developments may also give rise to disruption to the Group's services and some may result in physical damage to our operations and/or risks to the safety of our personnel and customers.

Geopolitical tensions could have significant ramifications for the Group and its customers. In particular:

- Throughout 2025, the US government announced far-reaching tariffs against a broad spectrum of countries, including the UK, China, the EU, Canada, India, and Mexico. Although subsequent bilateral and multilateral negotiations have moderated certain tariff rates, particularly in sectors deemed critical to domestic supply chains, there is a possibility that these deals are replaced by alternative US tariffs on different terms, and the overall trade policy environment remains fluid and unpredictable;
- While globalisation appears to remain deeply embedded in the international system, it is increasingly challenged by protectionism, including trade tariffs. The Group's footprint may make us and our customers susceptible to protectionist measures taken by national governments and authorities, including imposition of trade tariffs, restrictions on market access and investment, restrictions on the ability to transact on a cross-border basis, expropriation, restrictions on international ownership, interest rate caps, limits on dividend flows and increases in taxation. There may be uncertainty as to the conflicting nature of such measures, their duration, the potential for escalation, and their potential impact on global economies;
- Further conflict in the Middle East, or any potential military action or conflict elsewhere, remains a possibility. Such developments, including the actual or threatened use of force, and uncertainty about the scope and duration of the conflict in the Middle East present global economic and political implications, leading to further trade disruption. (For further details, see "*Economic and market conditions and geopolitical developments may adversely affect the Group's financial condition and results*");
- Sanctions and restrictions on trade and investment are continually evolving in response to geopolitical events and may adversely affect the Group, its customers and the markets in which the HSBC Group operates. These factors may result in increased legal, regulatory, reputational and market risks, and a more complex operating environment;
- The Russia-Ukraine war along with related financial sanctions, trade restrictions and Russian countermeasures, has had global economic and political implications. The US, the UK, and the EU, as well as other countries, have continued to impose sanctions against Russia. The US retains broad discretion to impose sanctions on non-US financial institutions that knowingly or unknowingly engage in transactions or provide services to sanctioned parties or otherwise involve Russia's military-industrial base. The imposition of such sanctions against any non-US HSBC entity could result in significant adverse commercial, operational, and reputational consequences for the HSBC Group;
- Being part of the wider HSBC Group, the Group may be adversely affected by increased geopolitical tensions across the different jurisdictions in which the HSBC Group operates;
- Heightened strategic competition between the US and China, including in the form of escalation and de-escalation over tariffs, sanctions, export controls, the trade of rare earth minerals and semiconductors, and cross-border investment restrictions, have increased risk and uncertainty, and have affected the configuration of global supply chains. Diplomatic tensions between China and the US and related actions, which may extend to and involve other countries, and developments in Hong Kong and Taiwan and the surrounding maritime region, may further adversely affect the HSBC Group; and
- Developments in alternative payment systems, such as projects to explore how tokenised commercial and central bank money could be used for cross-border payments, continue with implications for the future architecture of global finance. Development of new payments infrastructure and use of alternative currencies may present operational and other challenges, if,

for example, certain governments mandate the use of payment channels that do not integrate with our payment architecture and financial crime controls.

Global tensions over trade and technology are resulting in divergent regulatory standards and compliance regimes, presenting long-term strategic challenges for multinational businesses such as the HSBC Group. As the geopolitical landscape evolves, compliance by multinational corporations with their legal or regulatory obligations or other initiatives in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another, creating additional legal, regulatory, reputational and political risks for the Group.

While it is the Group's policy to comply with all applicable laws and regulations of all jurisdictions in which it operates, geopolitical tensions, and potential ambiguities in the Group's compliance obligations, continue to present challenges and risks for the Group and the HSBC Group which could, in turn, have a material adverse effect on our business, financial condition, results of operations, reputation, prospects and strategy.

The Group is subject to financial and non-financial risks associated with Environmental, Social and Governance ("ESG") related matters, such as climate change, nature-related and human rights issues

ESG-related matters such as climate change, society's impact on nature and human rights issues bring risks to our business, our customers and wider society. If we fail to meet evolving regulatory expectations or requirements relating to these matters, this could have regulatory compliance and reputational impacts.

Climate change could have both financial and non-financial impacts on the Group either directly or indirectly through our business activities and relationships. Our climate risk approach identifies physical risk and transition risk as primary drivers of climate risk. We continue to identify the risk of greenwashing as a thematic risk issue, which may arise if we knowingly or unknowingly make inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to our stakeholders.

Physical risk may arise from the increased frequency and severity of extreme weather events, such as hurricanes and floods or chronic gradual shifts in weather patterns or rises in sea level.

Transition risk may arise from the process of moving to a net zero economy including changes in government policy and legislation, technology, market demand and reputational implications triggered by a change in stakeholder expectations in relation to the Issuer's or the HSBC Group's action or inaction.

We currently expect the following to be the most likely ways in which climate risk may materialise for the Group:

- credit risk may increase if climate-related regulatory, legislative or technological changes impact customers' business models or if extreme weather events disrupt or interrupt operations, resulting in financial difficulty for customers and/or stranded assets, or impacting their ability to repay their debts. Clients may find that their business models fail to align to a net zero economy or face disruption to their operations or deterioration to their assets as a result of extreme weather;
- trading losses if climate change results in changes to macroeconomic and financial variables which negatively impact our trading book exposures;
- liquidity impacts in the form of deposit outflows due to changes in customer behaviours driven by impacts to profitability and wealth, or from reputational concerns relating to the progress we make towards the HSBC Group's ESG-related ambitions, targets, and commitments;
- real estate portfolios may be impacted due to changes to the climate, an increase in the frequency and severity of extreme weather events and chronic gradual shifts in weather patterns, which could impact both property values and the ability of borrowers to afford their mortgage payments. This may lead to the reduced availability or increased cost of insurance, including insurance that protects property pledged as collateral for the Group's mortgages;
- operational risk may increase if extreme weather events impact critical operations and premises;
- regulatory compliance risk may result from the increasing pace, breadth and depth of climate-related regulatory expectations, including on the management of climate risk, and variations in climate-related external reporting standards and taxonomies, requiring implementation in short timeframes across multiple jurisdictions;

- conduct risk may arise in association with the increasing demand for 'green' or 'sustainable' products where there are differing and developing standards or taxonomies;
- reputational risks may arise from how we decide to support our customers in high-emitting sectors in their transition to net zero, the preferences of different stakeholders in relation to our approach to the transition to net zero, and if we make insufficient progress in achieving the HSBC Group's ESG-related ambitions, targets and commitments; and
- model risk may arise from the uncertain and evolving impacts of climate change as well as data and methodology limitations, which present challenges to creating reliable and accurate model outputs.

We may face heightened reputational, regulatory compliance and legal risks as we advance towards the HSBC Group's ESG-related ambitions, targets and commitments. Stakeholders are likely to scrutinise our actions, including the formulation of ESG and sustainability risk policies, our disclosures, and our financing and investment decisions in relation to the HSBC Group's ESG-related ambitions, targets and commitments. Additional risks may arise if we fail to:

- make sufficient progress towards the HSBC Group's ESG-related ambitions, targets and commitments;
- set adequate plans and execute, or adapt those plans as necessary, in response to changes in the external environment;
- manage the risks associated both with meeting and not meeting the HSBC Group's ESG-related ambitions, targets and commitments; and
- meet evolving regulatory expectations and requirements on the management of ESG risks.

We may also face risks related to climate and ESG-related litigation and regulatory enforcement. This could occur directly if stakeholders believe we are not effectively managing these risks, or indirectly if our customers are involved in litigation, which might lead to a revaluation of their assets.

Requirements, policy objectives, expectations, views or market and public perceptions and preferences in connection with the transition to a net zero economy and ESG-related matters may vary by jurisdiction and stakeholder, particularly in light of the differing perspectives and responses to climate change of stakeholders in different markets, such as the UK, the US, the EU and others. We may be subject to potentially conflicting approaches to ESG matters in certain jurisdictions, which may impact our ability to conduct certain business within those jurisdictions or result in additional regulatory compliance, reputational, political or litigation risks.

For example, our reputation and client relationships may be damaged as a result of our decision to participate, or not to participate, in certain projects perceived to be associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change, including the transition to net zero. These risks may also arise from divergence in the implementation of ESG, climate policy and financial regulation in the regions in which we operate, including initiatives to apply and enforce policy and regulation with extraterritorial effect.

We recognise the importance of nature-related risks, as well as the complex interactions and compounding effects of climate and nature-related risk drivers. Nature related-risks may emerge when dependencies on natural capital - such as plants, soils and minerals - and ecosystem services - such as water availability and air quality - are affected by key drivers of nature loss, or when there is a lack of alignment between an organisation's impact on the natural environment and actions to protect, restore or reduce negative impacts on nature. Such risks can affect each of the HSBC Group, the Group, and their customers through various channels, including macroeconomic, market, credit, reputational, regulatory compliance, and legal risks.

Businesses are expected to be transparent about their efforts to identify and respond to the risk of adverse human rights impacts arising from their business activities and relationships. Failure to manage this risk may negatively impact people and communities, which in turn may result in reputational, regulatory compliance and legal risks for the Group.

Our strategy and business model, including our products, services, and risk management processes, will need to continue to evolve to align with evolving regulatory requirements, stakeholder expectations and to manage ESG-related risks. This may involve adapting the way we measure and manage both financial and non-financial risks associated with ESG matters. Achieving the HSBC Group's strategy with respect to ESG

matters, including any related ambitions, targets and commitments it may set, depends on a number of factors beyond the Group's control, such as technological advancements and supportive public policies in our operating markets. If these external factors do not materialise or are delayed, we may not meet our ESG-related ambitions, targets and commitments.

We may encounter financial reporting risks concerning our climate and ESG disclosures due to the limited quality and consistency of available data. Such uncertainty poses a risk of relying on incomplete or inaccurate data and models, potentially leading to sub-optimal decision-making. As methodologies, data, scenarios, and industry standards evolve with market practices, regulations, or scientific advancements, the HSBC Group's and our ability to collect and process required data may be challenged, exposing the HSBC Group and us to financial reporting risk in relation to climate and ESG disclosures. Such developments could also necessitate revisions to our and the HSBC Group's internal measurement frameworks and reported data, including on financed emissions, making year-on-year comparisons difficult. This could result in the HSBC Group having to re-evaluate its progress towards its ESG-related ambitions, targets and commitments in the future, resulting in reputational, regulatory compliance and legal risks.

If any of the above risks materialise, this could have financial and non-financial impacts for the Issuer and the HSBC Group which could, in turn, have a material adverse effect on our business, financial condition, results of operations, reputation, prospects and strategy.

Changes to the UK's trading relationship with the EU, following the UK's withdrawal from the EU, may adversely affect the Group's operating model and financial results

The uncertain outcome of potential developments relating to the financial services trading relationship between the UK and EU, including the rules under which financial services may be provided on a cross-border basis into the EU and its member states, remains a source of risk for the Group.

The EU Capital Requirements Directive ("**CRD VI**"), which EU member states are in the process of transposing into national law, introduces a new requirement (the "**EU branch requirement**") under which non-EU banks and significant investment firms would have to establish a branch in each EU member state in which they carry out 'core banking activities', defined as deposit taking, lending and guarantees, and commitments. The EU branch requirement, which will be subject to certain exclusions and exemptions, will generally come into effect on 11 January 2027, although precise effective dates vary across EU member states. Grandfathering of cross border core banking contracts entered into before 11 July 2026 is provided for under CRD VI, although the availability of such grandfathering may vary subject to transposition by EU member states.

The Financial Services and Markets Act 2023 ("**FSMA 2023**") became law in June 2023 and provides for a number of changes to the regulatory architecture in the UK. It contains provisions that would allow for specified 'onshored' EU legislation, also known as 'retained EU law' or 'REUL' (and known as 'assimilated law' after 1 January 2024), to be revoked and replaced by legislation or rules made by His Majesty's Treasury ("**HM Treasury**") or the regulators. FSMA 2023 allows for the eventual repeal of assimilated law related to financial services and enables the government and regulators to replace it in line with the FSMA 2023 model. Each piece of assimilated law related to financial services is now within a 'transitional period', lasting until its repeal is individually commenced by HM Treasury in a phased and sequenced manner. Furthermore, as of 1 January 2024, certain legal effects previously associated with REUL (now referred to as assimilated law) no longer apply, including the supremacy of REUL over other types of conflicting domestic UK law, general principles of EU law (which informed REUL's interpretation and application) and directly effective EU rights.

Uncertainty remains as to the extent to which EU and UK laws will diverge in the future, as a result of the future repeal of assimilated law under FSMA 2023 or further development of the EU's own regulatory regime. In particular, the UK is in the process of revoking the remainder of the assimilated version of the Capital Requirements Regulation and replacing it with rules published and maintained by the Prudential Regulation Authority ("**PRA**"), which will also reflect the UK's implementation of the Basel Committee on Banking Supervision's ("**BCBS**") final reforms to the prudential framework ("**Basel 3.1**").

Any changes to the current EU and UK banking and financial services rules, including as a result of the EU branch requirement, the UK's revocation and replacement of EU-derived laws, the UK and EU implementation of Basel 3.1 reforms and any further divergences between the two legal regimes, could

require modifications to our UK and EU operating models, with resulting impacts to our customers and employees. The precise impacts on our customers will depend on the nature of any developments and their individual circumstances and could include disruption to the provision of products and services, and this could in turn increase operational complexity and/or costs for the Group.

More generally, over the medium to long term, the UK's withdrawal from the EU and the operation of the Trade and Cooperation Agreement agreed between the EU and the UK (and any complexities that may result therefrom), may lead to increased market volatility and economic risk, particularly in the UK, which could adversely impact our profitability and prospects for growth in this market.

In addition, the UK's future trading relationship with the EU and the rest of the world will likely take a number of years to fully stabilise. This may result in a prolonged period of uncertainty, unstable economic conditions and market volatility. This could include reduced international trade flows and loss of export market shares, as well as currency fluctuations. If any of the above risks materialise, this could have a material adverse effect on our business, financial condition, results of operations, reputation, prospects and strategy.

The Group operates in markets that are highly competitive

The Group competes with other financial institutions in a highly competitive industry that continues to undergo significant change as a result of financial regulatory reform, as well as increased public scrutiny and a continued challenging macroeconomic environment.

We target internationally mobile customers who need sophisticated global financial solutions. We generally compete on the basis of the quality of our customer service, the variety of products and services that we can offer our customers, the ability of our products and services to satisfy our customers' needs, the extensive distribution channels available for our customers, our innovation, and our reputation. Continued and/or increased competition in any one or all of these areas may negatively affect our market share and/or require increased capital investment in our businesses in order to remain competitive.

In the highly competitive markets in which we operate, our ability to reposition or reprice our products and services from time to time may be limited and could be influenced significantly by the actions of our customers or competitors. Any changes in the types of products and services that we offer our customers, and/or the pricing for those products and services, could result in a loss of customers and market share.

Developments in technology and changes to regulations are enabling new entrants to the industry. This challenges the Group to continue innovating and taking advantage of new digital capabilities so that we improve how we serve our customers, drive efficiency and adapt our products to attract and retain customers. As a result, we may need to increase our investment in our business to adapt or develop products and services to respond to evolving customer needs and regulatory requirements. New digital capabilities have the potential to weaken our resilience or wider risk management capabilities. If the Group fails to develop and adapt its products and services to take advantage of new digital capabilities this could have an adverse impact on our business.

The digitisation of financial services continues to have an impact on the payment services ecosystem, including new market entrants and payment mechanisms, not all of which are subject to the same level of regulatory scrutiny or regulations as financial institutions. This presents ongoing challenges in terms of maintaining required levels of payment transparency, notably where financial institutions serve as intermediaries. Developments around digital assets and currencies have continued at pace, with an increasing regulatory and enforcement focus.

Any of these factors could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

Changes in foreign currency exchange rates may affect the Group's results

The Group prepares its accounts in pound sterling. However, a substantial portion of the Group's assets, liabilities, assets under management, revenues and expenses are denominated in other currencies (primarily, euro and US dollars).

Changes in foreign exchange rates may have an effect on the Group's accounting standards, reported income, cash flows and shareholders' equity. Unfavourable changes in foreign exchange rates could have a material adverse effect on the Group's business, financial condition, results of operations, capital position and prospects.

Market fluctuations may reduce the Group's income or the value of its portfolios

The Group's businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices, and the risk that the Group's customers act in a manner inconsistent with its business, pricing and hedging assumptions.

Market pricing can be volatile, and ongoing market movements could significantly affect the Group in a number of key areas. For example, banking and trading activities are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. Changes in interest rate levels, interbank spreads over official rates and yield curves affect the interest rate spread realised between lending and borrowing costs. The potential for future volatility and margin changes remains. See "*Economic and market conditions and geopolitical developments may adversely affect the Group's financial condition and results*", above regarding the impact of these on the interest rate environment.

Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Group's ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The Group's defined benefit pension plans are exposed to market risk from their assets and liabilities. The liability discount rate provides exposure to interest rate risk and credit spread risk which are only partially offset by fixed interest assets and swaps. The assets also provide exposure to fluctuations in the market value of other pension plan assets including equities and property.

The Group's insurance businesses are exposed to the risk that market fluctuations may cause mismatches to occur between product liabilities and the investment assets that back them. Market risks can affect our insurance products in a number of ways depending upon the product and the associated contract. For example, mismatches between assets and liability yields and maturities give rise to interest rate risk. Some of these risks are borne directly by the customer and some are borne by the insurance businesses, with their excess capital invested in the markets. Some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance businesses could bear some of the cost of such guarantees and options. The performance of the investment markets could thus have a direct effect upon the value embedded in the insurance and investment contracts and our operating results, financial condition and prospects.

It is difficult to predict with any degree of accuracy changes in market conditions, and such changes could have a material adverse effect on our business, financial condition, results of operations, capital position and prospects.

Liquidity, or ready access to funds, is essential to the Group's businesses

The Group's ability to borrow on a secured or unsecured basis, and the cost of doing so, can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the Group or the banking sector, including the Group's perceived or actual creditworthiness.

Current accounts and savings deposits payable on demand or at short notice form a significant part of the Group's funding, and the Group places considerable importance on maintaining their stability. For deposits, stability depends upon preserving investor confidence in the Group's capital strength and liquidity, and on comparable and transparent pricing.

The Group also accesses wholesale markets for funding purposes to align asset and liability maturities and currencies, and to maintain a presence in local markets.

An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a material adverse effect on the Group's liquidity.

Unfavourable macroeconomic developments, market disruptions or regulatory developments may increase the Group's funding costs or challenge the Group's ability to raise funds to support or expand the Group's businesses.

If the Group is unable to raise funds through deposits and/or in the capital markets, the Group's liquidity position could be adversely affected, and the Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature, to meet the Group's obligations under committed financing facilities and insurance contracts, to comply with regulatory funding requirements, to undertake certain capital and/or debt management activities, or to fund new loans, investments and businesses.

The Group may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, the Group may be unable to sell some of its assets, or may be unable to maintain the run-down and sale of certain legacy portfolios or the Group may need to sell assets at reduced prices, which in any such case could materially adversely affect the Group's business, financial condition, results of operations, capital position and prospects.

Macro-Prudential, Regulatory and Legal Risks to the Group's Business Model

The Group is subject to numerous new and existing legislative and regulatory requirements, and to the risk of failure to comply with applicable regulations

The Group's businesses are subject to ongoing regulation, policies, voluntary codes of practice and interpretations in the various markets in which the Group operates. A number of regulatory changes affecting our business have effects beyond the country in which they are enacted. Increased fragmentation in regulatory requirements may limit the HSBC Group's ability to implement globally consistent standards in response to regulatory change.

The areas where regulatory changes and increased supervisory expectations could have a material adverse effect on our business, financial condition, results of operations, prospects, capital position, reputation and strategy include, but are not limited to, those listed below, grouped around prudential and non-prudential themes.

Prudential and related issues

In recent years, regulators and governments have focused on reforming both the prudential regulation of the financial services industry and the ways in which the business of financial services is conducted. The measures taken include enhanced capital, liquidity and funding requirements, the separation or prohibition of certain activities by banks, changes in the operation of capital markets activities, the introduction of tax levies and transaction taxes and changes in compensation practices. Specific examples of such measures and initiatives include:

- the implementation of Basel 3.1, which includes changes to the RWA approaches to credit risk, market risk, operational risk, counterparty risk and credit valuation adjustments. The majority of the rules in the new framework will take effect from 1 January 2027, while the Internal Model Approach for market risk rules has been delayed until 1 January 2028;
- the UK government's Financial Services Growth and Competitiveness Strategy, which was published in July 2025 and which re-iterated proposals to reform the UK capital framework for banks, including reforms to the UK's bank ring fencing regime. Finally, the BoE's Financial Policy Committee ("**FPC**") was asked to undertake a review of capital levels for banks in the UK. While the FPC published the initial findings of its review in December 2025, there remain a number of areas subject to further review, including the capital buffers and the leverage ratio;
- enhanced supervisory expectations regarding regulatory reporting, including increased focus on data integrity, governance, and controls. To seek to address these expectations, we have been advancing a programme aimed at strengthening our regulatory reporting processes and making them more sustainable, including enhancing data, consistency and controls and, while this programme continues, there may be further impacts on some of our regulatory ratios, such as the

common equity tier 1 ("**CET1**") ratio, the liquidity coverage ratio ("**LCR**"), and the net stable funding ratio ("**NSFR**");
- the financial effects of climate risk and other ESG-related changes being incorporated within the global prudential framework, including physical risks from climate change and the transition risks resulting from a shift to a low carbon economy;
- heightened supervisory concern regarding the growth of private markets and their interconnection with banks, as demonstrated by the BoE's launch of a system-wide exploratory scenario in 2026 and the PRA's 'Dear Chief Risk Officer' letter on private equity related financing activities from the PRA in 2024; and
- BCBS's review of the cryptoassets RWA standard, following delays in implementation reported by various jurisdictions, which attribute the postponements to technological advancements in the cryptoassets sector that have made parts of the Basel standards outdated.

Non-prudential and related issues

With regard to the non-financial risk agenda, there is a focus on business practices (including customers and markets), operational and cyber resilience, AI, digital and technology changes, ESG, payments and financial crime, including:

- continued focus by regulators, international bodies and policymakers on banks' business practices. This includes ensuring fair outcomes for customers, fostering effective competition and maintaining the orderly and transparent functioning of global financial markets;
- the EU's CRD VI Article 21c amendment requiring non-EU entities to provide core banking services to EU clients through an EU branch or subsidiary;
- the high regulatory expectations and requirements relating to various aspects of operational and cyber resilience, and third-party risks, including an ongoing focus on the response of institutions to operational disruptions;
- regulatory expectations and requirements around the use of AI;
- the supervisory and regulatory focus on technology adoption and digital delivery, underpinned by consumer protection, including in respect of the use of digital assets and currencies and wider financial technology risks;
- the ongoing transition of a small number of legacy contracts tied to benchmark rates that have been demised, which continues to expose the HSBC Group and the Group to regulatory compliance, legal and conduct risks;
- compliance with existing and future ESG-related risk management and disclosure requirements applicable to banks and businesses more generally, in some jurisdictions, particularly those relating to climate change, transition plans, greenwashing and supply chain due diligence;
- continuing supervisory and regulatory change globally on payment services and related infrastructure; and
- the ongoing expectations with respect to managing emerging financial crime risks and their impact on customers, managing conflicting laws and approaches to legal and regulatory regimes, and implementing complex sanctions and restrictions on trade and investment.

The Group is subject to the risk of current and future legal, regulatory or administrative actions and investigations, the outcomes of which are inherently difficult to predict

The Group faces significant risks in its business relating to legal, regulatory or administrative actions and investigations. The amount of damages claimed in litigation, regulatory proceedings, investigations, administrative actions and other adversarial proceedings against financial institutions remain elevated for many reasons. These reasons include a substantial increase in the number of regulatory changes taking place globally, increasing focus from regulators, investors and other stakeholders on ESG disclosures, including in relation to the measurement and reporting of such matters as both local and international standards in this area continue to significantly evolve and develop, increased media attention, higher expectations from regulators and the public, and the globalisation of class actions, including in relation to competition matters and data breach litigation. In addition, criminal prosecutions of, and civil proceedings involving, financial institutions for, among other things, alleged conduct breaches, breaches of anti-money laundering, anti-bribery and anti-corruption and sanctions regulations, antitrust violations, market manipulation, aiding and abetting tax evasion, and providing unlicensed cross-border banking services, have become more commonplace and may increase in frequency due to increased media attention and higher expectations from regulators and the public.

Any such legal, regulatory or administrative action or investigation against HSBC Holdings, the Issuer, or one or more of our subsidiaries could result in, among other things, substantial fines, civil penalties, criminal penalties, cease and desist orders, forfeitures, the suspension or revocation of key licences, requirements to exit certain businesses, other disciplinary actions and/or withdrawal of funding from depositors and other stakeholders. Any threatened or actual litigation, regulatory proceeding, administrative action, investigation, or other adversarial proceeding against HSBC Holdings, the Issuer or one or more of its subsidiaries could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation. Additionally, the Group's financial statements reflect provisioning for legal proceedings, regulatory and customer remediation matters. Provisions for legal proceedings, regulatory and customer remediation matters, typically require a higher degree of judgement than other types of provisions, and the actual costs resulting from such proceedings and matters may exceed existing provisioning.

Additionally, as described in Note 32 'Legal proceedings and regulatory matters' to the financial statements in our 2025 Annual Report and Accounts on pages 157-158, we continue to be subject to a number of material legal proceedings, regulatory actions and investigations, the outcomes of which are inherently difficult to predict, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Moreover, we may face additional legal proceedings, investigations, or regulatory actions in the future, including in other jurisdictions and/or with respect to matters similar to, or broader than, the existing legal proceedings, investigations or regulatory actions. An unfavourable result in one or more of these proceedings could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

The Group may fail to meet the requirements of regulatory stress tests

The Group is subject to supervisory stress tests in many jurisdictions. These exercises are designed to assess the resilience of banks to potential adverse economic developments or operational failure to inform mitigation actions and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by supervisors is both on a quantitative and qualitative basis, the latter focusing on our data provision, stress testing capability and internal management processes and controls.

Failure to meet quantitative or qualitative requirements of regulatory stress tests, or the failure by supervisors to approve our stress test results and capital plans, could result in the Group being required to enhance its capital position, and this could, in turn, have a material adverse effect on our business, financial returns, capital position, operational capabilities and reputation.

The Group will be subject to certain bank resolution powers under the UK Banking Act 2009, in certain significant stress situations

Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, supplemented or replaced from time to time, the "**BRRD**") provides an EU-wide framework for the recovery and resolution of credit institutions and their parent companies and other group companies. The BRRD is designed to provide relevant authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. In the UK, the Banking Act 2009, as amended ("**Banking Act**") has implemented the majority of the provisions of the BRRD, and therefore provides the framework for the UK recovery and resolution regime.

Statutory intervention powers

The Group is subject to the Banking Act, which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the BoE, the PRA and/or the FCA (each a 'relevant UK Resolution Authority' ("**relevant UKRA**")) in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include certain of the Issuer's securities that may be subject to the exercise of powers under the Banking Act (the "**Relevant Securities**")), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity

owned by the BoE; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

Write-down and conversion of capital instruments and liabilities powers and/or bail-in powers

The powers granted to the relevant UKRA also include powers to vary or extinguish the claims of certain creditors. These powers include a 'write-down and conversion of capital instruments and liabilities' power and a 'bail-in' power.

The write-down and conversion of capital instruments and liabilities power may be used where the relevant UKRA has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments or (where the institution concerned is not a resolution entity) certain internal non-own funds liabilities ("**relevant internal liabilities**") is required (however, the use of the write-down and conversion power does not preclude a subsequent use of the bail-in power) or where the conditions to resolution are met. Any write-down or conversion effected using this power must be carried out in a specific order such that common equity must be written off, cancelled or appropriated from the existing shareholders in full before additional tier 1 instruments are affected, and additional tier 1 instruments must be written off or converted in full before tier 2 instruments are affected and (in the case of a non-resolution entity, such as the Issuer) tier 2 instruments must be written off or converted in full before relevant internal liabilities are affected. Where the write-down and conversion of capital instruments and liabilities power is used, the write-down is permanent and investors receive no compensation (save that CET1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments and liabilities power is not subject to the 'no creditor worse off' safeguard (unlike the bail-in power described below).

The bail-in power gives the relevant UKRA the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution or its holding company, to convert certain debt claims (which could be amounts payable under the Issuer's Relevant Securities) into another security, including ordinary shares of the surviving entity or its holding company, if any and/or to amend or alter the terms of such claims, including the maturity of the Issuer's Relevant Securities or amendment of the amount of interest payable on the Issuer's Relevant Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period. The Banking Act requires the relevant UKRA to apply the bail-in power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the relevant UKRA must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) certain senior claims. As a result, the Issuer's subordinated securities which qualify as capital instruments may be fully or partially written down or converted even where other subordinated debt that does not qualify as capital is not affected. This could effectively subordinate such securities to the Issuer's other subordinated indebtedness that is not additional tier 1 or tier 2 capital in the event that the bail-in power is applied by the relevant UKRA. The claims of some creditors whose claims would rank equally with those of the holders of such securities may be excluded from bail-in. The more of such creditors there are, the greater will be the impact of bail-in on the holders of such securities. The bail-in power is subject to the 'no creditor worse off' safeguard, under which any shareholder or creditor which receives less favourable treatment following the exercise of the bail-in power than they would have had if the institution entered into insolvency may be entitled to compensation.

Moreover, pursuant to the exercise of the bail-in power, any securities that may be issued to holders upon conversion of any Relevant Securities may not meet the listing requirements of any securities exchange, and the Issuer's outstanding listed securities may be delisted from the securities exchanges on which they are listed. Any securities that holders receive upon conversion of such Relevant Securities (whether debt or equity) may not be listed for at least an extended period of time, if at all, or may be on the verge of being delisted by the relevant exchange. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the issuer (which may be an entity other than the Issuer) in any securities issued upon conversion of such Relevant Securities, or the disclosure with respect to any

existing issuer may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the bail-in power.

Furthermore, holders of Relevant Securities may have only limited rights to challenge and/or seek a suspension of any decision of the relevant UKRA to exercise the bail-in power (or any of its other resolution powers) or to have that decision reviewed by a judicial or administrative process or otherwise.

Although the exercise of the bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Group or not directly related to the Group) which the relevant UKRA would consider in deciding whether to exercise such power with respect to the Issuer and its Relevant Securities. Moreover, as the relevant UKRA may have considerable discretion in relation to how and when it may exercise such power, holders of the Issuer's Relevant Securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and its Relevant Securities. In some circumstances, the relevant UKRA may decide to apply a deferred bail-in, where liabilities are not written down at the start of the resolution but are transferred to a depositary to hold during the bail-in period, with the terms of the write-down being determined at a later point in the bail-in period. Accordingly, it is not yet possible to assess the full impact of the exercise of the bail-in power pursuant to the Banking Act or otherwise on the Issuer.

Powers to direct restructuring of the Group

As well as a write-down and conversion of capital instruments and liabilities power and a bail-in power, the powers of the relevant UKRA under the Banking Act include the power to: (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) transfer all or part of the business of the relevant financial institution to a 'bridge institution' (an entity created for such purpose that is wholly or partially in public control); and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the relevant UKRA power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution, impose a temporary suspension of payments, discontinue the listing and admission to trading of debt instruments and/or transfer securities of the relevant financial institution to a third party appointed by the BoE.

The exercise by the relevant UKRA of any of the above powers under the Banking Act may limit the Issuer's capacity to meet its repayment obligations under its Relevant Securities and the exercise of any such powers (including especially the write-down and conversion of capital instruments power and the bail-in power) could lead to the holders of the Issuer's Relevant Securities losing some or all of their investment.

Moreover, trading behaviour in relation to the securities of the Issuer, including market prices and volatility, may be affected by the use of, or any suggestion of the use of, these powers and accordingly, in such circumstances, the Issuer's Relevant Securities are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the relevant UKRA or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Issuer's Relevant Securities, the market value of an investment in the Issuer's Relevant Securities and/or the Issuer's ability to satisfy its obligations under its Relevant Securities.

Although the Banking Act also makes provision for public financial support to be provided to an institution in resolution subject to certain conditions, it provides that the financial public support should only be used as a last resort after the relevant UKRA has assessed and exploited, to the maximum extent practicable, all the resolution tools, including the bail-in power. Accordingly, it is unlikely that investors in the Relevant Securities will benefit from such support even if it were provided.

If any of these risks materialises, this could have a material adverse effect on our business, financial condition, results of operations, prospects, customers and reputation.

The Group is subject to tax-related risks in the countries in which it operates

The Group is subject to the substance and interpretation of tax laws in all countries in which it operates and is subject to routine review and audit by tax authorities in relation thereto. Our interpretation or application of these tax laws may differ from those of the relevant tax authorities and we provide for potential tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities. The amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters.

In addition, potential changes to tax legislation, the approach taken by tax authorities in audits, and tax rates in the countries and territories in which we operate, in particular, those arising as a consequence of the OECD's Base Erosion and Profit Shifting project, could increase our effective tax rate in the future and have a material adverse effect on our business, financial condition, results of operations, prospects and capital position.

Risks Related to the Group's Operations

The Group's operations are highly dependent on the HSBC Group's information technology systems

We operate in an extensive and complex technology landscape, which must remain resilient to support customers, the Group and the markets in which we operate. Risks can arise where technology is not understood, maintained, or developed appropriately.

The reliability and security of the HSBC Group's information technology infrastructure is crucial to the Group's provision of financial services to our customers and protecting the HSBC brand.

The effective functioning of the HSBC Group's payment systems, financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between the Group's branches and main data processing centres, are important to the Group's operations.

Critical system failure, prolonged service unavailability or a material breach of data security, particularly of customer data, could compromise the Group's ability to serve its customers. Rapid advances in AI may further facilitate cyber-attacks or data compromise. Such scenarios could breach regulations and could cause long-term damage to the Group's business and brand that could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

The Group remains susceptible to a wide range of cyber risks

The threat of cyber-attacks remains a concern for the Group, as it does across the global financial sector. As cyber-attacks continue to evolve, failure to protect our operations may result in disruption for customers, manipulation of data or financial loss. This could adversely impact our customers and the Group.

Adversaries attempt to achieve their objectives by compromising the Group or our third-party suppliers. They use techniques that include malware (such as ransomware), exploitation of both known and unpublished (zero-day) software vulnerabilities, phishing emails, distributed denial of service attacks, as well as physical compromise of premises, or coercion of staff. Our customers may also be subject to these attack techniques. The Group, like other financial institutions, has experienced numerous common cyber-attacks, including for example, distributed denial of service and phishing attacks. Some of our third-party service providers have also experienced cyber-attacks. To date, we have not been materially affected by cybersecurity threats. However, we expect cyber-attacks to continue, and our business strategy, results of operations and financial condition could be materially affected by cybersecurity risks and any future material incidents.

Cybersecurity risks will continue to increase due to several factors, including the growing delivery of services over the internet; increased dependence on internet-based products, applications and data storage; and the expanding use of AI, which could enable sophisticated cyber-attacks. Additionally, the adoption of hybrid working models by the Group's employees, contractors, and third-party service providers and their sub-contractors contributes to this trend.

Failure to adhere to the Group's cybersecurity policies, procedures or controls, employee or third-party wrongdoing, human error, or governance or technological error could compromise the Group's ability to

defend against cyber-attacks. Should any of these cybersecurity risks materialise, they could have a material adverse effect on our customers, business, financial condition, results of operations, prospects and reputation.

The Group could incur losses or be required to hold additional capital as a result of model limitations or failure

The Group uses models for a range of purposes in managing its business, including regulatory capital calculations, stress testing, credit approvals, calculation of ECLs on an IFRS 9 basis, financial crime and fraud risk management and financial reporting.

The Group could face adverse consequences as a result of decisions that may lead to actions by management based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood, or the use of modelled information for purposes which it was not designed for, or by inherent limitations arising from the uncertainty inherent in predicting or estimating future outcomes. Regulatory scrutiny and supervisory concerns over banks' use of models are considerable, particularly the internal models and assumptions used by banks in the calculation of regulatory capital. If regulatory approval for capital models is not achieved in a timely manner or if those models are subject to negative feedback from regulators, the Group could face fines or be required to hold additional capital. Evolving regulatory requirements have resulted in changes to the Group's approach to model risk management, which poses execution challenges. The adoption of more sophisticated modelling approaches including AI and technology related developments by both the Group and the financial services industry could also lead to increased model risk. The HSBC Group's commitment to changes to business activities due to climate and sustainability challenges will also have an impact on model risk going forward. Models will play an important role in risk management and financial reporting of climate-related risks. Uncertainty around the long-dated impacts of climate change and lack of robust and high-quality climate related data present challenges to creating reliable and accurate model outputs for these models.

Model risk remains a key area of focus given the regulatory scrutiny in this area with local regulatory examinations taking place in many jurisdictions and revised principles on model risk published by the PRA which came into force in 2024, and further developments in policy expected from other regulators.

Risks arising from the use of models could have a material adverse effect on our business, financial condition, results of operations, prospects, capital position and reputation. See also "*Economic and market conditions and geopolitical developments may adversely affect the Group's financial condition and results*".

The Group's operations use third-party suppliers and service providers

The Group relies on third parties to provide goods and services. The use of third-party providers by financial institutions is of particular focus to global regulators. This includes how outsourcing decisions are made, how key relationships are managed, our understanding of third-party dependencies, and the potential impacts of third parties on our operational resilience.

The inadequate management of third-party risk could impact our ability to meet strategic, regulatory and customer expectations.

This may lead to a range of impacts, including regulatory censure, penalties or damage both to shareholder value and to our reputation. This could have a material adverse effect on our business, financial condition, results of operations, prospects, capital position and reputation.

Risks Related to Our Governance and Internal Controls

The Group's data management and data privacy controls must be sufficiently robust to support the increasing data volumes and evolving regulations

As the HSBC Group becomes more data-driven and the Group's business processes move to digital channels, the volume of data that the Group relies on has increased. As a result, management of data (including data storage and deletion, data quality, data privacy and data architecture) from creation to destruction must be robust and designed to identify quality and availability issues. Inadequate data management could result in

negative impacts to customer service, business processes, or require manual intervention to reduce the risk of errors in reporting to senior management, executives or regulators.

Expanding data privacy, national security and cybersecurity laws in a number of markets could pose potential challenges to intra-Group data sharing. These developments could increase financial institutions' compliance obligations in respect of cross-border transfers of personal information, which may affect our ability to manage financial crime risks across markets.

In addition, failure to comply with data privacy laws and other legislation in the jurisdictions in which we operate may result in regulatory sanctions. Any of these failures could have a material adverse effect on our business, financial condition, results of operations, prospects, and reputation.

Third parties may use the Group as a conduit for illegal activities without the Group's knowledge

We are required to comply with applicable financial crime laws and regulations, and have adopted various policies, procedures and controls aimed at preventing the exploitation of HSBC's products and services for criminal activity. Financial crime includes fraud, bribery and corruption, tax evasion and the facilitation of tax evasion, sanctions and export control violations and evasion, money laundering, terrorist financing and proliferation financing. There are instances, as permitted by regulation, where we may rely upon third parties to undertake certain financial crime risk management activities on our behalf. Any controls implemented and maintained by the Group to manage the risk created by such reliance may not prevent third parties from using us (and our relevant counterparties) as a conduit for financial crime, without our knowledge (and that of those counterparties).

Becoming a party to, associated with, or accused of being associated with, financial crime could damage our reputation and could make us subject to fines, sanctions and/or legal or regulatory enforcement. Any one of these outcomes could have a material adverse effect on our strategy, business, customers, financial condition, results of operations, prospects and reputation.

The Group is subject to the risk of financial crime

The Group is exposed to financial crime risk from our customers, staff and third parties engaging in criminal activity (see also "*Third parties may use the Group as a conduit for illegal activities without the Group's knowledge*") and, as such, the Group continues to face increasing regulatory expectations. In 2025, financial crime risk continued to be exacerbated by increasingly complex geopolitical challenges, the macroeconomic outlook, the complex and dynamic nature of sanctions and export control compliance, evolving financial crime regulations, rapid technological developments, an increasing number of national data privacy requirements and the increasing sophistication of fraud, scams and other criminal activities. The Group's ability to manage financial crime risk is dependent on the use and effectiveness of our financial crime risk assessments, systems and controls. Weak or ineffective financial crime processes and controls may risk the Group inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage.

The Group may suffer losses due to employee misconduct

The Group's businesses are exposed to risk from potential non-compliance with the HSBC Group's policies, including the HSBC Values, and associated behaviours and employee misconduct such as fraud, negligence or non-financial misconduct. These issues could lead to regulatory penalties and damage to our reputation or finances. In recent years, several global financial institutions have incurred significant losses due to rogue employee actions. While we strive to prevent and detect such misconduct, the HSBC Group's and our measures may not always be effective, or a regulator could find the HSBC Group's and our efforts to deter such activities inadequate.

The risk of misconduct may be heightened if our prevent-and-detect measures are less effective, particularly in remote and home working environments.

If any of these risks materialise, this could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

The delivery of the Group's strategic actions is subject to execution risk and the Group may not achieve all of the expected benefits of its strategic initiatives

Management of strategic execution risk is required for the Group to be able to deliver the HSBC Group's and its strategy, meet the HSBC Group's shareholders' expectations and maintain stakeholder confidence.

Executing the Group's strategy and meeting its targets necessitates effective prioritisation, planning, and management. This process may be influenced by operational capacity, the efficacy of key controls, and structural challenges arising from any mergers or acquisitions, including challenges in integrating any newly acquired businesses into the Group's business and instituting and maintaining appropriate transitional arrangements. Additionally, there is a possibility of unforeseen changes in the market or regulatory environment in which the Group operates, while complex technological changes are underway. The global economic outlook remains uncertain, particularly concerning legislative changes and geopolitical tensions. The scale, complexity, and concurrent demands of such transformation initiatives can result in heightened execution risk.

The Group's strategic actions seek to align with the HSBC Group's strategy and the HSBC Group's investors' expectations, yet they carry increased execution risk due to the emphasis on cost management and funding capacity. Consequently, there is a risk that the Group's cost and investment measures may not fully realise the anticipated benefits of its strategic initiatives.

The development and implementation of the Group's strategy require difficult and complex judgements, including forecasts of economic conditions in various geographies where the Group operates. The Group may fail to correctly identify the relevant factors in making decisions as to capital deployment and cost reduction. The Group may also encounter unpredictable changes in the external environment that are disadvantageous to our strategy.

There is a risk that the HSBC Group's reorganisation announced in 2024 may not achieve some or all of its goals and may fail to deliver or achieve the expected benefits of the HSBC Group's strategic initiatives.

If any of these risks materialise, this could have a material adverse effect on our customers, business, financial condition, prospects, operational resilience and reputation.

The Group's risk management measures may not be successful

The management of risk is a fundamental component of all the Group's activities, as outlined in the HSBC Group Risk Management Framework ("**RMF**"). Risk represents the Group's exposure to uncertainty and the potential variability in outcomes. Specifically, risk encompasses the negative impact on profitability or financial condition due to various sources of uncertainty, including retail and wholesale credit risk, treasury risk, traded risk, financial reporting and tax risk, resilience risk, strategic risk, legal risk, regulatory compliance risk, financial crime risk, people risk and model risk.

The Group employs a comprehensive and diversified set of risk monitoring and mitigation techniques, supported by the Three Lines of Defence model, which defines clear accountabilities across risk ownership, oversight, and independent assurance. However, these methods and the judgements involved cannot foresee every adverse event or the specifics and timing of every outcome. Inadequate risk management could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position, strategy and reputation.

Risks Related to the Group's Business

The Group's business has inherent reputational risk

Reputational risk is the risk of failing to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by the Group or a member of the HSBC Group, the Group's employees or those with whom the Group is associated.

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputational risk.

Stakeholder expectations constantly evolve, and so reputational risk is dynamic and varies between geographical regions, groups and individuals. In addition, the Group's business faces increasing scrutiny in respect of ESG-related matters. If the Group fails to act responsibly, or to contribute to the achievement of the HSBC Group's announced targets, commitments, goals or ambitions, in a number of areas, such as inclusion, climate, sustainability, workplace conduct, human rights, and support for local communities, the Group's reputation and the value of its brand may be negatively affected.

Social media and other broadcasting channels that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Reputational risk could also arise from negative public opinion about the actual, or perceived, manner in which the Group conducts its business activities, or its financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Negative public opinion may adversely affect the Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on our business, financial condition, results of operations, prospects and reputation.

Non-financial risks are inherent in the Group's business

The Group is exposed to many types of non-financial risks that are inherent in its operations. Non-financial risk can be defined as the risk to the Group of not achieving its strategy or objectives because of inadequate or failed internal processes, people and systems, or external events. It includes: breakdowns in processes or procedures, breaches of regulations or law, financial crime, financial reporting and tax errors, external events and systems failure or non-availability. These risks are also present when the Group relies on outside suppliers or vendors to provide services to the Group and its customers.

These non-financial risks may result in financial losses to the Group and/or its customers, an adverse customer experience, reputational damage and potential litigation, regulatory proceedings, administrative action or other adversarial proceedings in any jurisdiction in which the Group operates, depending on the circumstances of the event.

These non-financial risks could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position, operational resilience, strategy and reputation.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel

Our ongoing success and the successful execution of our strategy are partly reliant on retaining key management team members and our broader workforce, as well as ensuring the availability of skilled management and personnel across our businesses and functions. The complexity of our talent supply challenge is heightened by the shortage of talent and capabilities in our major markets, especially where specialist skills require global mobility. This challenge is further compounded by ongoing organisational changes, rapidly evolving skill requirements, regulatory developments, and heightened expectations for employing local nationals and fostering inclusion in certain jurisdictions.

The Group's ability to continue to attract, train, motivate and retain highly qualified professionals may also depend on factors beyond our control, including economic, market and regulatory conditions.

When acquiring or disposing of a Group operation, it is essential to comply with employment requirements, support affected employees and integrate new employees into the HSBC Group's values, culture and working practices.

Should businesses or functions fail to adequately staff their operations, lose key senior executives without timely and satisfactory replacements, or fail to implement necessary organisational changes to support the HSBC Group's strategy, this could have a material adverse effect on our business performance, prospects, reputation, operational resilience and overall control environment.

The Group has significant exposure to counterparty risk

The Group is exposed to counterparties that are involved in virtually all major industries, and the Group routinely executes transactions with counterparties in financial services, including brokers and dealers,

central clearing counterparties, commercial banks, investment banks, mutual and hedge funds, and other institutional clients.

Many of these transactions expose the Group to credit risk in the event of default by its counterparty or client.

The Group's ability to engage in routine transactions to fund its operations and manage its risks could be materially adversely affected by the actions and commercial soundness of other financial services institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships. As a consequence, a default by, or decline in market confidence in, individual institutions, or anxiety about the financial services industry generally, can lead to further individual and/or systemic difficulties, defaults and losses.

Mandatory central clearing of over the counter derivatives poses risks to the Group. As a clearing member, the Group is required to underwrite losses incurred at a central counterparty by the default of other clearing members and their clients. An increased move towards central clearing brings with it a further element of interconnectedness between clearing members and clients that the Group believes may increase rather than reduce the Group's exposure to systemic risk. At the same time, the Group's ability to manage such risk itself will be reduced because control has been largely outsourced to central counterparties, and it is unclear at present how, at a time of stress, regulators and resolution authorities will intervene.

Where bilateral counterparty risk has been mitigated by taking collateral, the Group's credit risk may remain high if the collateral the Group holds cannot be realised or has to be liquidated at prices that are insufficient to recover the full amount of the Group's loan or derivative exposure.

There is a risk that collateral cannot be realised, including situations where this arises by change of law, or the imposition of sanctions, that may influence the Group's ability to foreclose on collateral or otherwise enforce contractual rights.

The Group also has credit exposure arising from mitigants, such as credit default swaps, and other credit derivatives, each of which is carried at fair value. The risk of default by counterparties to credit default swaps and other credit derivatives used as mitigants affects the fair value of these instruments depending on the valuation and the perceived credit risk of the underlying instrument against which protection has been purchased. Any such adjustments or fair value changes could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position and reputation.

Any reduction in the credit rating assigned to the Issuer, any subsidiaries of the Issuer or any of their respective debt securities could increase the cost or decrease the availability of the Group's funding and materially adversely affect the Group's liquidity position and/or net interest margin

Credit ratings affect the cost and other terms upon which the Group is able to obtain market funding. Rating agencies regularly evaluate the Issuer and certain of its subsidiaries, as well as their respective debt securities. Their ratings are based on a number of factors, including their assessment of the relative financial strength of the Group or of the relevant subsidiary, as well as conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the Issuer's or the relevant subsidiary's current ratings or outlook based on bank rating methodologies applied by ratings agencies.

Any downgrade in ratings or negative change in outlook could increase the Group's funding costs, limit access to capital markets and increase collateral requirements, which could materially adversely affect the Group's net interest margin and liquidity.

Risks concerning borrower credit quality are inherent in the Group's businesses

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties (for example, reinsurers and counterparties in derivative transactions) are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or reduced recoverability of our assets arising from a general deterioration in economic conditions or systemic risks in the financial systems could require an increase in the Group's ECLs (see

"*Economic and market conditions and geopolitical developments may adversely affect the Group's financial condition and results*").

The Group estimates and recognises ECLs in the Group's credit exposure. This process, which is critical to the Group's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how the macroeconomic and geopolitical conditions might impair the ability of the Group's borrowers to repay their loans and the ability of other counterparties to meet their obligations. This assessment considers multiple alternative forward-looking economic conditions (including GDP estimates) and incorporates this into the ECL estimates to meet the measurement objective of IFRS 9. As is the case with any such assessments, the Group may fail to estimate accurately the effect of factors that it identifies, or fail to identify relevant factors. Further, the information we use to assess the creditworthiness of the Group's counterparties may be inaccurate or incorrect. Any failure by the Group to accurately estimate the ability of the Group's counterparties to meet their obligations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's insurance businesses are subject to risks relating to insurance claim rates and changes in insurance customer behaviour

The Group provides various insurance products for customers, including several types of life insurance products. The cost to support insurance claims and benefits can be influenced by many factors, including mortality and morbidity rates, lapse and surrender rates and, if the policy has a savings element, the performance of assets to support the liabilities. Adverse developments in any of these factors could materially adversely affect the Group's business, financial condition, results of operations, capital position, prospects and reputation.

The Group may be required to make substantial contributions to its pension plans

The Group operates a number of pension plans for its personnel, including defined benefit pension plans. Pension scheme obligations fluctuate with changes in long-term interest rates, inflation, salary levels and the longevity of scheme members. They can also be affected by operational and legal risks. The level of contributions the Group makes to its pension plans has a direct effect on its cash flow. To the extent plan assets are insufficient to cover existing liabilities, higher levels of contributions may be required.

As a result, deficits in those pension plans could have a material adverse effect on the Group's business, financial condition, results of operations, capital position, prospects and reputation.

Risks Related to the Group's Financial Statements and Accounts

The Group's financial statements are based in part on judgements, estimates and assumptions that are subject to uncertainty

The preparation of financial information requires management to make judgements and use estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, particularly those involving the use of complex models, actual results reported in future periods could differ from the expectations on which management's estimates are based. Judgements, estimates, assumptions and models are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. The impacts of revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Accounting policies deemed critical to our results and financial position are those that involve a high degree of uncertainty and have a material impact on the financial statements. In 2025, these included expected credit losses, provisions for liabilities, deferred tax assets, valuation of financial instruments, non-current assets held for sale and investments in subsidiaries, which are discussed in detail in 'Critical estimates and judgements' on page 101 and Note 1.2 'Summary of material accounting policies' to the financial statements on pages 101-111 of our 2025 Annual Report and Accounts.

The measurement of ECL requires the selection and calibration of complex models and the use of estimates and assumptions to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Additionally, significant judgement is involved in determining what is considered to be significant increases in credit risk and what the point of initial recognition is for revolving facilities.

The recognition and measurement of deferred tax assets involve significant judgement regarding the probability and sufficiency of future taxable profits, taking into account the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganisations.

The recognition and measurement of provisions involve significant judgements due to the high degree of uncertainty in determining whether a present obligation exists, and in estimating the probability and amount of any outflows that may arise. For provisions for liabilities there continues to be a high level of management focus on legal and regulatory matters requiring significant accounting judgement. Most significant considerations would include assessing whether a present obligation exists, higher judgement for legal and regulatory provisions and sensitivity to assumptions and outcome uncertainty.

The valuation of financial instruments measured at fair value can be subjective, in particular where models are used that include unobservable inputs.

The assessment of investments in subsidiaries for impairment involves significant judgements in determining the value in use, in particular estimating the present values of cash flows expected to arise from continuing to hold the investment, based on a number of management assumptions.

Management judgement is needed to confirm whether IFRS 5 "held for sale" criteria are met, including that a disposal is highly probable and expected to complete within 12 months of classification. This judgement typically considers the likelihood of obtaining required regulatory and governmental approvals, which are almost always necessary for banking business sales. For larger, more complex disposals, it also covers the enforceability of any binding agreement, the strength of disincentives for non-performance, and the counterparty's ability to complete pre-completion work, meet conditions precedent, and fulfil contractual commitments within the planned timetable. Judgement must be reassessed each reporting period.

Given the uncertainty and subjectivity associated with the above critical accounting judgements and estimates, future outcomes may differ materially from those assumed using information available at the reporting date.

These judgements and estimates could have a material adverse effect on the future financial position of the Group, results of operations, capital position, prospects and reputation. For further details, see 'Critical estimates and judgements' on page 101 and Note 1.2 'Summary of material accounting policies' to the financial statements on pages 101-111 of our 2025 Annual Report and Accounts.

Changes in accounting standards may have a material impact on how the Group reports its financial results and financial condition

We prepare our consolidated financial statements in conformity with UK-adopted international accounting standards and with the requirements of the UK Companies Act 2006, and have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Our consolidated financial statements are also prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**") ("**IFRS Accounting Standards**"), including interpretations issued by the IFRS Interpretations Committee.

From time to time, the IASB or the IFRS Interpretations Committee may issue new accounting standards or interpretations that could materially impact how we calculate, report and disclose our financial results and financial condition, and which may affect our capital ratios, including the CET1 ratio. We could also be required to apply new or revised standards retrospectively, resulting in our restating prior period financial statements in material amounts. This could have a material adverse effect on our business, financial condition, results of operations and capital position.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer, the information contained in this Registration Document is in accordance with the facts and this Registration Document does not omit anything likely to affect the import of such information.

This Registration Document is to be read and construed with all documents incorporated by reference into it.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any trustee or any dealer appointed in relation to any issue of Securities by the Issuer.

This Registration Document, including any documents incorporated by reference herein should not be considered as a recommendation by the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer that any recipient of this Registration Document, including any document incorporated by reference herein, should purchase any Securities issued by the Issuer. Each investor contemplating subscribing for or purchasing Securities issued by the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. No part of this Registration Document, including any documents incorporated by reference herein, constitutes an offer or invitation by or on behalf of the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer or any of them to any person to subscribe for or to purchase any of the Securities issued by the Issuer.

None of the delivery of this Registration Document or any documents incorporated by reference herein or any prospectus prepared by the Issuer in relation to which this Registration Document is incorporated by reference (a "**Prospectus**") or any relevant Final Terms or the offering, sale or delivery of any Securities shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that the information contained in this Registration Document including any documents incorporated by reference herein is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. Any dealer or trustee appointed in relation to any issue of Securities by the Issuer expressly does not undertake to review the financial condition or affairs of the Issuer or its subsidiary undertakings during the life of such Securities.

The distribution of this Registration Document, including any document incorporated by reference herein, and the offer or sale of Securities issued by the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any Securities issued by the Issuer come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities issued by the Issuer and on the distribution of this Registration Document, including any document incorporated by reference herein, see the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus or the relevant Final Terms.

In this Registration Document and in relation to any Securities issued by the Issuer, references to the "**relevant dealers**" are to whichever of the dealers enters into an agreement for the issue of such Securities issued by the Issuer as described in the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus and references to the "**relevant Final Terms**" are to the Final Terms or Pricing Supplement relating to such Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Registration Document:

- the 2025 Annual Report and Accounts, available at: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2025/annual/pdfs/hsbc-bank-plc/260225-annual-report-and-accounts-2025.pdf; and

- the 2024 Annual Report and Accounts, available at https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2024/annual/pdfs/hsbc-bank-plc/250219-annual-report-and-accounts-2024.pdf.

The Issuer will, at its registered office, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Registration Document including any document incorporated by reference in this Registration Document. Written or oral requests for inspection of such documents should be directed to the Issuer's registered office. Additionally, this Registration Document will be available for viewing at https://www.hsbc.com/investors/fixed-income-investors/issuance-programmes?page=1&take=20 and all the documents incorporated by reference herein will be available for viewing at https://www.hsbc.com (please follow links to 'Investors', 'Results and announcements', 'All reporting' and 'Subsidiaries'). For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, any websites referred to in this Registration Document or any information appearing on such websites and pages do not form part of this Registration Document.

Any information incorporated by reference in the above documents does not form part of this Registration Document and, to the extent that only certain parts of the above documents are specified to be incorporated by reference hereunder, the non-incorporated parts of such documents are either not relevant for investors or are covered elsewhere in this Registration Document.

THE ISSUER AND ITS SUBSIDIARY UNDERTAKINGS

All references in this section of the Registration Document to "Issuer" refer to HSBC Bank plc, all references to "Group" refer to HSBC Bank plc and its subsidiary undertakings, all references to "HSBC Group" refer to HSBC Holdings plc and its subsidiary undertakings.

History and Development of the Issuer

The Issuer is a public limited company registered in England and Wales under registration number 00014259. The liability of its members is limited. It has its registered office and head office at 8 Canada Square, London, E14 5HQ, United Kingdom and the telephone number is +44 20 7991 8888. The Issuer was constituted by Deed of Settlement on 15 August 1836 and in 1873 was registered under the Companies Act 1862 as an unlimited company. It was re-registered as a company limited by shares under the Companies Acts 1862 to 1879 on 1 July 1880. On 27 November 1923, the Issuer adopted the name of Midland Bank Limited which it held until 1 February 1982 when the Issuer was re-registered under the Companies Acts 1948 to 1980 as a public limited company and changed its name to Midland Bank plc. During the year ended 31 December 1992, Midland Bank plc became a wholly-owned subsidiary undertaking of HSBC Holdings plc ("**HSBC Holdings**") and by special resolution on 27 September 1999 changed its name from Midland Bank plc to HSBC Bank plc. For the purposes of advertising, the Issuer uses the abbreviation HSBC.

Legislation

The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, *inter alia*, UK Financial Services and Markets Act 2000 (as amended) ("**FSMA 2000**") for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the UK Companies Act 2006 (as amended).

Principal activities and markets

The information in this "*Principal activities and markets*" section is as at the date of this Registration Document. The Group provides a comprehensive range of banking and related financial services.

The HSBC Group's products and services are delivered to clients through four businesses: Hong Kong; UK; Corporate and Institutional Banking; and International Wealth and Premier Banking.

HSBC Group's Hong Kong business comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.

HSBC Group's UK business comprises UK Retail Banking and Wealth (including first direct and M&S Bank) and UK Commercial Banking, including HSBC Innovation Bank.

HSBC Group's Corporate and Institutional Banking ("**CIB**") business integrates HSBC's Commercial Banking business (outside the UK and Hong Kong) with HSBC's Global Banking and Markets business.

HSBC Group's International Wealth and Premier Banking ("**IWPB**") business comprises Premier banking outside of Hong Kong and the UK, HSBC's Private Bank, Asset Management and Insurance businesses.

The Issuer includes CIB and IWPB businesses in Europe. The region acts as a global connector, linking European clients to opportunities across the HSBC Group's network, and global clients to opportunities in Europe. It deploys significant capital to support European clients, that in turn helps drive profitable business booked in other parts of the HSBC Group's network.

The Issuer's CIB business integrates the Issuer's Commercial Banking business with its Global Banking and Markets business.

In Europe, IWPB serves customers through its distinct propositions, Premier and International Banking and the Issuer's Private Bank, with a focus on serving customers' wealth needs. These customers' needs are catered for through the Issuer's integrated product and manufacturing capabilities of Wealth & Premier Solutions, Asset Management and Insurance.

As at 31 December 2025, the Issuer and its subsidiaries had a presence in Belgium, Bermuda, the Channel Islands and the Isle of Man, the Czech Republic, France, Germany, Ireland, Israel, Italy, Luxembourg,

Malta (announced planned exit), the Netherlands, Poland, South Africa (sale of business in South Africa completed during the first quarter of 2026), Spain, Sweden, Switzerland and the UK.

As at 31 December 2025, the Issuer's main subsidiary undertakings and their country of incorporation or registration were:

Name of Subsidiary Undertakings	Location
HSBC Investment Bank Holdings Limited	England and Wales
HSBC Private Bank (Suisse) SA	Switzerland
HSBC Bank Bermuda Limited	Bermuda
HSBC Continental Europe (99.99 per cent. owned)	France
HSBC Bank Malta p.l.c.[1] (70.03 per cent. owned)	Malta
HSBC Life (UK) Limited[2]	England and Wales
HSBC Securities Services (Ireland) DAC	Ireland
HSBC Trustee (C.I.) Limited	Jersey
Internationale Kapitalanlagegesellschaft mit beschränkter Haftung[1]	Germany
HSBC Private Bank (Luxembourg) S.A.	Luxembourg
HSBC Life Assurance (Malta) Limited (70.03 per cent. owned)	Malta

[1] For further information on the planned sales of HSBC Bank Malta p.l.c. and Internationale Kapitalanlagegesellschaft mit beschränkter Haftung, please see Note 34 '*Assets held for sale and liabilities of disposal groups held for sale*' in the notes to the financial statements in the 2025 Annual Report and Accounts.

[2] On 30 January 2026, HSBC Bank plc completed the sale of its UK life insurance entity, HSBC Life (UK) Limited.

The subsidiaries, joint ventures and associates of the Issuer are described in more detail on pages 163 to 165 of the 2025 Annual Report and Accounts (incorporated by reference herein).

Organisational Structure

The Issuer is a wholly and directly owned subsidiary of HSBC Holdings.

The HSBC Group is one of the largest banking and financial services organisations in the world with an international network which covers 56 countries and territories. Within these regions, a range of banking and related financial services is offered to personal, commercial, corporate, institutional, investment and private banking clients. As at 31 March 2026, the total assets of the HSBC Group were U.S.$ 3,306,011 million.

Ratings

The Issuer has been assigned the following long-term credit ratings:

- A+ by S&P. This means that S&P is of the opinion that the Issuer has a strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories;
- A1 by Moody's. This means that Moody's is of the opinion that the Issuer is upper-medium-grade and is subject to low credit risk; and
- AA by Fitch. This means that Fitch is of the opinion that the Issuer poses expectations of very low default risk, indicates very strong capacity for payment of financial commitments and this capacity is not significantly vulnerable to foreseeable events.

The Issuer has also been assigned the following short-term credit ratings:

- A-1 by S&P. This means that S&P is of the opinion that the Issuer's capacity to meet its financial commitments on its short-term obligations is strong.
- P-1 by Moody's. This means that Moody's is of the opinion that the Issuer has a superior ability to repay short-term debt obligations; and
- F1+ by Fitch. This means that Fitch is of the opinion that the Issuer has an exceptionally strong credit feature and the strongest intrinsic capacity for timely payment of short-term financial commitments.

Each of S&P, Moody's and Fitch is established in the United Kingdom and is registered as a credit rating agency under the UK CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Directors of the Issuer

The directors of the Issuer, each of whose business address is 8 Canada Square, London, E14 5HQ, United Kingdom, their functions in relation to the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

Name	Function(s) within the Issuer	Principal activities outside of the Issuer
E Murray*	Chair	Senior Independent Non-executive Director and Chair of the Group Technology and Operations Committee, member of the Remuneration Committee, Chairman's Committee and Nomination and Corporate Governance Committee, of HSBC Holdings plc
		Chair of Broadridge Financial Solutions, Inc and Invisible Urban Charging
		Non-executive Director of Guardian Life Insurance Company of America
		Advisor to Liberty City Ventures
M Roberts	Director and Chief Executive Officer	—
K Mahtani	Director and Chief Financial Officer	—
P Clackson*	Director	—
J Ellis*	Director	—
E Goh*	Director	Chair, Singapore Institute of Management Group Ltd
		Independent non-executive director, Jebsen & Jessen Pte Ltd
		Member, Singapore Council of Board Diversity and the Public Service Commission
K Gurney**	Director	General Counsel, Asia and Middle East, The Hongkong and Shanghai Banking Corporation Limited
D Hannigan*	Director	Independent Non-executive Director, Chair of the Audit Committee, Chair of the Nomination Committee and member of the Risk Committee, HSBC Continental Europe
		Independent Non-Executive Director, member of the Nomination and Governance Committee, member of the Audit Committee, member of the Risk Committee and Chair of the Investment Committee, New Ireland Assurance Company plc
		Chair of the Board of Dublin City University Educational Trust
L O'Donald*	Director	Co-founder/ Partner, Arboreal Risk Advisors LLP
		Member, GARP Board of Trustees
		Advisor, Citizens Advice Bureau
		Trustee, Dorchester Sailing Club
A Wright*	Director	—

Name	Function(s) within the Issuer	Principal activities outside of the Issuer
S Branch*	Director	Chair, Target Ovarian Cancer
M de Jong*	Director	Advisor, Pollen Street Capital and Frame Vastgoed
		Non-executive Director of Jeremia BV
		Managing Director and owner of Jumons BV

Notes:
* Independent Non-executive Director

** Internal Non-executive Director

Conflicts of Interest

There are no existing or potential conflicts of interest that are material in relation to the Securities of the Issuer issued pursuant to a relevant prospectus or other offering document between any duties owed to the Issuer by the directors of the Issuer and their private interests and/or other external duties.

Share Capital and Major Shareholders

For details on the share capital of the Issuer as at 31 December 2025, see "*Note 29 - Called up share capital and other equity instruments"* on page 155 of the 2025 Annual Report and Accounts. See "*Organisational Structure*" above for details of the Issuer's current shareholder.

Corporate Governance

For details on the Issuer's corporate governance regime, see the section headed "*Corporate Governance Report*" on pages 73 to 80 of the 2025 Annual Report and Accounts.

Dividends

The Issuer paid the following dividends in relation to its issued shares during the previous three years:

Year	Aggregate Dividends (in £m)	Comments
2023	750	Including payment of U.S.$26,250 under the Non-Cumulative Third Dollar Preference Shares.
2024	312	Including payment of U.S.$26,250 under the Non-Cumulative Third Dollar Preference Shares.
2025	1,683	Including payment of U.S.$26,250 under the Non-Cumulative Third Dollar Preference Shares.

In addition, the Issuer's board approved the payment of an interim dividend of £298 million in respect of 2026, which is expected to be paid in June 2026.

GENERAL INFORMATION

All references in this section of this Registration Document to "Issuer" refer to HSBC Bank plc, all references to "Group" refer to HSBC Bank plc and its subsidiary undertakings, and all references to "HSBC Group" refer to HSBC Holdings plc and its subsidiary undertakings.

1. The annual consolidated financial statements of the Issuer contained within the 2025 Annual Report and Accounts and the 2024 Annual Report and Accounts comply with UK-adopted international accounting standards and with the requirements of the UK Companies Act 2006, and have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. Such financial statements are also prepared in accordance with IFRS Accounting Standards, including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS Accounting Standards for the periods presented.

2. There has been no significant change in the financial position or financial performance of the Issuer or the Group nor any material adverse change in the prospects of the Issuer since 31 December 2025.

3. Save as disclosed in Note 25 "*Provisions*" on pages 148 to 149 and Note 32 "*Legal proceedings and regulatory matters*" on pages 157 to 158, of the 2025 Annual Report and Accounts (incorporated by reference herein), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Registration Document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.

4. PricewaterhouseCoopers LLP, of 1 Embankment Place, London, WC2N 6RH, United Kingdom has audited without qualification the consolidated financial statements of the Issuer contained in the 2025 Annual Report and Accounts and the 2024 Annual Report and Accounts for the financial years ended 31 December 2025 and 31 December 2024, respectively. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

5. The date of the articles of association of the Issuer is 11 June 2024.

6. The Issuer does not have a specific purpose or objects clause in its articles of association. The Issuer is an authorised institution under FSMA 2000 and provides a comprehensive range of banking and related financial services.

7. For so long as the Issuer may issue Securities with respect to which this Registration Document forms part of a prospectus prepared by the Issuer relating to such Securities, the following documents may be inspected during normal business hours at the registered office of the Issuer or at the website set out by each relevant document listed below for the 12 months from the date of this Registration Document:

   (a) the up to date articles of the Issuer (website: www.hsbc.com (please follow links to 'Investors', 'Fixed income investors' and 'Issuance programmes')); and

   (b) the 2025 Annual Report and Accounts and the 2024 Annual Report and Accounts (website: www.hsbc.com (please follow links to 'Investors', 'Results and announcements', 'All reporting' and 'Subsidiaries')).

8. The Issuer will, at its registered office, make available for inspection during normal business hours, free of charge, upon oral or written request, a copy of this Registration Document (including any documents incorporated by reference herein). Written or oral requests for such documents should be directed to the registered office of the Issuer.

9. This Registration Document (including any documents incorporated by reference herein) will be available for viewing at www.hsbc.com (please follow links to 'Investors', 'Fixed income investors' and 'Issuance programmes' for this Registration Document and 'Investors', 'Results and announcements', 'All reporting' and 'Subsidiaries' for the remaining documents). For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on the website does not form part of this Registration Document.

10. The Legal Entity Identifier (LEI) code of the Issuer is MP6I5ZYZBEU3UXPYFY54.

HEAD AND REGISTERED OFFICE OF THE ISSUER

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

PAYING AGENTS

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

HSBC Bank USA, National Association
Issuer Services
66 Hudson Boulevard East
545W9, New York
NY 10001
United States of America

AUDITOR TO THE ISSUER

PricewaterhouseCoopers LLP
1 Embankment Place
London, WC2N 6RH
United Kingdom