HSBC Continental Europe

Universal registration document and Annual Financial Report 2025

HSBC

AUTORITÉ
DES MARCHÉS FINANCIERS

The universal registration document has been filed on 25 February 2026 with the AMF as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to Article 9 of that Regulation.

The universal registration document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if supplemented by a securities note and, where applicable, a summary and any amendments to the universal registration document. These documents are subject to approval by the AMF in accordance with Regulation (EU) n°2017/1129.

This annual financial report is a reproduction in PDF format of the official version of the annual financial report in XHTML version filed with the AMF on 25 February 2026 and available on our website www.hsbc.fr.

Contents

Cautionary statement regarding forward-looking statements

This Universal Registration Document 2025 contains certain forward-looking statements with respect to the company's financial condition; results of operations and business, including the strategic priorities; financial, investment and capital targets; and the company's ability to contribute to the HSBC Group's environmental, social and governance ('ESG') ambitions, targets and commitments described herein.

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

Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements which may or may not prove to be correct.

In addition, the Universal Registration Document 2025 contains a number of forward-looking statements (as defined above) with respect to HSBC Continental Europe ESG-related ambitions, targets, commitments, climate-related pathways, processes and plans, and the methodologies and scenarios we use, or intend to use, to assess our progress in relation to these ('ESG-related forward-looking statements').

In preparing the ESG-related information contained in the Universal Registration Document 2025, HSBC Continental Europe has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. HSBC Continental Europe has used ESG (including climate) data, models and methodologies that we consider, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse financed emissions and operational and supply chain emissions, to set ESG-related targets and to evaluate the classification of sustainable finance and investments. However, these data, models and methodologies are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and HSBC Continental Europe expects industry guidance, market practice, and regulations in this field to continue to change. HSBC Continental Europe also faces challenges in relation to its ability to access data on a timely basis, lack of consistency and comparability between data that is available and its ability to collect and process relevant data. Consequently, the ESG-related forward-looking statements and ESG metrics disclosed in the Universal Registration Document 2025 carry an additional degree of inherent risk and uncertainty.

Due to the unpredictable evolution of climate change and its future impact and the uncertainty of future policy and market response to ESG-related issues and the effectiveness of any such response, HSBC Continental Europe may have to re-evaluate its progress towards its ESG-related ambitions, targets and commitments in the future, update the methodologies it uses or alter its approach to ESG (including climate) analysis and may be required to amend, update and recalculate its ESG-related disclosures and assessments in the future, as market practice and data quality and availability develop.

No assurance can be given by or on behalf of HSBC Continental Europe as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, ambitions, targets, commitments, prospects or returns contained herein. Readers are cautioned that a number of factors, both external and those specific to HSBC Continental Europe, could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any ESG-related forward-looking statement or metric due to a variety of risks, uncertainties and other factors (including without limitation those referred to below):

- Climate change projection risk: this includes, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts;
- ESG projection risk: ESG-related metrics are complex and are still subject to development. In addition, the scenarios employed in relation to them, and the models that analyse them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology-driven outcomes;
- Data availability, accuracy, verifiability and data gaps: HSBC Continental Europe's disclosures are limited by the availability of high quality data in some areas and its own ability to timely collect and process such data as required. Where data is not available for all sectors or consistently year on year, there may be an impact to its data quality scores. The accuracy and reliability of data is also impacted by the diverse range of internal and external data sources and data structures needed for climate-related reporting. While HSBC Continental Europe expects its data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be unexpected fluctuations within sectors year on year, and/or differences between the data quality scores between sectors. Any such changes in the availability and quality of data over time, or HSBC Continental Europe's ability to collect and process such data, could result in revisions to reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on year;
- Developing methodologies and scenarios: the methodologies and scenarios HSBC Continental Europe uses to assess financed emissions and set ESG-related targets may develop over time in line with market practice, industry standards, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data, including on financed emissions or the classification of sustainable finance and investments, meaning that data outputs may not be reconcilable or comparable year-on year; and
- Risk management capabilities: global actions, including HSBC Continental Europe's own actions, may not be effective in transitioning to net zero and in managing relevant ESG risks, including in particular climate, nature-related and human rights risks, each of which can impact HSBC Continental Europe both directly and indirectly through its customers, and which may result in potential financial and non-financial impacts to HSBC Continental Europe. In particular:
  - HSBC Group may not be able to achieve its ESG ambitions, targets and commitments (including with respect to the positions set forth in its thermal coal phase-out policy and its energy policy, and its targets to reduce its on-balance sheet financed emissions and, where applicable, facilitated emissions in its portfolio of selected high-emitting sectors), which may result in its failure to achieve some or all of the expected outcomes of its strategic priorities, and raise reputational concerns; and
  - HSBC Continental Europe may not be able to develop sustainable finance and ESG-related products consistent with the evolving expectations of its regulators, and its capacity to measure the environmental and social impacts from its financing activity may diminish (including as a result of data and model limitations and changes in methodologies), which may affect HSBC Continental Europe contributing to the HSBC Group's ability to achieve its ESG ambitions, targets and commitments, including its net zero ambition, its targets to reduce its on-balance sheet financed emissions and, where applicable, facilitated emissions in its portfolio of selected high-emitting sectors and the positions set forth in its thermal coal phase-out policy and energy policy, and increase the risk of greenwashing.

The HSBC Group's data dictionaries and methodologies for preparing the above ESG-related metrics and third-party limited assurance reports can be found on: www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Key financial metrics

For the year (€m)	31 Dec 2025	31 Dec 2024[1]
Net operating income before change in expected credit losses and other credit risk provisions in respect of continuing operations[2]	**3,683**	3,547
Profit/(loss) before tax in respect of continuing operations	**725**	1,138
Profit/(loss) for the year[3]	**(644)**	603
Profit/(loss) attributable to shareholders of the parent company[3]	**(657)**	568
At year end (€m)		
Total equity attributable to shareholders of the parent company	**13,381**	14,642
Total assets	**251,391**	265,008
Risk-weighted assets[4]	**60,303**	63,297
Loans and advances to customers (net of impairment allowances)	**42,835**	51,288
Customer accounts	**97,107**	97,065
Capital ratios %		
Common equity tier 1	**16.4**	18.8
Total Tier 1	**18.4**	21.1
Total capital	**21.6**	23.5
Leverage Ratio	**4.3**	5.4
Liquidity Ratios %		
Liquidity Coverage Ratio ('LCR')[5]	**147**	150
Net stable Funding Ratio ('NSFR')[5]	**164**	137
Performance, efficiency and other ratios %		
Return on average ordinary shareholders' equity[3,6]	**(6.1)**	4.3
Pre-tax return on average risk-weighted assets[3,6]	**(0.9)**	1.7
Cost efficiency ratio in respect of continuing operations[7]	**75.8**	65.4
Ratio of customer advances to customer accounts	**44.1**	52.8

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Net operating income before change in expected credit losses and other credit risk provisions is also referred to as revenue.
3 Balances are disclosed in respect of continuing and discontinued operations. Refer to Note 2 of the consolidated financial statements.
4 RWAs for Q4 2025 are calculated based on CRR3 requirements. Comparatives are subject to CRR2 rules.
5 In line with CRR requirements, LCR is disclosed as an average of 12 months and NSFR at reporting date. Additionally, the components of the LCR & NSFR calculation have been represented to comply with EBA reporting requirements.
6 Definitions and calculations of other alternative performance measures are included in our 'Reconciliation of alternative performance measures' on page 16.
7 Cost efficiency is defined as total operating expenses divided by net operating income before change in expected credit losses and other credit risk provisions.

Performance highlights

Revenue performance in 2025 was strong with increased client activity and deposit growth in Corporate and Institutional Banking ('CIB') offsetting the impacts of lower interest rates on net interest margins.

During the year, HSBC Continental Europe accelerated the execution of its strategy, completing the sale of the life insurance business and the legacy retail portfolio in France, as well as the private banking business in Germany. HSBC Continental Europe also signed agreements to sell its custody and fund administration businesses in Germany and its majority stake in HSBC Bank Malta p.l.c. and simplified its organisation to make it more agile by bringing together Commercial Banking and Global Banking and Markets activities. These strategic actions resulted in a reported loss for the year ending 2025.

The HSBC Group is focused on increasing its leadership and market share in areas where it has a clear competitive advantage, and where it has the greatest opportunity to grow and support its clients. This includes connecting European clients to opportunities across the HSBC Group's international network and supporting the needs of the HSBC Group's global client base in Europe.

HSBC Continental Europe has been recognised as the #1 Trade Finance Provider in Western Europe (Euromoney, 2026) and the Best Bank for Cash and Liquidity Management in Europe (Treasury Management International, 2026).

Net operating income before change in expected credit losses and other credit impairment charges was EUR 3,683 million, up compared to EUR 3,547 million in 2024, this increase being driven by the gain on sale of the private banking business in Germany. CIB revenues were stable with growth in markets activities and deposit balances, offset by the impact of lower interest rates on net interest margins. International Wealth and Premier Banking ('IWPB') revenues were stable excluding the gain on sale of the private banking business in Germany.

Change in expected credit losses and other credit impairment charges was a charge of EUR 166 million, compared with a charge of EUR 91 million in 2024. The cost of risk, at 39 basis points, was driven by higher stage 3 provisions. The credit risk profile of the portfolio remains diversified and stable.

Operating expenses were EUR 2,792 million in 2025, up compared to EUR 2,318 million in 2024, due to restructuring costs of EUR 473 million[1] and investment in technology.

Profit before tax, in respect of continuing operations, was EUR 725 million, compared to EUR 1,138 million in 2024 driven by the above-mentioned restructuring costs.

Loss after tax, in respect of continuing and discontinued operations, was EUR 644 million, compared to a profit of EUR 603 million in 2024, and included the loss on sale of the life insurance business and the retained portfolio of home and certain other loans in France.

1 Includes provisions for termination benefits, impairment of non-financial assets, and other costs related to business disposals.

Presentation of activities and strategy

About HSBC Group

With assets of USD 3.2 trillion and operations in 57 countries and territories at 31 December 2025, HSBC is one of the largest banking and financial services organisations in the world. Approximately 41 million customers bank with the HSBC Group and the HSBC Group employs around 208,000 full-time equivalent staff.

HSBC's strategic priorities

The HSBC Group strategy supports its ambition to be the most trusted bank globally, putting customers at the heart of everything it does. HSBC helps meet its customers' financial needs and supports them to achieve their goals with its products and services, while navigating the complexities of the global market through its deep international network, supported with the stability and strength of its balance sheet. HSBC Group priorities are:

- **Be simple and agile**: HSBC aims to make fast, safe decisions - adapting to change by staying relevant, driving simplification and being future ready through technology and digitisation.
- **Drive customer-centricity**: HSBC is intensely focused on its customers – helping to deliver excellent outcomes, drive loyalty, and serve its customers for the long term through the depth of what HSBC offers as a franchise.
- **Deliver focused sustainable growth**: As a leading international bank, HSBC aims to drive long-term, sustainable growth, focused on areas of competitive strength.

HSBC's organisational structure

Since 1 January 2025, the HSBC Group has operated through four new businesses to simplify its organisational structure and accelerate delivery against its strategic priorities.

- Hong Kong: The Hong Kong business has a leading market position. It comprises Retail Banking and Wealth and Commercial Banking of HSBC Hong Kong and Hang Seng Bank.
- UK: The UK business has a leading market position. It comprises Retail Banking and Wealth (including First Direct and M&S Bank) and UK Commercial Banking, including HSBC Innovation Bank.
- Corporate and Institutional Banking ('CIB'): the CIB business is a market leader in cross-border transaction banking and capital markets. It integrates the Commercial Banking business (outside the UK and Hong Kong) with Global Banking and Markets business.
- International Wealth and Premier Banking ('IWPB'): the IWPB business comprises Premier banking outside of Hong Kong and the UK, Private Bank, Asset Management and Insurance businesses.

HSBC's values

At HSBC, our values guide us in all our actions – from strategic decisions to day-to-day interactions with customers and each other. Our values are rooted in HSBC's history, heritage and character, and help us deliver on our purpose.

- We get it done: Moving at pace and making things happen.
- We value difference: Seeking out different perspectives.
- We take responsibility: Holding ourselves accountable and taking the long view.
- We succeed together: Collaborating across boundaries.

HSBC in Europe

Europe plays a pivotal role in the global economy, contributing approximately 25.5 per cent to global Gross Domestic Product ('GDP') with an estimated USD 31.5 trillion out of a worldwide total USD 123.6 trillion (IMF World Economic Outlook, October 2025). Europe is the world's leading exporter of services, where the region accounts for nearly 49 per cent of global exports amid total global trade exceeding USD 35 trillion in 2025 (UNCTAD December 2025, Global Trade Update and Handbook of Statistics). Europe's share of global trade stands at around 18-20 per cent, based on EU figures for goods (UNCTAD December 2025 Global Trade Update). Europe ranks as the second-largest exporter of manufactured goods behind China (WTO Key Insights and Trends in 2024).

HSBC Bank plc is the parent company of HSBC Continental Europe and is one of Europe's largest banking and financial services organisations with assets of £709 billion at 31 December 2025. HSBC Bank plc employs around 9,800 people across its locations. HSBC Bank plc is responsible for HSBC's European business, apart from UK retail and some UK commercial banking activity which, post ring-fencing, is managed by HSBC UK Bank plc. HSBC Bank plc helps to facilitate trade within Europe and between Europe and other jurisdictions where the HSBC Group has a presence.

HSBC Bank plc operates as one integrated business with two main hubs in London and Paris, with presence in 18 markets. The London hub consists of the UK non-ring fenced bank, which provides overall governance and management for the Europe region as a whole and is a global centre of excellence for Corporate and Institutional Banking for the Group.

About HSBC Continental Europe

HSBC in Continental Europe

HSBC Continental Europe is the dedicated Intermediate Parent Undertaking ('IPU') for the European Union ('EU') and comprises mainly the Paris hub, its EU branches (Belgium, Czech Republic, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and its banking subsidiaries in Malta and Luxembourg.

HSBC Continental Europe has been undertaking a transformation to focus its resources on being the leading corporate and institutional bank for international clients in Europe. This includes increasing our leadership and market share in areas where we have a clear competitive advantage, and the greatest opportunity to grow and support our clients, in particular connecting European clients to opportunities across HSBC's international network and supporting the European needs of HSBC's global client base. HSBC Continental Europe's strategy is consistent with the HSBC strategy and supports the Group's ambition to be the most trusted bank globally, putting customers at the heart of everything it does.

Focusing for Growth

Measures taken to restructure the business will position HSBC Continental Europe to be even more competitive by focusing its resources on areas where it has a clear competitive advantage. Over the coming period, HSBC Continental Europe will finalise the exits of these non-strategic activities while continuing to invest in people and technology to meet the needs of its international clients.

On 1 January 2024, HSBC Continental Europe completed the sale of its French retail banking operations. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of EUR 7.1 billion of home and certain other loans at the time of the sale. On 31 October 2025, HSBC Continental Europe completed the sale of this portfolio to a consortium comprising Rothesay Life Plc and CCF.

On 3 October 2025, HSBC Continental Europe completed the sale of its private banking business in Germany to BNP Paribas.

On 31 October 2025, HSBC Continental Europe completed the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle.

On 14 May 2025, following HSBC Group announcements, HSBC Continental Europe proposed developments for the bank that reflected the acceleration of the implementation of HSBC's strategy aimed at simplifying the organisation to make it more agile, bringing together Commercial Banking activities and Global Banking and Markets activities. This project across 10 countries was subject to a consultation with the European Works Council. Local consultations were also required in France (through a 'Plan de Sauvegarde de l'Emploi' (Social Plan) including a voluntary scheme) and in Germany before any implementation. The implementation of the reorganisation of HSBC Continental Europe's activities began in November 2025. During 2025, HSBC Continental Europe recognised EUR 292 million of restructuring costs relating to these actions, primarily termination benefits.

On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction is anticipated to be completed in a phased manner, starting in the first quarter of 2026.

On 11 July 2025, HSBC Continental Europe reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH ('INKA'), to BlackFin Capital Partners S.A.S. This transaction, which remains subject to regulatory approval, is expected to complete in the second half of 2026.

On 16 September 2025, HSBC Continental Europe signed a put option agreement with CrediaBank S.A. regarding the potential sale of its majority shareholding of 70.03% in HSBC Bank Malta plc. On 22 December 2025, pursuant to the terms of the put option agreement and following completion of HSBC Continental Europe's employee information and consultation process in France, a Sale and Purchase Agreement for the transaction was signed. This planned Transaction would be expected to complete in the first half of 2027, subject to obtaining corporate and regulatory approvals.

▶ For further details on disposals and events after the balance sheet date, please see notes 1 'Basis of preparation and material accounting policies' on pages 198 to 199 and 14 'Events after the balance sheet date'on page 286.

Business segments

Aligned to the changes announced by HSBC Group during 2025, HSBC Continental Europe managed its products and services through its business lines: Corporate and Institutional Banking and International Wealth and Premier Banking.

HSBC Continental Europe comprises CIB and IWPB businesses in Europe and acts as a global connector, linking European clients to opportunities across the HSBC global network, and global clients to opportunities in Europe. It deploys capital to support European clients, that in turn drives business booked through the HSBC network.

Corporate and Institutional Banking, International Wealth and Premier Banking, as well as the Corporate Centre (comprising: certain legacy assets and central stewardship costs) operating segment results are presented on this basis in 'Income statement by global business (continuing operations)' on page 11.

These segments are supported by the Chief Operating Officer, and global functions - including Risk, Finance, Compliance, Legal, People and Internal Audit.

Corporate and Institutional Banking

CIB's ambition is to be the world's leading international Corporate and Institutional Bank, focused on Transaction Banking, Financing and Distribution.

HSBC Continental Europe is fully aligned to this ambition.

International Wealth and Premier Banking

In Europe, IWPB serves customers through its distinct propositions for Private Banking, Premier and International Banking, with a focus on serving customers' wealth needs.

For HSBC Continental Europe, IWPB supports customers with their financial needs through Asset Management and Private Banking in addition to Wealth Management and Insurance in Malta.

Opening up a world of opportunity

Our history

Creation of Banque Suisse et Francaise

1894

- Founded by Ernest Méjà and Benjamin Rossier
- Developed as a commercial bank in France
- Adopted the name Crédit Commercial de France in 1917 following the merger with Maison Aynard et Fils and Caisse de Crédit de Nice

Development of CCF

1900-2000

- Grew externally through acquisitions in the first half of the century
- Expanded the number of branches (200+) during the 1960's

Building a strong universal French bank

2000-10s

- HSBC Group acquired CCF in 2000 and listed on the Paris Stock Exchange
- Established a strong platform in one of the main European markets in the Eurozone
- CCF SA became HSBC France in November 2005

Fulfilling our European mission

2018-21

- From HSBC France to HSBC Continental Europe following the UK's departure from the European Union (client migration, product setup, and legal entity restructuring)
- Ambition to be the leading international wholesale bank in Europe, focused on clients that value our network

Repositioning our activities

2022-23

- Focus our wholesale activities on strategic international clients and relevant product proposition
- Acquisition of HSBC Malta and HSBC Germany to become the Group's chosen entity for the European Intermediate Holding Company ('IPU')
- Acquisition of HSBC Private Bank (Luxembourg) SA
- Disposal of HSBC Continental Europe's branch operations in Greece

Focusing for growth (1/2) …

2024-26

- Disposal of HSBC Continental Europe's retail operations in France
- Disposal of the French Employee savings business to Natixis Interépargne
- Announced the sale of the custody and the funds administration businesses in Germany
- Disposal of the sale of private banking business in Germany
- Launched the reorganisation of HSBC Continental Europe's activities in line with Group strategy
- Completed the sale of HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle

Focusing for growth (2/2) …

- Completed the sale of the French loan portfolio retained after the disposal of our retail banking business in France to a consortium comprising Rothesay Life plc and CCF
- Signature of a SPA with Credia Bank S.A. regarding the potential sale of our shareholding (70.03%) in HSBC Bank Malta p.l.c
- Continuing to support the growth of the international corporate and institutional bank and deliver on HSBC Continental Europe's strategic ambition

Our Values

Our ambition

Be be the most trusted bank globally, putting customers at the heart of everything we do

We value difference

Seeking out different perspectives

We succeed together

Collaborating across boundaries

We take responsibility

Holding ourselves accountable and taking the long view

We get it done

Moving at pace and making things happen

Our resources

- **c. 187,766 clients**[1] from personal banking customers, small and medium companies to corporate clients
- **c. 7,143 employees**[2] supporting our customers through our expertise, know-how and intangible resources[3]
- **Future Skills** and **Change management** programmes

- **AA- / Aa3 / A+ top ratings** from the three main rating agencies
- **130 years** of expertise in France
- **Presence in 12 countries**, supporting clients across borders

- **Dedicated Sustainable Finance & Transition and Sustainable Capital Markets** departments aiming at originating and structuring sustainable transactions
- **Tailored product proposition** including commercial partnerships with third parties to **help support customers on their transition journey**

- **1,888 IT applications**[4] consumed, of which 71 per cent are Group applications
- **Eco-responsible headquarters**
- Effective and compliant **Business Continuity Lifecycle Controls**

- **€3,683m** Net Operating Income[5]
- **16.4 per cent CET1 ratio** with a solid financial structure
- **€251bn** total assets

Our commitments

Transition to net zero

Our ambition is to become a net zero bank by 2050.

Supporting our customers is core to our strategy with financing their transition both critical to them and aligned with the Group's net zero ambition.

To support this ambition, the updated Net Zero Transition plan sets out a commercially grounded, customer-focused approach.

Building Inclusion and Resilience

To help create long-term value for all stakeholders, we foster inclusion and help build resilience for our colleagues, our customers and within broader society. For colleagues, we focus on creating an inclusive environment and offer resources that support well-being. We strive to provide an accessible banking experience for our customers by providing resources that help them manage their finances, and services that help them protect what they value. Our global philanthropy strategy is focused on working alongside the communities where we operate to help enable positive outcomes.

Acting Responsibly

Our conduct approach guides us to do the right thing and focus on the impact we have on our customers and the financial markets in which we operate. It complements our purpose and values and, together with our policies and procedures, provides an enterprise-wide, outcome-focused framework.

1 c. 164,884 active customers in IWPB and c. 22,882 CIB Mastergroups
2 Aligned to Table of social performance indicators of HSBC Continental Europe in HSBC Continental Europe' Universal Registration Document 2025
3 HSBC Continental Europe recognises intangible resources as non-physical assets and capabilities, which, despite lacking physical form, are essential to the Bank's business model, strategic objectives, and sustainable value creation. These resources underpin HSBC Continental Europe's commitments. Their management is integral to maintaining regulatory compliance and supporting the Bank's long-term success
4 1,348 apps consumed from the Group, 540 apps owned in the countries of HSBC Continental Europe in 2025.
5 Net operating income before change in expected credit losses and other credit risk provisions in respect of continuing operations

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Opening up a world of opportunity

Our added value for clients

HSBC helps meet its customers' financial needs and supports them to achieve their goals with its products and services, while navigating the complexities of the global market through its deep international network, supported with the stability and strength of its balance sheet.

Our priorities are:

- **Be simple and agile**: We aim to make fast, safe decisions - adapting to change by staying relevant, driving simplification and being future ready through technology and digitisation
- **Drive customer-centricity**: We are intensely focused on its customers – helping to deliver excellent outcomes, drive loyalty, and serve its customers for the long term through the depth of what HSBC offers as a franchise
- **Deliver focused sustainable growth**: As a leading international bank, we aim to drive long-term, sustainable growth, focused on areas of competitive strength

Transaction Banking
Providing products to help clients trade and invest internationally

Network & Balance Sheet
Committing our balance sheet & providing access to high growth markets

Client Experience & Expertise
Making life easier for our clients while helping them develop a sustainable future

Our clients & products

CIB Clients

Coverage and network banking

- Institutional clients
- Global Corporates clients
- International Mid-Market clients
- Innovation Banking clients

CIB Services and Transaction Banking

- Deposits
- Payments
- Trade
- FX / Markets
- Securities Services

CIB Financing

- Capital Markets & Advisory
  - Debt Capital Markets, Leveraged Acquisition Finance
    - Strategic Equity Financing
    - Corporate Risk Solutions
  - Structured Finance
- Infrastructure Finance
- Sustainability Finance

IWPB

In Continental Europe, IWPB serves customers – from **individuals** to **high-net-worth families** – with their financial needs through:

- Private Banking
- Asset Management
- Retail Banking (in Malta)
- Insurance (in Malta)

Our impact

1 Sustainable Finance

$152.5bn contribution to Group's sustainable finance 2030 ambition[1]

2 Act Responsibly

99.3 per cent of **internal staff** completed training on Conduct and Financial Crime risk

98.4 per cent of **suppliers** signed the Supplier Code of Conduct in the renewal process

3 Governance and Security

89 per cent controls assessed effective and compliant

0 cybersecurity incident over the last 12 months

4 Client Satisfaction

Market Leader and Best in Service for Trade Finance in four European markets award

Western Europe's Best bank for transaction services by Euromoney

5 Employability and Inclusion

Obtained a certification of **Top Employer** by the Top Employers Institute for its commitment to **promoting an inclusive and supportive company culture**

3.0 per cent Voluntary Turnover rate in High Performer Employee

29.2 per cent representation of women in senior executive positions

1 Cumulative contribution to Group target since 2020 of USD 152.5bn representing 31 per cent of total Group progress to date in its ambition to provide between USD 750 billion and USD 1,000 billion in sustainable financing and investment by 2030. This ambition aims to help promote green, sustainable and socially-focused business, as well as sustainable investing products and solutions

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Geopolitical, economic and regulatory background and outlook

Economic background

Global

Global economic activity was resilient in 2025. After the initial shock caused by the announcement of high reciprocal tariffs on "Liberation Day" on 2 April 2025, several countries were able to negotiate trade deals leading to lower tariffs. These trade deals have also provided more visibility for businesses, reducing the negative impact stemming from economic uncertainty.

In the US, domestic demand has softened in the first half of the year, reflecting a slowdown in consumer spending. Consumers have become more cautious given less favourable labour market conditions. However, this development has been mitigated by firmer non-residential investment, led in particular by AI-related spending. GDP growth was firmer in Q325 (4.4 per cent annualised) but a temporary slowdown is expected in Q425 due to the shutdown in the federal government (from 1 October to 12 November 2025).

Outside the US, GDP growth has surprised to the upside in Q325 in many emerging countries, particularly in ASEAN. Exports have largely held up well in these countries in spite of the US tariffs. The AI hardware boom has also been a supportive factor, especially in Asia.

In Mainland China in particular, exports remained resilient, explaining in large part GDP growth of 5.0 per cent year-on-year in 2025. The fall in exports to the US has been largely offset by a rise in shipments to the rest of the world, especially Europe and ASEAN. Domestic demand indicators have however signalled weakness in private consumption and investment. As such the Chinese authorities have maintained a pro-growth bias, in spite of the recent upside surprises in GDP.

Eurozone

The Eurozone economy has also been surprisingly resilient in 2025, despite the uncertainty related to global trade. Annual GDP growth has averaged 1.5 per cent year-on-year in the three first quarters of 2025, even if flattered by rapid growth in Ireland (led in particular by trade in pharmaceutical products). Stripping out Ireland, growth averaged 0.9 per cent year-on-year. However, growth has been relatively unbalanced across countries, with Spain performing well and Germany continuing to lag other large countries.

Leading indicators have pointed to further economic resilience in the eurozone for the fourth quarter of 2025, suggesting a modest pace of growth could be sustained into 2026. However, it would need to be supported by domestic demand as net trade is likely to continue to weigh on growth. Whilst the trade deal reached between the US and the EU in August (lowering the US reciprocal tariffs to 15 per cent on imports of many EU goods) has reduced the level of uncertainty, it still implies a negative impact for EU exporters. In particular, Germany and Italy could be more impacted than other countries as they are more dependant on US domestic demand relative to the Eurozone average.

Eurozone fiscal policy should turn expansionary in 2026, providing a much-needed boost to activity. This should be the case especially in Germany, reflecting higher spending in defence in addition to the rise in investments related to infrastructure and climate (with the creation of an off-budget fund of EUR 500 billion over 12 years).

The German fiscal plans should lead to a discretionary expansion of almost 1 per cent of GDP in 2026. However, the pace of implementation remains uncertain and could be impacted by slow procurement processes in the defence industry and lengthy hurdles regarding infrastructure.

Outside Germany, European funds (under the Next Generation EU) should continue to support public spending in Italy and Spain in 2026. France however is expected to continue to pursue fiscal consolidation, even if the public deficit could remain above 5 per cent of GDP in 2026 (from an estimate of 5.4 per cent in 2025) on basis of the latest budget plans.

Economic outlook

Inflation and central banks' actions

Inflation is expected to remain sticky in the US due to the rise in tariffs and immigration restrictions. HSBC economists expect core inflation to stay above 2.5 per cent throughout 2026. For the US Federal Reserve (Fed), it would complicate the decision on additional rate cuts.

For the ECB decisions, the central case of HSBC economists is that the easing cycle is over, after the rate cut of June 2025 (with the key deposit rate lowered to 2.00 per cent). Since then, the ECB progressed in its inflation mandate without additional monetary easing, given the inflation convergence to the 2 per cent target and the continuous resilience in the labour market. Consistent with this, the ECB has been on hold for the four last meetings of 2025. Barring any downward surprises on growth and inflation, the ECB is expected to remain on hold throughout 2026. The view of HSBC economists is that the next move of the ECB will be a rate hike and that it will occur in the second half of 2027.

Growth risks

Whilst not the central scenario of HSBC economists, several factors could cause global growth to falter in 2026, bringing to an end the economic resilience seen in the recent months.

First, if there is a bubble in AI stocks, any correction could cause a sharp drop in global technology investment. It would impact the US economy hardest, but the Eurozone would likely feel the impact through weaker sentiment and export demand.

Second, even if trade uncertainty has eased in recent months, a resurgence in trade tensions cannot be ruled out. For example, the US administration could restore punitive tariffs against a specific trade partner, if it considers that this partner doesn't comply with the commitments under the latest bilateral trade agreements. Geopolitics could also be a factor, as signalled in January by the threat of US tariffs on several European countries to increase pressure over Greenland.

Third, volatility in long-term interest rates has to be monitored, given the lingering uncertainty on central banks' policies. In particular, the situation in the US needs to be monitored, notably the sustainability of long-term public finances.

Finally, geopolitical risks continue to have potential implications for commodity prices, in particular for energy and food.

Regulatory environment

Basel III Reforms

The revised Capital Requirements Regulation ('CRR3') implementing the Basel 3 reforms package entered into force in the EU on the 1 January 2025, except for the changes to the market risk standards following the Basel Committee's Fundamental Review of the Trading Book (''FRTB'). In September 2025, the EU legislators agreed to postpone the implementation of the FRTB by one additional year until 1 January 2027. The European Commission ('EC') subsequently published a consultation on its proposal to apply temporary targeted measures as well as multipliers on the market risk capital requirements for banks that will be negatively impacted as the new rules enter into force. The objective is to maintain a level playing field for EU banks in light of the uncertainty over the application of the FRTB framework in other major jurisdictions.

In parallel, the European Banking Authority ('EBA') and the European Central Bank ('ECB') continue to issue supporting regulatory standards and guidelines mandated by the CRR3.

Revised Capital Requirements Directive ('CRD6')

As part of the EU's broader banking reform package, CRD6 introduces significant changes to the prudential framework for banks. This includes new regulatory requirements for environmental, social and governance ('ESG') and cryptoasset-related risks across the prudential framework, some adaptations to Pillar 2, and capital buffer requirements to account for the changes to Pillar 1 requirements arising from CRR3. It also includes additional powers for national supervisors, particularly for restrictions on cross-border activities provided by non-EU banking entities to EU-based clients, subject to certain exemptions.

CRD6 rules will have to be implemented into national law across Member States in 2026, with an additional one-year transition period for provisions relating to cross-border services and third country branches.

Securitisation reforms

In 2025, the EC proposed a package of measures aimed at improving and simplifying the EU's securitisation framework. The proposed amendments are intended to reduce the operational constraints and costs for both issuers and investors in securitisations, to lower capital and liquidity requirements for banks holding less risky tranches and make the significant risk transfer ('SRT') test more transparent and less prescriptive. The proposal is still under tripartite discussions between the EU legislators. The European Parliament ('EP') is expected to issue its final draft version in 2026.

As part of its operational simplification agenda, the ECB aims to reduce its timeline for SRT approvals by launching a fast-track process in 2026. Eligible transactions are expected to be approved within two weeks, down from the current three months.

Capital buffers

In France, the Haut Conseil de Stabilité Financière ('HCSF') has decided to maintain the countercyclical capital buffer rate at 1 per cent. In Luxembourg, the Commission de Surveillance du Secteur Financier has decided to maintain it at 0.5 per cent. In 2025, the HCSF repealed a decision that required a 3 per cent sectorial systemic buffer for exposures to highly leveraged non-financial groups established in France.

Simplification reforms

The ECB Governing Council endorsed a recommendation from its High-level Task Force to simplify the EU banking regulatory, supervisory, and reporting framework. The aim is to reduce unnecessary complexity, support smaller banks, and improve efficiency, while maintaining financial stability and harmonisation across the EU. A key regulatory simplification measure is to reduce the number of elements in the risk weighting and leverage ratio framework to make capital rules clearer and less fragmented such as merging several capital buffers without lowering overall capital requirements. These recommendations are expected to be considered by the EC in their report on the overall situation of the banking system in Europe, due in 2026.

Environmental, Social and Governance ('ESG') risks

In 2025 the EU continued to refine its ESG regulatory framework progressing the phased implementation of the Corporate Sustainability Reporting Directive ('CSRD') and European Sustainability Reporting Standards ('ESRS'), while EU co-legislators reached provisional agreement on a targeted Omnibus package to simplify CSRD and related Corporate Sustainability Due-Diligence requirements ('CSDDD'), expected to be enacted in the first quarter of 2026. The amendments to CSRD are expected to enter into force for 31 December 2027.

Additionally, the EC also indicated its intention to adopt a revised ESRS Delegated Act in 2026, following work to simplify the standards, with application expected from financial years beginning on or after 1 January 2027.

From a prudential perspective, in January 2025, the EBA published its final guidelines on the management of ESG risks setting out the requirements for the identification, measurement, management and monitoring of ESG risks mandated under the Capital Requirements Directive ('CRD6'). The guidelines applied from 11 January 2026. Additionally, in November 2025, the EBA published its final Guidelines on environmental scenario analysis to complement its guidelines on the management of ESG risks, applicable from 1 January 2027.

In May 2025, the EBA published a consultation paper on proposed amendments to the ESG Pillar 3 disclosures including ESG risk-related disclosures introduced by CRR3. Once finalised, the guidelines are expected to be applicable with first reference date as 31 December 2026.

Consolidated Results

Use of alternative performance measures

HSBC Continental Europe's reported results are prepared in accordance with International Financial Reporting Standards ('IFRS Accounting Standards') as detailed in the Financial Statements starting on page 190.

In measuring our performance, the financial measures that we use include those derived from our reported results in order to eliminate factors that distort period-on-period comparisons.

These are considered alternative performance measures. All alternative performance measures are described and reconciled to the closest reported financial measure when used.

The global business segmental results are presented in accordance with IFRS 8 'Operating Segments'.

Consolidated income statement

	31 Dec 2025	31 Dec 2024[1]
	€m	€m
Continuing operations		
Net interest income	**1,382**	1,695
Net fee income	**1,180**	1,214
Net income from financial instruments held for trading or managed on a fair value basis	**818**	484
Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss	**39**	40
Changes in fair value of long-term debt and related derivatives	**2**	3
Changes in fair value of other financial instruments mandatorily measured at fair value through profit and loss	**35**	63
Gains less losses from financial investments	**7**	(2)
Insurance finance income/(expense)	**(34)**	(38)
Insurance service result	**10**	18
Gains/(losses) recognised on assets held for sale	**143**	(11)
Other operating income/(expense)	**101**	81
Net operating income before change in expected credit losses and other credit impairment charges[2]	**3,683**	3,547
Change in expected credit losses and other credit impairment charges	**(166)**	(91)
Net operating income	**3,517**	3,456
Total operating expenses	**(2,792)**	(2,318)
Profit/(loss) before tax	**725**	1,138
Tax expense	**(64)**	(406)
Profit/(loss) after tax in respect of continuing operations	**661**	732
Profit/(loss) after tax in respect of discontinued operations	**(1,305)**	(129)
Profit/(loss) for the period	**(644)**	603
– shareholders of the parent company	**(657)**	568
– non-controlling interests in respect of continuing operations	**13**	35
– non-controlling interests in respect of discontinued operations	**—**	—

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

2 Net operating income before change in expected credit losses and other credit impairment charges is also referred to as revenue.

Continuing Operations

Net interest income was EUR 1,382 million in 2025, down from EUR 1,695 million in the previous year due to lower interest rates and the impact associated with the sale of the private banking business in Germany.

Net fee income was EUR 1,180 million in 2025, down from EUR 1,214 million in 2024, driven by an increase in brokerage costs resulting from higher client activities in Germany related to equity derivatives and lower lending fees, partly offset by increased demand in Global Payment Solutions and higher fees in Investment Banking.

Net income from financial instruments held for trading or managed on a fair value basis was EUR 818 million in 2025, up from EUR 484 million in 2024. The increase was driven by higher trading volumes and client demand in Equity Markets, notably from structured equity derivatives in Germany and increased client activity in Global Debt Markets.

Net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit and loss was a EUR 39 million gain,remaining stable compared to a gain of EUR 40 million in 2024.

Changes in fair value of long-term debt and related derivatives were EUR 2 million in 2025, down from EUR 3 million in 2024.

Changes in fair value of other financial instruments mandatorily measured at fair value through profit and loss were EUR 35 million in 2025 compared to EUR 63 million in 2024. This reflects a lower increase in the fair value of principal investment.

Gains less losses from financial investments were a gain of EUR 7 million, compared to a EUR 2 million loss in 2024, driven by increased investment in government bonds and the disposal of bonds during the first half of 2025.

Insurance finance expense was EUR 34 million in 2025, down from an expense of EUR 38 million in 2024.

Insurance Service result was EUR 10 million in 2025, down from EUR 18 million in 2024.

Gains recognised on assets held for sale were EUR 143 million in 2025, from the sale of the private banking business in Germany.

In 2024, loss of EUR 11 million was from the sale of employee savings account keeping and custody activities.

Other operating income was EUR 101 million, up from EUR 81 million in the prior year, driven by royalty income in France.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 3,683 million, up from EUR 3,547 million in 2024.

Change in expected credit losses and other credit impairment charges was a net charge of EUR 166 million compared to a net charge of EUR 91 million in 2024, primarily driven by higher stage 3 provisions.

Operating expenses amounted to EUR 2,792 million in 2025, up from EUR 2,318 million in 2024, mainly due to restructuring costs and investment in technology.

Profit before tax for continuing operations was EUR 725 million in 2025, compared to EUR 1,138 million in the prior year.

Profit after tax for the period in respect of continuing operations was down from EUR 732 million in 2024 to EUR 661 million in 2025.

Loss attributable to shareholders of the parent company in 2025 was EUR 657 million and included the loss on sale of the insurance business and the retained portfolio of home and certain other loans in France reported as discontinued operations in accordance with IFRS 5.

Income statement by global business (continuing operations)

	At 31 Dec 2025			
	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
Net operating income before change in expected credit losses and other credit impairment charges	**2,971**	**576**	**136**	**3,683**
– of which: net interest income/(expense)	**1,475**	**147**	**(240)**	**1,382**
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	**484**	**6**	**328**	**818**
Change in expected credit losses and other credit impairment charges	**(172)**	**5**	**1**	**(166)**
Net operating income	**2,799**	**581**	**137**	**3,517**
Total operating expenses	**(2,141)**	**(450)**	**(201)**	**(2,792)**
Profit/(loss) before tax	**658**	**131**	**(64)**	**725**
	At 31 Dec 2024[1,2]			
Net operating income before change in expected credit losses and other credit impairment charges	2,971	444	132	3,547
– of which: net interest income/(expense)	1,570	175	(50)	1,695
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	314	4	166	484
Change in expected credit losses and other credit impairment charges	(100)	7	2	(91)
Net operating income	2,871	451	134	3,456
Total operating expenses	(1,868)	(388)	(62)	(2,318)
Profit/(loss) before tax	1,003	63	72	1,138

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.

Profit before tax, in respect of continuing operations, was EUR 725 million, compared to EUR 1,138 million in 2024 driven by the above-mentioned restructuring costs.

Net operating income before change in expected credit losses and other credit impairment charges was EUR 3,683 million, up compared to EUR 3,547 million in 2024, this increase being driven by the gain on sale of the private banking business in Germany. CIB revenues were stable with growth in markets activities and deposit balances, offset by the impact of lower interest rates on net interest margins. International Wealth and Premier Banking ('IWPB') revenues were stable excluding the gain on sale of the private banking business in Germany.

Change in expected credit losses and other credit impairment charges was a charge of EUR 166 million, compared with a charge of EUR 91 million in 2024. The cost of risk, at 39 basis points, was driven by higher stage 3 provisions. The credit risk profile of the portfolio remains diversified and stable.

Operating expenses were EUR 2,792 million in 2025, up compared to EUR 2,318 million in 2024, due to restructuring costs of EUR 473 million[2] and investment in technology.

Corporate and Institutional Banking ('CIB')

Profit before tax was EUR 658 million in 2025, down from EUR 1,003 million in 2024.

Revenue was EUR 2,971 million in 2025, stable from EUR 2,971 million in prior year. Revenue was driven by markets activities (Foreign Exchange and Debt & Equity trading business), and by lower interest rates on deposits.

Change in expected credit losses and other credit impairment charges were a net charge of EUR 172 million in 2025, compared to a net charge of EUR 100 million in 2024 due to additional stage 3 provisions.

2 Includes provisions for termination benefits, impairment of non-financial assets, and other costs related to business disposals.

Operating expenses were EUR 2,141 million in 2025,up from EUR 1,868 million in 2024 driven by restructuring costs and investment in technology.

Loans and advances to customers were EUR 38.6 billion at the end of December 2025 compared to EUR 40.3 billion as of December 2024 with lower demand for lending.

Customer accounts were EUR 91.0 billion in 2025, compared to EUR 90.4 billion as of December 2024 reflect the increase in customer deposits and the classification of the custody business in Germany as held for sale.

International Wealth and Premier Banking ('IWPB')

Profit before tax was EUR 131 million in 2025, compared to EUR 63 million in the prior year.

Revenue was EUR 576 million in 2025, up from EUR 444 million in 2024, driven by the gain on the sale of the private banking business in Germany, partly offset by reductions in net interest income on deposits in Malta.

Change in expected credit losses and other credit impairment charges was a net release of EUR 5 million in 2025, compared with a net release of EUR 7 million in 2024.

Operating expenses were EUR 450 million, up from EUR 388 million in 2024, driven by restructuring costs.

Loans and advances to customers were EUR 4.2 billion at December 2025, stable compared to EUR 4.3 billion at December 2024.

Deposits were EUR 6.5 billion at December 2025, compared to EUR 7.1 billion in December 2024 .

Corporate Centre

Loss before tax was EUR 64 million in 2025 compared to a EUR 72 million profit in 2024.

Revenue was EUR 136 million in 2025, stable compared to EUR 134 million in 2024.

Operating expenses were EUR 201 million in 2025 compared with EUR 62 million in 2024 due to restructuring costs of central functions.

Consolidated balance sheet

	At	
	31 Dec 2025	31 Dec 2024
	€m	€m
Total assets	**251,391**	265,008
Cash and balances at central banks	**58,092**	48,907
Trading assets	**30,801**	22,853
Financial assets designated and otherwise mandatorily measured at fair value through profit and loss	**1,619**	1,563
Derivatives	**40,579**	43,251
Loans and advances to banks	**5,715**	5,703
Loans and advances to customers	**42,835**	51,288
Reverse repurchase agreements – non-trading	**29,308**	25,764
Financial investments	**28,003**	20,740
Assets held for sale	**377**	25,477
Other assets	**14,062**	19,462
Total liabilities	**237,825**	250,177
Deposits by banks	**14,514**	11,820
Customer accounts	**97,107**	97,065
Repurchase agreements – non-trading	**14,486**	12,344
Trading liabilities	**18,376**	16,480
Financial liabilities designated at fair value	**11,086**	9,906
Derivatives	**33,178**	41,857
Debt securities in issue	**14,129**	15,257
Liabilities under insurance contracts	**531**	518
Liabilities of disposal groups held for sale	**10,648**	24,718
Other liabilities	**23,770**	20,212
Total equity	**13,566**	14,831
Total shareholders' equity	**13,381**	14,642
Non-controlling interests	**185**	189

Assets

Total assets were EUR 251.4 billion at December 2025, down from EUR 265.0 billion at December 2024

Trading assets increased from EUR 22.9 billion at December 2024 to EUR 30.8 billion at December 2025 reflecting increased client activity in government bonds.

Financial assets measured at fair value through profit and loss were EUR 1.6 billion at December 2025, stable compared to EUR 1.6 billion in the prior year.

Derivatives were EUR 40.6 billion in 2025, down from EUR 43.3 billion in 2024 as a result of mark-to-market movements notably on foreign exchange contracts and interest rate swaps.

Loans and advances to customers were EUR 42.8 billion in 2025 compared to EUR 51.3 billion in 2024 driven by the sale of the French retained portfolio of home and certain other loans.

Reverse repurchase agreements – non-trading – of EUR 29.3 billion in 2025 increased from EUR 25.8 billion in 2024 reflecting higher client activity.

Financial investments were EUR 28.0 billion at December 2025 compared to EUR 20.7 billion in 2024 driven by investment in high quality bonds forming part of the bank's liquid asset buffer.

Assets held for sale were EUR 0.4 billion at December 2025 compared to EUR 25.5 billion in 2024. 2025 balances relate to the assets of the custody and fund administration businesses in Germany, and to shares in Sino AG. 2024 balances relate to the French life insurance business and the private banking business in Germany.

Liabilities

Total liabilities were EUR 237.8 billion at December 2025, down from EUR 250.2 billion at December 2024.

Customer accounts were EUR 97.1 billion at December 2025, compared to EUR 97.1 billion at December 2024 driven by growth in deposits, offset by the classification of the custody business in Germany as held for sale.

Repurchase agreements – non trading – increased from EUR 12.3 billion in 2024 to EUR 14.5 billion in 2025 reflecting increased positions with banks.

Trading liabilities were EUR 18.4 billion in 2025, up from EUR 16.5 billion in 2024 driven by increased government bond trading volumes.

Derivatives were EUR 33.2 billion in 2025, decreased from EUR 41.9 billion in prior year as a result of mark-to-market movements on interest rate swaps.

Debt securities in issue were EUR 14.1 billion in 2025, down from EUR 15.3 billion in prior year.

Liabilities under insurance contracts were EUR 0.5 billion in 2025, stable from EUR 0.5 billion in 2024.

Liabilities of disposal groups held for sale decreased to EUR 10.6 billion from EUR 24.7 billion in 2024. Balances in 2025 relate to liabilities of custody business in Germany. 2024 balances relate to the French life insurance business and the private banking business in Germany sold during 2025.

Equity

Shareholders' equity stood at EUR 13.4 billion in 2025, down from EUR 14.6 billion in 2024, mainly driven by the loss in respect of discontinued operations and dividends distribution during the year.

The CET1 (Common Equity Tier 1) ratio was 16.4 per cent at December 2025 and the total capital ratio was 21.6 per cent.

Liquidity and funding

Outstanding medium and long-term funding and the bank's main financing transactions in 2025 are presented in the liquidity and financing management section on pages 168 to 169.

The average short-term ratio (liquidity coverage ratio or 'LCR') was 147 per cent and the average long-term ratio (net stable funding ratio or 'NSFR') was 164 per cent[3].

Balance Sheet Information

	CIB	IWPB	Corporate Centre	Total
	€m	€m	€m	€m
At 31 Dec 2025				
Loans and advances to customers[4]	**38,581**	**4,245**	**9**	**42,835**
Loans and advances to customers classified as held for sale[1]	**294**	**—**	**—**	**294**
Customers accounts	**90,988**	**6,454**	**(335)**	**97,107**
Customers accounts classified as held for sale[1]	**10,506**	**—**	**—**	**10,506**
At 31 Dec 2024[3]				
Loans and advances to customers[4]	40,337	4,267	6,684	51,288
Loans and advances to customers classified as held for sale[2]	—	298	—	298
Customers accounts	90,431	7,055	(421)	97,065
Customers accounts classified as held for sale[2]	—	2,010	—	2,010

1 Includes loans and advances and customers accounts related to the custody and fund administration business in Germany.
2 Includes loans and advances and customers accounts related to the planned sale of the private banking business in Germany.
3 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.
4 Includes EUR 30,346 million (2024: EUR 33,737 million) related to corporate and commercial loans and advances to customers with a total provision of EUR 516 million (2024: EUR 432 million).

3 This includes the impact of the sale of our retail banking operations in France.

Revenue by country (continuing operations)

	At 31 Dec 2025			
	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
France	**1,290**	**137**	**121**	**1,548**
Germany	**847**	**248**	**10**	**1,105**
EEA Branches	**750**	**—**	**2**	**752**
Malta and Other Countries	**84**	**191**	**3**	**278**
Revenue[1]	**2,971**	**576**	**136**	**3,683**
	At 31 Dec 2024[2,3]			
France	1,262	90	126	1,478
Germany	861	124	1	986
EEA Branches	760	1	4	765
Malta and Other Countries	88	229	1	318
Revenue[1]	2,971	444	132	3,547

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
3 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.

Net Interest Margin

Net interest margin is calculated by dividing net interest income as reported in the income statement by the average balance of interest-earning assets.

Average balances are based on daily averages for the principal areas of our banking activities with monthly or less frequent averages are used elsewhere.

Net Interest Income

	2025	2024
	€m	€m
Interest income	**6,242**	8,219
Interest expense	**(4,860)**	(6,524)
Net interest income from continuing operations	**1,382**	1,695
Net interest income from discontinued operations	**111**	28
Net interest income	**1,493**	1,723
Average interest-earning Assets	**184,038**	178,548
	%	%
Net interest margin[1]	**0.81**	0.97

1 Net interest margin is net interest income expressed as an annualised percentage of average interest-earning assets.

Summary of interest income by asset type

	2025			2024		
	Average balance	**Interest income[1]**	**Yield**	Average balance	Interest income[1]	Yield
	€m	**€m**	**%**	€m	€m	%
Short term funds and loans and advances to banks	**47,891**	**1,051**	**2.19**	54,314	1,862	3.43
Loans and advances to customers	**45,281**	**1,843**	**4.07**	51,580	2,413	4.68
Reverse repurchase agreements – non-trading[2]	**39,029**	**2,027**	**5.19**	30,753	2,499	8.13
Financial investments	**26,141**	**823**	**3.15**	25,874	953	3.68
Other interest-earning assets	**25,696**	**744**	**2.90**	16,027	785	4.90
Total interest-earning assets	**184,038**	**6,488**	**3.53**	178,548	8,512	4.77
Trading assets and financial assets designated or mandatorily measured at fair value[3]	**25,947**	**621**	**2.39**	22,718	510	2.24
Expected credit losses provision	**(493)**			(607)		
Non-interest-earning assets	**78,164**			80,359		
Total	**287,656**	**7,109**	**2.47**	281,018	9,022	3.21

1 Balances are disclosed in respect of continuing and discontinued operations.
2 The average balances for repurchase and reverse repurchase agreements include net amounts where the criteria for offsetting are met, resulting in a lower net balance reported with a higher yield and cost of funds.
3 Interest income arising from trading assets is included within net trading activities in the income statement.

Summary of interest expense by type of liability and equity

	2025			2024		
	Average balance	**Interest expense[1]**	**Cost**	Average balances	Interest expense[1]	Cost
	€m	**€m**	**%**	€m	€m	%
Deposits by banks	**15,931**	**393**	**2.47**	13,623	503	3.69
Customer accounts	**68,674**	**1,864**	**2.71**	61,566	2,579	4.19
Repurchase agreements – non- trading[2]	**18,213**	**1,445**	**7.93**	17,521	1,953	11.15
Debt Securities in issue – non- trading	**20,510**	**745**	**3.63**	20,126	995	4.94
Other interest-bearing liabilities	**24,222**	**548**	**2.26**	16,903	759	4.49
Total interest-bearing liabilities	**147,550**	**4,995**	**3.39**	129,739	6,789	5.23
Trading liabilities and financial liabilities designated at fair value (excluding own debt issued)[3]	**29,249**	**709**	**2.42**	28,153	694	2.47
Non-interest-bearing current accounts	**22,003**			30,669		
Total equity and other non-interest bearing liabilities	**88,854**			92,457		
Total	**287,656**	**5,704**	**1.98**	281,018	7,483	2.66

1 Balances are disclosed in respect of continuing and discontinued operations.
2 The average balances for repurchase and reverse repurchase agreements include net amounts where the criteria for offsetting are met, resulting in a lower net balance reported with a higher yield and cost of funds.
3 Interest expense arising from trading liabilities is included within net trading activities in the income statement.

Post-balance sheet events

At its meeting on 24 February 2026, the Board of Directors resolved to distribute a dividend of EUR 5.20 per share (representing a total payout of approximately EUR 1.4 billion) in respect of the 2025 financial year. This dividend, if approved by shareholders at the Combined General Meeting, will be payable after deducting the interim dividend of EUR 1.06 per share already paid to shareholders in respect of the 2025 financial year.

There have been no other significant events between 31 December 2025 and the date of approval of these financial statements by the Board of Directors which would require an adjustment or additional disclosure in the financial statements.

Historical data (unaudited)

	2025	2024	2023	2022	2021
	€m	€m	€m	€m	€m
HSBC Continental Europe					
Profit before tax[1]	**(601)**	1,030	1,258	(1,689)	285
Profit attributable to shareholders[1]	**(657)**	568	883	(1,092)	269
At 31 Dec					
Shareholders' equity	**13,381**	14,642	12,342	11,358	7,667
Loans and advances to customers and banks[2]	**48,550**	56,991	55,943	49,573	66,444
Customer accounts and deposits by banks[3]	**111,621**	108,885	104,151	94,874	88,692
Total Balance Sheet	**251,391**	265,008	282,977	279,081	222,664
Number of employees (full-time equivalents)	**6,101**	6,739	9,969	10,408	7,451
Ratios[4]					
– Total capital ratio (%)	**21.6**	23.5	20.7	20.2	16.5
– Common Equity Tier One Ratio (%)	**16.4**	18.8	15.7	15.3	12.0
– Cost efficiency ratio (reported basis) (%)	**75.8**	65.4	60.5	82.9	86.6

1 Balances are disclosed in respect of continuing and discontinued operations.
2 Loans and advances to customers and banks classified as held for sale are not included. Refer to Note 2 of the consolidated financial statements.
3 Customer accounts and deposits by banks classified as held for sale are not included. Refer to Note 2 of the consolidated financial statements.
4 CET1 capital and RWAs (material holding) for December 2023 has been restated to reflect the payment of AT1 dividends.

Reconciliation of alternative performance measures

Return on average ordinary shareholders' equity and pre-tax return on average risk-weighted assets

Return on average ordinary shareholders' equity is calculated by dividing profit attributable to the ordinary shareholders of the parent company ('reported results') by average ordinary shareholders' equity ('reported equity') for the period. The adjustment to reported results and reported equity excludes amounts attributable to non-controlling interests and holders of other equity instruments (additional tier 1 capital).

Pre-tax return on average risk-weighted assets is calculated by dividing profit before tax by average risk-weighted assets for the period.

Return on average shareholders' equity and pre-tax return on average risk-weighted assets

	At	
	31 Dec 2025	31 Dec 2024[1]
	€m	€m
Profit		
Profit/(loss) before tax in respect of continuing operations	**725**	1,138
Profit/(loss) before tax in respect of discontinued operation	**(1,326)**	(108)
Profit/(loss) before tax	**(601)**	1,030
Profit/(loss) attributable to the ordinary shareholders of the parent company[2]	**(755)**	485
Equity		
Average ordinary shareholders' equity[2]	**12,425**	11,314
Risk-weighted assets		
Average risk-weighted assets[3]	**64,594**	61,600
Ratio %		
Return on average ordinary shareholders' equity	**(6.1)**	4.3
Pre-tax return on average risk-weighted assets	**(0.9)**	1.7

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 This excludes amounts attributable to non-controlling interests and holders of other equity instruments (additional tier 1 capital).
3 RWAs for Q4 2025 are calculated based on CRR3 requirements. Comparatives are subject to CRR2 rules.

Credit ratings

HSBC Continental Europe is rated by three major agencies: Standard & Poor's, Moody's and FitchRatings.

As at 31 December 2025	**Standard & Poor's**	**Moody's**	**FitchRatings**
Long-term Senior preferred	**A+**	**Aa3**	**AA-**
Outlook	**Stable**	**Stable**	**Stable**
Short term	**A-1**	**P-1**	**F1+**

During the year 2025, Moody's upgraded the rating of the Long-term Senior preferred from A1 to Aa3, with the other ratings remaining unchanged. There were no changes to HSBC Continental Europe ratings from Standard & Poor's and Fitch Ratings during 2025.

Annual review meetings with rating agencies were held in May 2025.

Other information

Information on supplier payable amounts schedule

(Articles L. 441-14 and D. 441-6 of the French Commercial code)

Article D. 441–6–I: Received invoices by HSBC Continental Europe subject to late payment delays at year-end

	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (1 day and more)
(A) Late payment buckets						
Number of invoices, of which:	**1,056**					**307**
– payable to third-party	**999**					**114**
– payable to HSBC Group entities[1]	**57**					**193**
Amount of invoices including VAT (in €k), of which:	**79,016**	**24,109**	**1,123**	**739**	**2,187**	**28,158**
– payable to third-party	**24,931**	**760**	**142**	**318**	**20**	**1,240**
– payable to HSBC Group entities[1]	**54,085**	**23,349**	**981**	**421**	**2,167**	**26,918**
Percentage of total purchasing in the year (%)	**5.25%**	**1.6%**	**0.07%**	**0.05%**	**0.15%**	**1.87%**
(B) Invoices excluded from (A) in respect of litigations or not accounted						
Number of invoices excluded, of which:	**574**					
– payable to third-party	**518**					
– payable to HSBC Group entities[1]	**56**					
Amount of excluded invoices including VAT (in €k), of which:	**13,279**					
– payable to third-party	**11,659**					
– payable to HSBC Group entities[1]	**1,620**					
(C) Suppliers' payment terms (contractual or legal terms)						
Payment terms used to assess the late payments	Contractual terms: as per contract					

1 Excluding transactions between HSBC Continental Europe and its branches.

Information on client receivable amounts schedule

(Articles L. 441-14 and D. 441-6 of the French Commercial code)

Article D. 441–6–I: Issued invoices by HSBC Continental Europe subject to late payment delays at year-end

	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (1 day and more)
(A) Late payment buckets						
Number of invoices, of which:	**221**					**1,595**
– receivable from third-party	**84**					**1,412**
– receivable from HSBC Group entities[1]	**137**					**183**
Amount of invoices excluding VAT (in €k), of which:	**12,011**	**23,868**	**5,549**	**5,744**	**15,560**	**50,721**
– receivable from third-party	**3,110**	**13,568**	**2,154**	**5,260**	**10,702**	**31,684**
– receivable from HSBC Group entities[1]	**8,901**	**10,300**	**3,395**	**484**	**4,858**	**19,037**
Percentage of total revenue of the year (%)	**0.53%**	**1.06%**	**0.25%**	**0.25%**	**0.69%**	**2.25%**
(B) Invoices excluded from (A) in respect of litigations or not accounted						
Number of invoices excluded, of which:	**—**					
– receivable from third-party	**—**					
– receivable from HSBC Group entities[1]	**—**					
Amount of excluded invoices excluding VAT (in €k), of which:	**—**					
– receivable from third-party	**—**					
– receivable from HSBC Group entities[1]	**—**					
(C) Clients' payment terms (contractual or legal terms)						
Payment terms used to assess the late payments	Contractual terms: 30 days					

1 Excluding transactions between HSBC Continental Europe and its branches.

This information does not include banking transactions and certain related transactions as HSBC Continental Europe considers that they do not fall within the scope of the information to be produced.

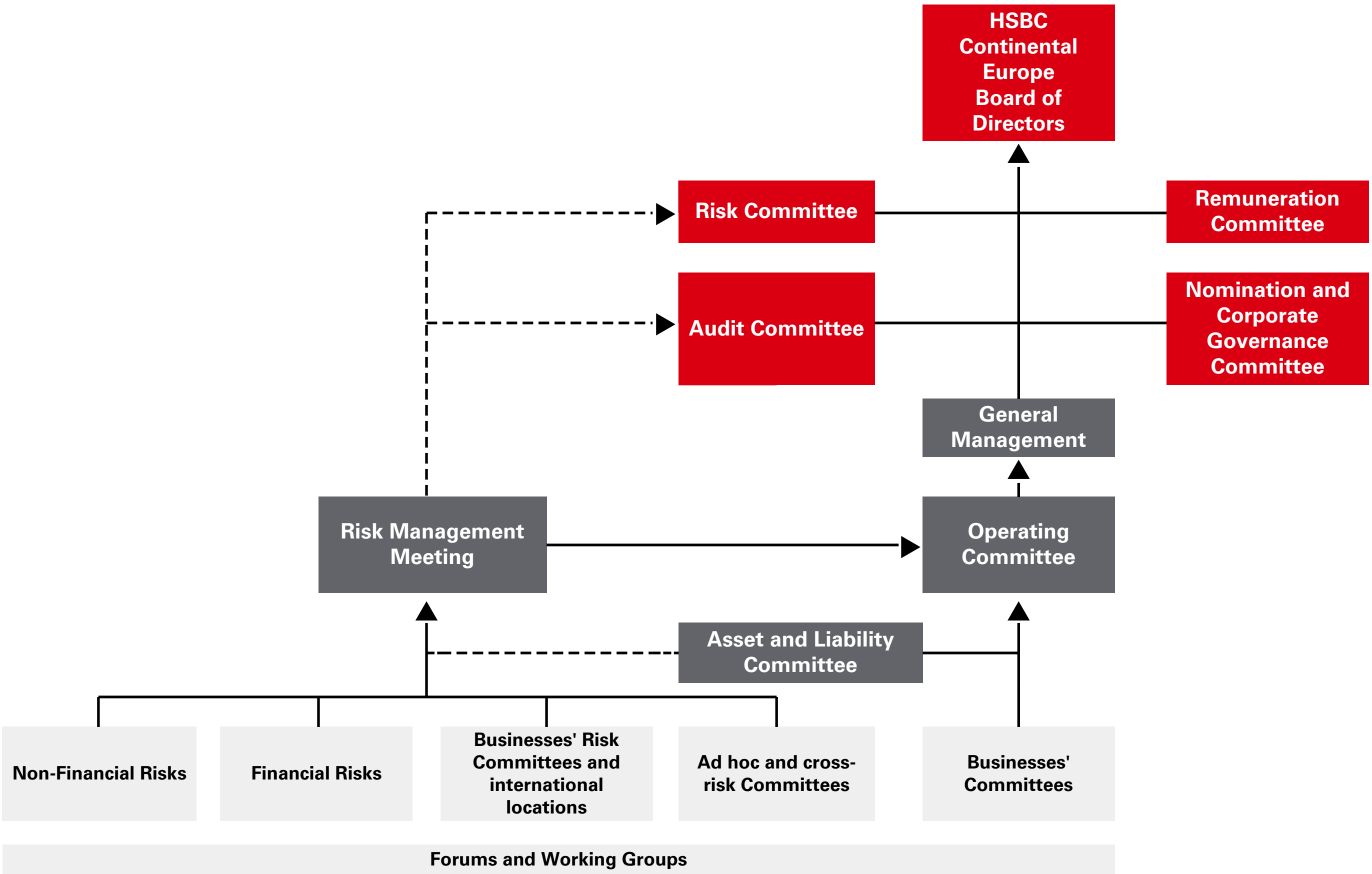
Corporate Governance report

Under article L. 225-37 of the French Commercial Code, the Board of Directors presents to the shareholders' general meeting a report on Corporate Governance attached to the management report referred to in article L. 225-100 of the French Commercial Code.

This report was submitted to the Nomination and Corporate Governance Committee for the part relating to Corporate Governance and to the Remuneration Committee for the part relating to remuneration at their meetings held on 30 January 2026.

Corporate governance bodies and regime

Governance bodies structure



This Corporate Governance report includes detailed information on:

– Membership, duties and work of the Board of Directors on pages 19 to 27;
– Membership, duties and work of the Board Committees on pages 27 to 32; and
– General Management and Operating Committee membership on pages 32 and 33.

Risks, issues or other matters requiring attention from the management body may be escalated through line management, or through the committee structure described above.

In particular regarding the information flow on risk, the HSBC Continental Europe Risk Management Meeting, which is chaired by the Chief Risk Officer and includes the Chief Executive Officer, the Deputy Chief Executive Officers and the other members and standing attendees of the Operating Committee, is the overarching committee overseeing risk management and permanent control.

Relevant information, in particular on risk, is shared on a quarterly basis with the Board and its Audit and Risk Committees by the Bank's senior management.

Corporate Governance code

As permitted under article L. 22-10-10 of the French Commercial Code, HSBC Continental Europe has decided not to make reference to a corporate governance code worked out by representative business organisations. The reasons for this are threefold:

– As a bank, HSBC Continental Europe is a highly regulated entity, including regarding its corporate governance, and is under the supervision of the European Central Bank, that controls HSBC Continental Europe's compliance with applicable regulation. This ensures that high standards of governance, common to all European banks under the supervision of the European Central Bank, are applied with HSBC Continental Europe.
– HSBC Continental Europe does not have any publicly traded stocks in issuance.
– As a 99.9 per cent owned subsidiary of the HSBC Group, HSBC Continental Europe, like all entities of the HSBC Group, is committed to applying high standards of corporate governance. The HSBC Group has a comprehensive set of principles, policies and procedures, influenced by the UK Corporate Governance Code, which includes requirements in terms of the independence, composition and effectiveness of the Board of Directors, in order to ensure that the HSBC Group is well managed, with appropriate oversight and control. HSBC Continental Europe adhered to these principles, policies and procedures throughout 2025.

Information on governance structure, the Chairman's role, Board composition, functioning, organisation and work, and on Executives' compensation are presented in the relevant sections of this report.

Board of Directors

Board of Directors' internal rules

The Board of Directors' internal rules were first established in 1996, and have been updated several times since their implementation. The Board last reviewed and updated these internal rules at its meeting held on 7 February 2025 and 11 February 2026.

The Board's internal rules define the composition, the duty and the conducting of the Board meetings and the information to the Board of Directors. They indicate the main duties and arrangements for exercising the function of Chairman, Chief Executive Officer and Deputy Chief Executive Officers (the latter two functions making up the Company's management body in its management function or 'dirigeants effectifs').

Furthermore, the Board's internal rules define, in accordance with the HSBC Group rules, the duties and responsibilities of the Audit Committee, the Risk Committee, the Nomination and Corporate Governance Committee and the Remuneration Committee (as stipulated below in the parts related to each of these Committees' assignments). They also incorporate ethical rules and rules regarding conflicts of interests prevention and management to be followed by the Directors of HSBC Continental Europe, setting out their rights and duties.

Changes in the Board composition

Changes occurred during 2025

The Nomination and Corporate Governance Committee reviewed the position of the Directors whose term of office expired at the Annual General Meeting on 24 March 2025, namely Paule Cellard, Stephen O'Connor, Dominique Perrier, Arnaud Poupart-Lafarge, Eric Strutz and Michaël Trabbia.

The Board decided to propose to renew the term of office of Michaël Trabbia and to note the expiration of the term of office of the other Directors, which was approved by the shareholders at the Annual General Meeting held on 24 March 2025.

Upon recommendation of the Nomination and Corporate Governance Committee, the Board further decided to propose the appointment of two new Directors: Monika Rast and Xavier Martiré which was approved by the shareholders at the General Meeting held on 24 March 2025. These appointments were made for three years and will expire at the 2028 Annual General Meeting approving the 2027 annual financial accounts.

Further to the resignation of Pablo Forero, effective on 13 May 2025, the Board decided to coopt Carol Sergeant as a Director. Her appointment will expire at the expiration of Pablo Forero's initial term of office, namely the 2026 Annual General Meeting approving the 2025 annual financial accounts.

The terms of office of Irina Aggelidakis, Pascale Peluso and Emanuelle Vigneron, Directors elected by employees, expired on 25 September 2025, with the election by employees of two new Directors. At the election, Pascale Peluso was reconducted and Grégory Wésélaqui was newly elected to the Board of Directors, both for a three-year term expiring on 25 September 2028.

Finally, Andrew Wild stepped down as Chief Executive Officer and Director of HSBC Continental Europe on 31 December 2025.

Changes planned for the first quarter of 2026

Pursuant to the governance rules of the HSBC Group regarding the length of presence of Directors on Group entities' boards, the term of office of Lucile Ribot will not be renewed at the 2026 Annual General Meeting.

On the proposal of the Nomination and Corporate Governance Committee, the Board of Directors decided to submit the appointment of Madhukar Dayal as a Director for approval of the General Meeting on 27 March 2026.

Chair of the Board of Directors

Duties of the Chairman of the Board

The Chairman of the Board has a duty to ensure the proper functioning of HSBC Continental Europe's governing bodies. In particular, he conducts the work of the Board and coordinates it with that of the specialised Committees. He ensures that the Directors are in a position to perform their duty, and in particular, ensures that they are in possession of all the information they require for the discharge of their duty.

Presentation of the Chairman of the Board of Directors

Jean Beunardeau

Chairman of the Board of Directors

Member of the Nomination and Corporate Governance Committee

First elected: 2008 as a Director and 2021 as Chairman of the Board. Last re-elected: 2023. Term ends: 2026[4].

Principal position: Chairman of the Board, HSBC Continental Europe. Vice Chairman Global Banking Europe.

Other directorships in the HSBC Group: Chairman of the Board, HSBC Global Asset Management (France). Director, Valeurs Mobilières Elysées. Directorship expired in 2025 : Vice Chairman and Director, HSBC Assurances Vie (France) (until 31 October 2025).

Other directorships outside of the HSBC Group: Member of the Supervisory Board, Société Anonyme des Galeries Lafayette. Censor, Motier (since February 2025). Chairman, L'offrande Musicale. Treasurer, Association du Golf de Saint-Cloud. Member of the Great Council, Cercle de l'Union Interalliée. Member of the Board, Fondation Schlumberger pour l'Education et la Recherche.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: two directorships as member of a Board of Directors or a Supervisory Board.

Skills and experience: Born in 1962. Graduated from Ecole Polytechnique, Telecom Engineer and Master of Economics, he began his career at the Ministry of Finance, at the Forecasting Department then at the Treasury. He became Technical Advisor to the Prime Minister in 1995. He joined HSBC Continental Europe in 1997 in Corporate Finance and became Managing Director in 2000. He was appointed Co-Head of Corporate Investment Banking and Markets, mainly in charge of Corporate and Investment Banking in 2004. He

[4] Director standing for re-election at the Annual General Meeting to be held on 27 March 2026.

was appointed Senior Corporate Vice-President in 2005 and then Head of Global Banking and Markets of HSBC Continental Europe in 2007. In 2010, he was appointed Deputy Chief Executive Officer, in addition to his role as Head of Global Banking and Markets France. The same year, he was appointed Head of Global Banking, Continental Europe, HSBC Group.

His direct responsibilities within Global Banking and Markets ended in 2019. From 2012 to 2021, he was Chief Executive Officer of HSBC Continental Europe. Since 2021, he has been Chairman of the Board of Directors of HSBC Continental Europe and Vice Chairman Global Banking Europe.

2024	**Directorships in the HSBC Group:** Chairman of the Board: HSBC Continental Europe, HSBC Global Asset Management (France). Director and Vice Chairman: HSBC Assurances Vie (France). Director: Valeurs Mobilières Elysées. **Directorships outside of the HSBC Group:** Member of the Supervisory Board: Société Anonyme des Galeries Lafayette. Chairman: L'offrande Musicale (formely Académie France-Chine). Treasurer: Association du Golf de Saint-Cloud. Member of the Great Council: Cercle de l'Union Interalliée. Director: Fondation Schlumberger pour l'Education et la Recherche.
2023	**Directorships in the HSBC Group:** Chairman of the Board: HSBC Continental Europe, HSBC Global Asset Management (France). Director and Vice Chairman: HSBC Assurances Vie (France). Director: Valeurs Mobilières Elysées. **Directorships outside of the HSBC Group:** Member of the Supervisory Board: Société Anonyme des Galeries Lafayette. Chairman: Académie France-Chine. Treasurer: Association du Golf de Saint-Cloud. Member of the Great Council: Cercle de l'Union Interalliée.
2022	**Directorships in the HSBC Group:** Chairman of the Board: HSBC Continental Europe, HSBC Global Asset Management (France). Director and Vice Chairman: HSBC Assurances Vie (France). Director: Valeurs Mobilières Elysées. **Directorships outside of the HSBC Group:** Member of the Supervisory Board: Société Anonyme des Galeries Lafayette. Chairman: Académie France-Chine. Treasurer: Association du Golf de Saint-Cloud. Member of the Great Council: Cercle de l'Union Interalliée.
2021	**Directorships in the HSBC Group:** Chairman of the Board: HSBC Continental Europe. HSBC Global Asset Management (France). Director and Vice Chairman: HSBC Assurances Vie (France). Director: Valeurs Mobilières Elysées. **Directorships outside of the HSBC Group:** Member of the Supervisory Board: Société Anonyme des Galeries Lafayette. Chairman: Académie France-Chine. Treasurer: Association du Golf de Saint-Cloud. Member of the Great Council: Cercle de l'Union Interalliée.

Composition of the Board as of 31 December 2025

On 31 December 2025, the Board of Directors comprised 11 Directors, of whom 9 were appointed by the Shareholders' General Meeting and 2 were elected by employees. A representative of the Social and Economic Council attends Board meetings, without voting rights.

The Directors elected by Shareholders' General Meeting or by employees have a three-year term of office.

The Board membership complies with the policies the Board had implemented on the assessment of the suitability of members of the management body and key function holders and on diversity.

Presentation of the Directors as of 1 January 2026

Deirdre Hannigan

Independent Director

Chair of the Audit Committee, Chair of the Nomination and Corporate Governance Committee (since March 2025), and Member of the Risk Committee.

First elected: 2023.Term ends: 2026[5].

Other directorship in the HSBC Group: Director (since 1 March 2025), Member of the Audit Committee, and Member of the Transformation, Operational Resilience and Technology Committee, HSBC Bank plc.

Other directorships outside the HSBC Group: Chair, Dublin City University Education Trust. Director, New Ireland Assurance Company plc.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: 2 directorships as member of a Board of Directors or a Supervisory Board.

Skills and experience: Born in 1960. Irish nationality. Graduated with a Master of Business Studies from the University College Dublin. She is a qualified accountant and a chartered director of the Institute of Directors. From 2017 until 2022, Deirdre Hannigan was the Group Chief Risk Officer and a member of the Executive Management team of AIB Group Plc. She joined AIB from the National Treasury Management Agency where she was Chief Risk Officer during two years. Before that, she held a number of senior international risk management roles with GE Capital and progressively senior roles in Bank of Ireland, primarily in Strategy and Risk Management. Previous to that, she worked in Retail and Corporate Banking with AIB and Rabobank.

[5] Director standing for re-election at the Annual General Meeting to be held on 27 March 2026.

2024	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Chair of the Board: Dublin City University Education Trust. Director, New Ireland Assurance Company plc.
2023	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Director: Dublin City University Education Trust.
2022	–
2021	–

Kerstin Lopatta

Independent Director

Member of the Audit Committee.

First elected: 2024. Term ends: 2027.

Other directorships: Member of the Supervisory Board, Eurokai GmbH & Co KGaA, and Freenet AG. Vice Chair (since 6 January 2026: acting Chair) of the Sustainability Reporting Board and Special Liaison to the ISSB, European Financial Reporting Advisory Group (EFRAG). Member of the Sustainability Reporting Technical Committee, Accounting Standards Committee of Germany (ASCG). Member of the Sustainable Finance Council, German Ministry of Finance (until February 2025).

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: Three directorships as member of a Board of Directors or a Supervisory Board.

Skills and experience: Born in 1969. German nationality. Diploma in Business and Economics from the Leibniz University in Hanover and Ph.D. at the Chair of Business Administration, Auditing and Corporate Governance from Goethe University in Frankfurt. She is a Professional Supervisory Board Member of the German Stock Exchange and an EFFAS Certified ESG Analyst® (CESGA). She is professor of Financial Accounting, Auditing and Sustainability at the University of Hamburg, adjunct professor at the Faculty of Law, Economics and Finance at the University of Luxembourg, and affiliated with City University of Hong Kong as a visiting professor. Before embarking on her academic career, she worked as a consultant both within Deloitte & Touche GmbH Hanover and Mannheim and Feix Steuerberatungsgesellschaft Hanover.

2024	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Member of the Supervisory Board: Eurokai GmbH &Co KGaA, Freenet AG. Vice Chair of the Sustainability Reporting Board and Special Liaison to the ISSB: European Financial Reporting Advisory Group (EFRAG). Member of the Sustainability Reporting Technical Committee: Accounting Standards Committee of Germany (ASCG). Member of the Sustainable Finance Council: German Ministry of Finance.
2023	–
2022	–
2021	–

Xavier Martiré

Independent Director

Chairman of the Remuneration Committee, Member of the Nomination and Corporate Governance Committee.

First elected: 2025. Term ends: 2028.

Other directorships: Chief Executive Officer, Chief Executive Officer and Chair of the Management Board, Elis SA[6].

Directorships expired in 2025: Chief Executive Officer and Chair of the Board, M.A.J. SA. Chair, Elis Luxembourg SA. Director, Pierrette T.B.A. SA. Director, Elis Manomatic SA. Director, Elis Italia SpA.

Director, S.P.A.S.T SA.Director, Gafides SA, Director, Berendsen Ltd.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: one directorship as executive and one as member of a Board of Directors or a Supervisory Board.

Skills and Experience: Born in 1971. French Nationality. Diploma from Ecole Polytechnique de Paris (1995) and Ecole Nationale des Ponts et Chaussées (1997). Joined Elis SA in 1999 and after having held various roles, including Deputy General Manager for France between 2006 and 2008, he was appointed as Chairman of the Management Board (Président du Directoire) of Elis SA in 2008.

2024	–
2023	–
2022	–
2021	–

[6] Listed Company.

Pascale Peluso

Director elected by employees

Member of the Remuneration Committee.

First elected: 2022. Last re-elected: 2025. Term ends: 2028.

Principal position: Chief Operating Officer – Principal Investment Support and Head of Affiliates and Participations Department, HSBC Continental Europe.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: one directorship as member of a Board of Directors or a Supervisory Board.

Skills and experience: Born in 1967. Graduated with a Master's Degree in Law, Economics and Management for Professional Purposes, major in Finance and with the Certification of the French Financial Market Authority. She joined HSBC in 1989. From 1993 to 2010, she was Head of Securities Back-Office at HSBC Securities (France). Since 2011, she has been Chief Operating Officer – Principal Investment Support of HSBC Continental Europe. She was also appointed Head of the Subsidiairies and Investments Department in 2012 and Chief Financial Officer of HSBC Real Estate Leasing (France) in 2018.

2024	**Directorship in the HSBC Group:** Director elected by employees: HSBC Continental Europe.
2023	**Directorship in the HSBC Group:** Director elected by employees: HSBC Continental Europe.
2022	**Directorship in the HSBC Group:** Director elected by employees: HSBC Continental Europe.
2021	–

Monika Rast

Independent Director

Member of the Risk Committee.

First elected: 2025. Term ends: 2028.

Other directorships: Member of the Supervisory Board, Allianz Global Investors GmbH.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: two directorships as member of a Board of Directors or a Supervisory Board.

Skills and Experience: Born in 1972. German nationality. Graduated with a master degree in roman philology and in business administration with majors in accounting/controlling and in capital markets financing from the Ludwig-Maximilians-University in Munich. Holds a Certification by Deutsche Boerse AG as qualified supervisory and advisory board member. She worked most of her career within the financial services sector, working for UniCredit, where she held several senior leadership positions within UniCredit Bank AG. She was Head of Debt Capital Markets Origination Financial Institutions and Public Sector from 2010 to 2015, followed by Head of Joint Ventures CIB & UBK, Investment Banking Products for Corporate Commercial Banking Clients from 2015 to 2019. She then served as Head of Multinational Corporates from 2019 to 2022, Deputy Head of CIB Germany in 2021, and from 2022 to 2023, she was both Deputy Head of Corporates and concurrently, Head of Industry Coverage Capital Goods. Most recently, she was a member of the management board at UniCredit Bank AG from 2023 to 2024 where she was responsible for Private&Wealth, Retail and Micro Business Clients. From 2019 to 2024, she was also a member of the supervisory board at UniCredit Bulbank (Bulgaria) and a member of its risk committe.

2024	–
2023	–
2022	–
2021	–

Lucile Ribot

Independent Director

Member of the Audit Committee.

First elected: 2016. Last re-elected: 2023. Term ends: 2026.

Other directorships: Director, Imerys[7]. Director, Kaufman & Broad SA[5].

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: three directorships as member of a Board of Directors or a Supervisory Board.

Skills and experience: Born in 1966. Graduated from the Ecole des Hautes Etudes Commerciales de Paris ('HEC'). Senior Audit Manager at Arthur Andersen (audit and consulting) from 1989 to 1994. She joined the Fives Group in 1995 as a Group Financial Controller. From 1996 to 1997, Chief Financial and Administrative Officer of the subsidiary Fives Solios. From 1998 to 2017, Chief Financial Officer of Fives and Member of the Management Board from 2002 to 2017.

2024	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Director: Imerys, Kaufman & Broad SA.
2023	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Director: Imerys, Kaufman & Broad SA.
2022	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Director: Imerys, Kaufman & Broad SA.
2021	**Directorship in the HSBC Group:** Independent Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Director: Imerys, Kaufman & Broad SA.

Carol Sergeant

Independent Director

Chair of the Risk Committee, Member of the Audit Committee, Member of the Nomination and Corporate Governance Committee, Member of the Remuneration Committee.

First elected: 2025. Term ends: 2026[8].

Other directorships: Deputy Chair of the Board, Vida Group Holdings Limited, Deputy Chair of the Board, Vida Bank Limited.

7 Listed Company.
8 Director standing for re-election at the Annual General Meeting to be held on 27 March 2026.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: two directorships as member of a Board of Directors or a Supervisory Board.

Skills and Experience: Born in 1952. British and Irish nationality. She holds a Bachelor of Arts in Modern Languages from the University of Cambridge and a Master of Business Administration in Finance from the Bayes Business School. She was the Group Chief Risk Officer (CRO) of Lloyds Banking Group PLC for seven years (2004-2011), having had an earlier career at the Financial Services Authority (1998-2003) and the Bank of England (1974-1998). Since 2011 she has held non-executive positions on several commercial boards, including Danske Bank, BNY Mellon SA/NV, been a trustee of several charities including Chair of the UK Whistleblowing Charity PROTECT, a member of Liikanen EU High Level Expert Group on banking reform and has chaired independent reviews for the UK government on Simple Financial Products and Legacy Pensions.

2024	–
2023	–
2022	–
2021	–

Michaël Trabbia

Independent Director

Member of the Risk Committee.

First elected: 2022. Last re-elected: 2025. Term ends: 2028.

Principal position: Executive Vice President and Chief Executive Officer Orange Wholesale, Orange Group.

Other directorships: Chairman of the Board (until 7 November 2025) and Director (since 7 November 2025), Orange Concessions. Chairman of the Board, Bleu. Director, Totem. Director, Nordnet. Chairman of the Supervisory Board, FT Marine

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: Two directorships as member of a Board of Directors or a Supervisory Board.

Skills and Experience: Born in 1976. Graduated of Ecole Polytechnique and of Télécom ParisTech, and holding a Master's of Advanced Studies in Industrial Economics. Michaël Trabbia began his career in 2001 at ARCEP (French National Regulatory Authority for telecommunications and posts) where he was notably in charge of the allocation and control of the mobile licences. In 2004, he was appointed Technical Advisor to the cabinet of the Minister for European Affairs, before joining the cabinet of the Minister for Regional Development as Advisor for "ICT and Europe" in 2005. In 2007, he joined TDF (a french network and infrastructure operator) as Head of Strategy and Development. In 2009, he was appointed Deputy Chief of Staff to the Minister of Industry and Head of "Industrial Sectors Policy", before joining the Orange Group in 2011 where he was the Group's Director (SVP) for Corporate Public Affairs. He then became in 2014 Chief of Staff for the Chairman and Chief Executive Officer of Orange, and Secretary of the Group's Executive Committee. From 2016 to 2020, Michaël Trabbia served as Chief Executive Officer of Orange Belgium and was then Chief Technology and Innovation Officer and Group Head of Innovation from 2020 to 2023. He has been the CEO Wholesale of Orange Group since 2023.

2024	**Directorships in the HSBC Group:** Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Chairman: Orange Concessions, Bleu. Director: Totem, Nordnet. Chairman of the Supervisory Board: FT Marine.
2023	**Directorships in the HSBC Group:** Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Chairman: Orange Concessions. Director: Totem, Nordnet. Chairman of the Supervisory Board: FT Marine.
2022	**Directorships in the HSBC Group :** Director: HSBC Continental Europe. **Directorships outside of the HSBC Group:** Chairman of the Board: Viaccess SA, Sofrecom,Soft@home. Director: Nordnet, BuYin S.A.: GSMA.
2021	–

Grégory Wésélaqui

Director elected by employees

First elected: 2025. Term ends: 2028.

Principal position: Client Service Manager, Global Payments Solutions, HSBC Continental Europe.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: one directorship as member of a Board of Directors or a Supervisory Board.

Skills and Experience: Born in 1983. Graduated with a professional bachelor's degree in management after a two-year banking vocational degree. Holds a certification of the French Financial Market Authority and an internal HSBC certification on Anti-Money Laundering. After first professional experiences as insurance broker and account manager, he joined HSBC in September 2013 where he worked as digital account manager and then wealth management advisor. Since 2017, he has been a customer service representative for corporate cash management.

2024	–
2023	–
2022	–
2021	–

Board diversity

The diversity policy of the management body aims at reaching a balance and a complementarity of age, gender, geographic, professional and educational experience, independence, seniority in the mandate and representation of employees.

The profiles of the Directors are diverse and complementary and cover the spectrum of business lines and risks associated with the activities of HSBC Continental Europe. According to the Articles of Association, the Board of Directors includes two members elected by the employees.

The Board includes four different nationalities and nearly two-thirds of Directors have international experience. As at 31 December 2025, the average age of the Directors in office is 58, lower than 59 at 31 December 2024, and their average tenure in the function is 4.1 years, lower than 4.9 in 2024. Excluding Directors elected by employees, the Board comprises five women and four men, i.e. 56 per cent of women and 44 per cent of men.

Independent Directors

With respect to the criteria on independence defined in the guidelines on the assessment of the suitability of members of the management body issued by the European Banking Authority ('EBA') and the European Securities and Markets Authority (‘ESMA’) and by the HSBC Group, the Board of Directors determines, on appointment and annually thereafter, whether each non-executive Director may be considered as independent.

To do this, it examines whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director’s judgement. The Board should record its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination. As at 31 December 2025, seven Directors can be deemed independent, i.e. 63.6 per cent of all Directors.

Board evaluation

Pursuant to HSBC Group's policy, a Board evaluation was conducted externally in November and December 2025, under the responsibility of the Nomination and Corporate Governance Committee and on the basis of a questionnaire complemented by meetings between the third party facilitating the evaluation and each Director. The questionnaire covered the following themes:

– for the Board: governance, strategy, risk and financial performance; Board and committee composition and structure; management performance; corporate culture and conduct; meeting materials and process; role of Company Secretary; Director self-assessment and training; and Board behaviours, culture and effectiveness.

– for each of the Board Committees: committee performance; committee composition and structure; management performance and succession; meeting materials and process; and Committee behaviours, culture and effectiveness.

Results of this evaluation and the update on main actions implemented further to the evaluation conducted the year before were discussed by the Board of Directors during a dedicated session of 10 February 2026.

Overall, the work of the Board and its Committees was rated highly, with feedback highlighting their diverse membership, efficiency, and positive and constructive engagement with executive management. The Board endorsed actions to further strengthen its governance, strategic oversight, and operational efficiency. Enhancements suggested in the review were reviewed and considered to have been addressed.

Directors’ training and information

As required by the Board’s internal rules, Directors receive the information they need to fulfil their duties and may ask to receive any documents they deem useful.

In particular, the Board and the Board Committees may ask for a presentation on a particular subject or issue at a future meeting.

According to the policy on training of the management body's members, all new Directors, when taking up duty, receive an information pack on HSBC Continental Europe, including legal information about the Company and the role of Directors, as well as the latest Universal Registration Document.

In addition, the Company Secretariat organises, for the new Director’s benefit and depending on his/her needs and priorities, a programme of training sessions regarding HSBC Continental Europe’s main business lines and functions. Directors in office are also able to attend these sessions. Thus, in 2025, induction programmes were organised for Kerstin Lopatta, Xavier Martiré, Monika Rast, and Carol Sergeant. An induction programme for Grégory Wésélaqui took place in early 2026.

In addition, eleven training sessions were organised during the year for the management body: three on ESG-related topics, four on technology, AI and data topics, two on regulatory topics, one on recovery and resolution, and one on Corporate and Institutional Banking global strategy.

Furthermore, Directors completed training, during the year, in the form of e-learning on protective security, sustainability, health and safety, wellbeing, appropriate behaviour, managing risk and operational resilience, financial crime, cybersecurity and data risk, competition law and conflicts of interest, using artificial intelligence, social media and electronic communications safely and responsibly.

Meetings of the Board of Directors and of the Board’s Committees are also used as an opportunity to provide Directors with information that is essential for them to carry out their duties, and to update their knowledge.

Moreover, the HSBC Group is also organising sessions, focusing on Independent Non-Executive Directors and Board chairs. For example, the Chairman of the Board and of the Board Committees were invited to attend an in person event in London in March 2025 as part of the Bank Chair programme. The Chairman of the Board and the Chairpersons of the Audit and Risk Committees regularly attend sessions bringing together their counterparts from the main European entities.

Directors’ remuneration

The maximum total remuneration payable each year to Directors was fixed at EUR 1.7 million, as decided by the Ordinary General Meeting of 25 March 2024.

This remuneration is allocated according to the following rules, decided by the Board of Directors at its meeting on 20 July 2023:

– each Director is allocated an annual flat fee of EUR 65,000, paid at the conclusion of the Annual General Meeting;
– the additional annual flat fee paid to Board Committees members amounts to;

- EUR 40,000 for the Chair of the Audit Committee;
- EUR 45,000 for the Chair of the Risk Committee;
- EUR 25,000 for the members of the Audit Committee and of the Risk Committee;
- EUR 13,000 for the Chair of the Nomination and Corporate Governance Committee;
- EUR 11,000 for the members of the Nomination and Corporate Governance Committee;
- EUR 10,000 for the Chair of the Remuneration Committee; and
- EUR 8,500 for the members of the Remuneration Committee.

Furthermore, within the HSBC Group, it is customary for Directors performing other executive duties in the Group and Executive Directors to renounce their remuneration in respect of their directorships held in HSBC Group companies.

Directors and Executives of HSBC Continental Europe and its subsidiaries adhere to this recommendation.

In 2025, in respect of 2024, Jean Beunardeau and Andrew Wild renounced the payment of their remuneration in respect of their directorship in HSBC Continental Europe.

It also has to be noted that, since his appointment as Chairman of the Board of Directors as of 15 July 2021, Jean Beunardeau has received compensation solely for his role as Vice Chairman Global Banking Europe, which includes eligibility to a defined benefits supplementary pension scheme, and does not receive compensation in the context of his role as Chairman of the Board and as Director.

Moreover, in order to comply with the rules applied by the HSBC Group, the Directors' attendance record is not taken into account in calculating Directors' remuneration.

The total Directors' remuneration net of social contributions, income tax prepayment and withholding tax to be paid in 2026 in respect of 2025 amounts to EUR 0.79 million, to be compared to EUR 0.89 million paid in 2025 in respect of 2024.

Remunerations paid to Non-Executive Directors by HSBC Continental Europe, the companies it controls and the companies which control it (the HSBC Group)

	Remuneration in respect of the directorship paid in 2024 in respect of 2023	**Remuneration in respect of the directorship paid in 2025 in respect of 2024**	Other compensation paid in 2024[1]	**Other compensation paid in 2025[1]**
	€	**€**	€	**€**
Directors performing their principal position in an entity of the HSBC Group				
Jean Beunardeau	—	**—**	2,164,631	**2,285,682**
Directors elected by the employees				
Irina Aggelidakis[2,3]	41,400	**53,820**	—	
Ludovic Bénard[2,4]	47,852	**5,072**	—	
Elisabeth Moussi[2,4]	41,400	**4,485**	—	
Pascale Peluso[2]	41,400	**53,820**	—	
Emmanuelle Vigneron[2,3,5]	—	**55,787**	—	
Directors not performing executive duties within the HSBC Group[7]				
Paule Cellard[7]	55,650	**45,500**	—	
Pablo Forero[8,9]	15,478	**85,274**	—	
Deirdre Hannigan[10]	46,216	**196,945[11]**	—	
Kerstin Lopatta[12]	—	**19,620**	—	
Stephen O'Connor[6]	262,420[13]	**132,917[14]**	—	
Dominique Perrier[6]	49,700	**63,000**	—	
Arnaud Poupart-Lafarge[6]	49,000	**61,600**	—	
Lucile Ribot	61,950	**63,000**	—	
Eric Strutz[6]	247,438[15]	**306,797[16]**	—	
Carola von Schmettow[17]	43,600	**14,170**	—	
Michaël Trabbia	49,700	**63,000**	—	

1 Fixed and other fixed remuneration, variable remuneration and benefits in kind.
2 Renounced remuneration to the benefit of a trade union organisation, net of social contributions.
3 End of Directorship on 25 September 2025.
4 End of Directorship on 6 February 2024.
5 Appointed on 6 February 2024.
6 End of Directorship on 24 March 2025.
7 Amounts paid net of social contributions, income tax prepayment, and, where applicable, withholding tax.
8 Appointed on 6 October 2023.
9 End of Directorship on 13 May 2025.
10 Appointed on 30 June 2023.
11 Of which EUR 113,360 paid by HSBC Continental Europe.
12 Appointed on 11 October 2024.
13 Of which EUR 51,012 paid by HSBC Continental Europe.
14 Of which EUR 66,272 paid by HSBC Continental Europe.
15 Of which EUR 92,432 paid by HSBC Continental Europe.
16 Of which EUR 117,720 paid by HSBC Continental Europe.
17 End of Directorship on 25 March 2024.

Duties and procedures of the Board of Directors

The Board internal rules govern the Board's functioning and include the main duties under the Board's responsibility. The Board's functioning takes into account HSBC Continental Europe's position as a 99.9 per cent held subsidiary of the HSBC Group. Under its internal rules, the Board:

– constructively challenges the strategy and determines strategic orientations, on the basis of the strategy formulated by General Management, and oversees and monitors their implementation. It approves strategic investments / divestments and all transactions liable to impact earnings significantly;
– oversees and monitors management decision-making and actions and provides effective oversight of the effective managers and constructively challenges and critically reviews proposals and information provided by the effective managers, as well as their decisions;
– approves the financial resource plan;
– oversees and monitors that HSBC Continental Europe's strategic objectives, organisational structure and risk strategy, including its risk appetite and risk management framework, as well as other policies (e.g. remuneration policy) and the disclosure framework are implemented consistently;
– monitors and supervises major risks and reviews regular risk management reports, setting out the risks involved in the HSBC Continental Europe's business and results;
– monitors that the risk culture is implemented consistently;
– sets HSBC Continental Europe's values and principles and oversees the implementation and maintenance of a code of conduct or similar and effective policies to identify, manage and mitigate actual and potential conflicts of interests;
– oversees the integrity of financial information and reporting, and the internal control framework, including an effective and sound risk management framework;
– ensures that the heads of internal control functions, namely the Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit, are able to act independently and, regardless of the responsibility to report to other internal bodies, business lines or units, can raise concerns and warn the Board where necessary when adverse risk developments affect or may affect the institution;
– monitors the implementation of the internal audit plan;
– deliberates on all questions pertaining to its legal and regulatory obligations and those stemming from its Articles of Association; and
– cares about HSBC Group's reputation in Continental Europe.

In the week prior to the meeting, the Directors receive the meeting file, including the agenda, the draft minutes of the previous Board meeting and supporting papers to the agenda items to be discussed at the meeting. When certain items are of high confidentiality or cannot be disclosed in advance, the necessary documents are provided immediately before or during the meeting. Furthermore, Directors are regularly advised of significant events regarding the Company and receive the relevant documents.

Board of Directors' work

The Board of Directors met 14 times during 2025. The average attendance rate was 86 per cent, compared to 13 meetings with an average attendance rate of 91 per cent in 2024:

– 7 February 2025 (attendance rate: 100 per cent);
– 18 February 2025 (attendance rate: 80 per cent);
– 28 March 2025 (attendance rate: 92 per cent);
– 29 April 2025 (attendance rate: 100 per cent);
– 14 May 2025 (attendance rate: 83 per cent);
– 27 June 2025 (attendance rate: 83 per cent);
– 11 July 2025 (attendance rate: 83 per cent);
– 18 July 2025 (attendance rate: 100 per cent);
– 29 July 2025 (attendance rate: 75 per cent);
– 14 August 2025 (attendance rate: 58 per cent);
– 16 September 2025 (attendance rate: 83 per cent);
– 23 October 2025 (attendance rate: 91 per cent);
– 19 November 2025 (attendance rate: 91 per cent); and
– 2 December 2025 (attendance rate: 82 per cent).

Businesses and strategy

Throughout 2025, the Board maintained a strong focus on the strategic direction of HSBC Continental Europe. At each quarterly meeting, the Board reviewed the performance, strategic initiatives, and the progress of transformation and restructuring activities, ensuring the current and future sustainability of the business model. The Board was supported by regular updates on geopolitical and macroeconomic developments and detailed presentations on specific parts of the business to ensure a proper oversight. The Strategy Forum, established in 2024, continued to inform the Board's deliberations on strategic matters.

Throughout 2025, the Board continued to take decisions to build a leaner, simpler bank with a sharper strategic focus and an ambition to grow. The main decisions included the following:

– on 14 May 2025, the Board approved developments for HSBC Continental Europe that reflected the acceleration of the implementation of HSBC's strategy aimed at simplifying the organisation to make it more agile, bringing together Commercial Banking and Global Banking and Markets activities. In France, this project involved a 'Plan de Sauvegarde de l'Emploi' (social plan) including a voluntary scheme;
– in accordance with the terms of the sale of the retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of EUR 7.1 billion at the time of sale, consisting of home and certain other loans. Further to the approval given in December 2024 to sell this retained portfolio, the Board approved its disposal to a consortium comprising Rothesay Life Plc and CCF on 27 June 2025;
– following a strategic review of the Securities Services business in Germany, the Board approved on 27 June 2025, the disposal of the custody business in Germany to BNP Paribas, subject to customary regulatory and anti-trust approvals and conclusion of negotiations with the works council in Germany. On 11 July 2025, the Board then approved the disposal of the fund administration business in Germany, Internationale Kapitalanlagegesellschaft mbH ('INKA'), to BlackFin Capital Partners S.A.S. subject to regulatory and anti-trust approvals and the conclusion of works council consultations;
– on 16 September 2025, following a strategic review, the Board approved the disposal of the 70.03% shareholding held by HSBC Continental Europe in HSBC Bank Malta p.l.c. to CrediaBank.

The Board paid particular attention to People risk and staff engagement in the context of transformation.

The Board discussed on a regular basis the anticipated impact of Article 21c of the sixth Capital Requirements Directive on HSBC Continental Europe.

Technology

In 2025, the Board devoted significant attention to technology related topics, including the strategy and its execution, operational resilience, and budget.

In addition to the presentations from management, regular updates were provided by the Board member designated to oversee IT topics, who reported on the execution of the technology strategy, IT budget, and key technology risks at each quarterly meeting. The Board reviewed the progress of major technology projects and monitored the implementation of the technology roadmap to support business transformation and regulatory compliance.

ESG

ESG remained a priority for the Board in 2025. The Board reviewed the sustainability strategy, monitored climate-related and environmental risks, and oversaw the double materiality assessment process.

The Board member responsible for ESG topics, appointed in 2024, continued to report to the Board on a regular basis, in particular on the implementation of the Corporate Sustainability Reporting Directive (CSRD).

People and Culture

In 2025, the Board discussed the People strategy and the Culture plan,with a focus on employee engagement and the management of human resources risks in the context of ongoing transformation.

Finance

At each of its quarterly meetings, the Board reviewed the financial performance and balance sheet developments. For each period considered, it heard the conclusions of the Statutory Auditors, who were invited to attend all Board meetings. The Board approved the half-yearly and annual financial statements and the related disclosures and press releases.

The Board was informed of developments in tax related topics, regulatory ratios, in particular capital, liquidity, solvency and leverage ratios as well as projections on these matters and discussed the capital and funding plans on a regular basis, including dividends. On 23 October 2025, the Board approved an interim dividend of EUR 281.5m in respect of 2025 financial year.

The Board also reviewed and approved the Internal Capital Adequacy Assessment Process ('ICAAP') and the Internal Liquidity Adequacy Assessment Process ('ILAAP') reports, and the stress testing framework.

The Board reviewed and approved non-audit services rendered by the Statutory Auditors as necessary.

Finally, the Board monitored the progress of work on recovery and resolution planning and approved the recovery plan before its submission to the European Central Bank.

Risk management

At each quarterly meeting, the Board reviewed the HSBC Continental Europe group's risk profile, including both financial and non-financial risks.

For this purpose, it is supported in particular by the core risk reports (risk map, top and emerging risks and risk appetite statement) and by the reports from the Chief Risk Officer and the Chair of the Risk Committee.

In addition, it reviewed updates to the risk management framework and policies and reviewed certain risk appetite metrics and thresholds during the year.

The Directors have also access to the Risk Committee's supporting documentation.

The Board reviewed and approved where necessary the annual reports on internal control, on the organisation of the financial crime internal control system, and on information and communication technology submitted to the Autorité de contrôle prudentiel et de résolution ('ACPR').

The work of Internal Audit, in particular the reports that were the subject of an adverse rating and the evolution in the number of open recommendations, as well as the resources of Internal Audit were discussed regularly, in particular by the Audit Committee. In addition, the Head of Internal Audit presented his annual report to the Board at its meeting on 7 February 2025. The Board reviewed and approved the Internal Audit Plan for 2026 at its meeting of 19 November 2025.

Regulatory environment and supervision

The Board received regular updates on the regulatory landscape and how they were managed by HSBC Continental Europe.

In addition, the Board closely followed the engagement with the supervisory authorities. The Board discussed the findings of their assessments and inspection missions and monitored their remediation.

Governance

The Board deliberated, notably on the basis of the work of its Committees, on the various topics that fall under its responsibility, in accordance with the laws and regulations in force, in particular with regard to remuneration and assessment of the suitability of the management body, composition of the Board and specialised Board committees, appointment of key function holders, training of the management body, management of conflicts of interests, Board performance, and delegation of authority framework.

The Board also reviewed and approved the corporate governance policies for which it is responsible. It also examined the updates of the governance rules applying to HSBC Group entities (Subsidiary Accountability Framework). On 19 November 2025, the Board approved the Mapping of Duties, designed to address the requirement of the sixth Capital Requirements Directive (CRD6).

The Board approved the reports of the Board of Directors to the General Meeting and on corporate governance for the 2024 financial year.

During the 2025 financial year, the Board authorised one new related-party agreement relating to the sale of HSBC Assurances Vie (France). The Board examined the agreements entered into and authorised by the Board during previous financial years and whose execution has continued, in accordance with Article L. 225-40-1 of the French Commercial Code[9].

The work of the Board Committees was set out in regular, detailed reports from their respective Chairpersons and was debated during Board meetings. In this regard, the Board was kept informed at each meeting about the main topics discussed, recommendations, and points of action identified by the Committee.

Finally, at each Board meeting, a report was given on the action points requested by the Board at previous meetings, with specific presentations where necessary.

Board Committees

The Board is assisted by four specialised Committees: Audit Committee, Risk Committee, Nomination and Corporate Governance Committee and Remuneration Committee. Their duties are defined in the Board's internal rules.

[9] Details on related-party agreements are available on page 33.

Audit Committee

Composition of the Audit Committee

Chairperson	
Deirdre Hannigan (independent)	Appointed in 2023
Members	
Pablo Forero (independent)	From 1 January 2025 until 13 May 2025
Kerstin Lopatta (independent)	Appointed in 2024
Dominique Perrier (independent)	From 2019 until March 2025
Lucile Ribot (independent)	Appointed in 2017 (Chair from 2022 to 2023)
Carol Sergeant (independent)	Appointed on 13 May 2025

Carol Sergeant was appointed as a Member of the Audit Committee on 13 May 2025, replacing Pablo Forero, who resigned with effect on the same day.

The Audit Committee members are highly qualified in banking, financial, accounting, sustainability reporting and control areas, as they serve or have in the past served as Audit Committee member, Chief Financial Officer, Chief Risk Officer, including for banks, expert with regulatory advisory bodies. Cross-membership of the Audit and Risk Committees Chairs ensures an appropriate interaction between both committees.

Audit Committee's duties

The Audit Committee reports to the Board. The Committee oversees and advises the Board on matters relating to the budget, financial reporting, sustainability reporting, internal controls, capital and liquidity ratios to support the Risk Committee, the dividend policy and capital allocation, management of the Finance function and Internal Audit.

The Committee in particular reviews:

- the integrity of the financial statements and sustainability disclosures, formal announcements and disclosures;
- the effectiveness of Internal Audit and the external audit process; and
- the effectiveness of internal control systems, subject to input from the Risk Committee.

The Committee and its Chair had the opportunity to meet the Statutory Auditors and the Head of Internal Audit regularly, including in private sessions to ensure that there are no unresolved issues or concerns. In carrying out these tasks, the Committee may consult any adviser or expert as it deems appropriate.

To give itself sufficient time to review the accounts before they are reviewed by the Board, the Audit Committee meets a few days before the Board insofar as possible.

Lastly, at the request of the HSBC Bank plc's Audit Committee, the HSBC Continental Europe's Audit Committee Chairperson provides a half-yearly certificate to the Audit Committee Chairman of HSBC Bank plc, HSBC Continental Europe's direct shareholder, confirming, in particular, that the accounts were reviewed by the Committee and that the internal control system appears to be appropriate.

Audit Committee's work in 2025

The Audit Committee met six times in 2025, with an attendance rate of 100 per cent, compared to six meetings with an attendance rate of 100 per cent in 2024:

- 6 February 2025;
- 17 February 2025;
- 22 April 2025;
- 16 July 2025;
- 28 July 2025; and
- 20 October 2025.

Each meeting was also attended by the Statutory Auditors, the Chief Accounting Officer, the Head of Internal Audit and the Chief Risk Officer. The Chief Executive Officer and the Deputy Chief Executive Officers (one of whom is the Chief Financial Officer) also attended Committee meetings to answer any questions. Other members of the leadership team also attend Committee meetings covering any subjects falling under their responsibility.

The first aspect of the Committee's work involved an in-depth review of the annual and half-yearly financial statements prior to their presentation to the Board. The Audit Committee reviewed HSBC Continental Europe's parent company and consolidated accounts, as well as the publications relating to the annual results. The Committee was informed by the Finance Department of the main accounting and tax points of attention and discussed the choices made by the Company in drawing up its financial statements and verified the adequacy of provisions for identified risks, especially provisions for credit risk.

The Committee paid attention in particular to HSBC Continental Europe's capital adequacy, with the implementation of the Basel III rules as well as in preparation for the anticipated impact of Article 21c of CRD6.

At its meeting on 20 October 2025, the Committee endorsed and recommended for the Board's approval the distribution of an interim dividend (acompte sur dividende) relating to financial year 2025.

Throughout the year, the Committee remained attentive to monitoring the cost base, including technology spend.

The Committee was informed of the Finance system strategy, with the implementation of a new general ledger system in September 2025, and of changes in the organisation of the Finance department.

Regarding publications relating to the annual results, the Committee reviewed with particular attention the non-financial disclosures under the EU Taxonomy and CSRD, as well as the ESG part of Pillar 3 report.

The second area of the Committee's work concerned controls. To this end, the Statutory Auditors reported on matters requiring particular attention at the time of preparing the financial statements. Every quarter, the Statutory Auditors presented their diligences on the financial statements. The Committee discussed the Statutory Auditors' audit programme and independence, approved the fees paid in 2025 by the HSBC Continental Europe group to its Statutory Auditors. The Committee reviewed and authorised as necessary the non-audit services rendered by the Statutory Auditors.

The Committee was also informed of the risks and results of controls conducted on financial statements, in particular regarding the deficiencies identified by these controls and progress in action plans.

The Committee monitored the whistleblowing setup and its results.

At its meeting on 20 October 2025, the Committee examined the list of related-party agreements authorised previously by the Board and still in force and made recommendations to the Board regarding the list update.

The third aspect of the Committee work concerned the detailed review, at each of its quarterly meetings, of Internal Audit activities. At its meeting on 6 February 2025, it endorsed and recommended for the Board's approval the appointment of a new Head of Internal Audit. It further reviewed the findings of the main audit duties, notably those calling for particular attention. The Committee remained extremely attentive to the proper implementation of the audit recommendations and to the evolution of the capabilities of Internal Audit. It has also approved the 2026 annual audit plan.

Throughout 2025, the Committee received reports from the subsidiaries' Chairs of Audit Committees.

The Chairperson of the Audit Committee reported to the Board, on a regular basis and when necessary, on the key points discussed during Audit Committee meetings and on recommendations formulated by the Audit Committee.

Risk Committee

Composition of the Risk Committee

Chairperson	
Pablo Forero Calderon (independent)	Appointed in 2023, Chairman from 1 January 2025 until 13 May 2025.
Carol Sergeant (independent)	Appointed on 13 May 2025 as Chairperson
Members	
Deirdre Hannigan (independent)	Appointed in 2023
Monika Rast (independent)	Appointed on 24 March 2025
Eric Strutz (independent)	From 2022 until 24 March 2025 (Chairman from 2022 until 31 December 2024)
Michaël Trabbia (independent)	Appointed in 2022

On 1 January 2025, Pablo Forero was appointed as Chairman, succeeding Eric Strutz, who remained a Member until 24 March 2025. On 13 May 2025, Carol Sergeant was appointed as Chairperson, succeeding Pablo Forero, who resigned with effect on the same day.

The Committee members are highly qualified in the banking, financial, risk, including technology, and internal control areas, as they serve or have in the past served in the capacity of Group Chief Risk Officer, Group Chief Financial Officer, Chief Executive Officer, including of banking entities, have had senior supervisory responsibilities within a banking authority or operational responsibilities within Global Banking activities or have been Risk Committee Chair or Head of Innovation and Technology.

Cross-membership of the Audit and Risk Committees Chairs allows to ensure an appropriate interaction between both committees.

Risk Committee’s duties

The Risk Committee reports to the Board. The Committee oversees and advises the Board on risk-related matters and enterprise risks impacting HSBC Continental Europe and its subsidiaries, including risk governance.

The Committee collaborates with other Board Committees whose activities may have an impact on the risk strategy (in particular, Audit and Remuneration Committees) and regularly communicates with the HSBC Continental Europe’s internal control functions, in particular the risk management function.

The Committee meets the Chief Risk Officer in private at least twice per year to ensure that there are no unresolved issues or concerns. In carrying out these tasks, the Committee may consult any adviser or expert as it deems appropriate.

At the request of the HSBC Bank plc’s Risk Committee, the HSBC Continental Europe’s Risk Committee Chairman provides a half-yearly certificate to the Risk Committee Chairman of HSBC Bank plc, confirming, in particular, that the Committee examined the reports on risks and that no matter was brought to its attention other than those described in the supports.

Risk Committee’s work in 2025

The Risk Committee met eight times in 2025,with an attendance rate of 100 per cent, compared to six meetings with an attendance rate of 96 per cent in 2024:

- 6 February 2025;
- 18 March 2025;
- 22 April 2025;
- 18 June 2025;
- 17 July 2025;
- 15 September 2025;
- 20 October 2025; and
- 2 December 2025.

Each meeting was also attended by the Statutory Auditors, the Chief Risk Officer and the Head of Internal Audit. The Chief Executive Officer and the Deputy Chief Executive Officers (one of whom is the Chief Financial Officer) attended Committee meetings to answer any questions. Other members of the leadership team also attend Committee meetings for subjects falling under their responsibility.

At the end of its quarterly meetings, the Risk Committee held regularly in camera sessions without HSBC Continental Europe management attending and, if applicable, with the Head of Internal Audit or the Chief Risk Officer only.

In 2025, the Committee paid particular attention to the risks relating to HSBC Continental Europe's transformation projects. Liquidity management, models, data and cybersecurity were also particularly in the focus of the Committee, which continued monitoring the geopolitical and economic context.

In line with its usual work, the Committee approved HSBC Continental Europe’s risk appetite for 2025 and examined, at each of its meetings, the monitoring dashboard, in particular indicators which were not in line with the thresholds that had been set. It also reviewed and approved the risk tolerance framework.

In addition to a summary on risks given by the Chief Risk Officer, the Committee monitored, at each of its quarterly meetings, the risk profile of HSBC Continental Europe through the risk map and the review of top and emerging risks, as well as their assessment and the action plans which had been identified.

The Committee was informed of the changes to the risk management framework.

At each quarterly meeting, the Committee received reports on specific lines of business or subsidiaries from Heads of those areas or Chief Risk Officers and from Chairs of subsidiaries’ Risk Committees.

The Committee carefully monitored the stress tests performed in 2025, in particular the EBA stress test exercise, discussing stress assumptions, reviewing and benchmarking results, and assessing lessons learned.

The Risk Committee also continued to carry out the usual review of financial risks, each of the individuals in charge of controlling such risks reported to the Committee, in particular concerning:

- Credit risk, with reviews of the whole portfolio and of targeted sectors, including leveraged exposures, monitoring changes in outstanding credit and non-performing loans, the evolution of the cost of risk and of worrying exposures. The Committee was informed of the communications with the supervisory authorities on credit;
- Market risk, in particular in the volatile context of the first half of 2025 further to the announced US renegotiation of tariffs, with reviews of trends compared with limits, changes in exposure, the setting of limits, changes in market activities’ risk-weighted assets and the results of internal stress tests. Particular attention was also paid to the evolution of spreads on the French and other sovereign debts; and
- Liquidity, capital and interest rate in the banking book risks. The Committee examined and approved the ICAAP and ILAAP reports, as well as the capital and liquidity plans and their execution afterwards. The Committee paid particular attention to the management of liabilities, in the context of HSBC Continental Europe's evolving refinancing model.

Likewise, at each meeting, the Risk Committee continued to carry out a review of non-financial risks, each of the individuals in charge of controlling such risks reported to the Committee, in particular concerning:

- Risk models, in particular with the monitoring of progress made in the remediation programmes further to reviews on models performed by supervisory authorities, as well as their impact on risk-weighted assets;
- Data management, regarding HSC Continental Europe's compliance with the Basel Committee on Banking Supervision's standard number 239 (BCBS 239), and more broadly regarding the management of data across HSBC Continental Europe;
- Operational incidents and losses, progress and action plans relating to the non-financial risks management framework;
- Resilience risk and HSBC Continental Europe's implementation of the Digital Operational Resilience Act (DORA). Particular attention was devoted to cybersecurity and business continuity, as well as to cybersecurity in relation with outsourcing risk;
- IT and technology risk, with a focus on the execution of IT transformation projects;
- Compliance risk (see below);
- ESG risks, with a growing awareness of Nature risks, although these remain difficult to assess;
- Legal risks, including legal disputes and emerging risks; and
- People risks in the context of social plans in France and Germany in particular.

With regard to both financial and non-financial risks, the Committee was informed of the impact of climate-related and environmental risks weighing on these risks.

In accordance with the French Government Order of 3 November 2014 as modified, the Committee was informed of the changes to the management framework for outsourced services, in particular those deemed essential, whether these services be sub-contracted within the HSBC Group or to external suppliers, as well as the results of controls carried out on outsourced essential services.

In the area of compliance risk management, the Committee took note of the quarterly reports, which set out the main new matters and updated on those already detailed in the course of previous meetings. The Committee closely followed the evolution of the transaction monitoring, the system and tools, the implementation of recommendations issued by the various control bodies in terms of compliance, as well as missions carried out by the latter in these areas. In particular, the Committee reviewed the outcome of supervisory inspections of the Compliance function.

The Committee approved the annual reports to the ACPR on internal control and on the organisation of the financial crime compliance framework.

The Committee was informed of communications with supervisory and control authorities and of the conclusions of their various assessments, audits and reviews, and received reports and follow-up letters and replies to them in relation to these assignments, as well as action plans initiated to implement their recommendations.

The Committee was informed of the works performed by HSBC Continental Europe regarding recovery and resolution planning carried out as part of the HSBC Group's obligations towards the Prudential Regulation Authority or of its own obligations towards the ECB and the Single Resolution Board. In particular, the Committee examined the draft recovery plan.

In relation to other governance matters, the Committee reviewed the remuneration policy.

The Chairperson of the Risk Committee reported, on a regular basis and when necessary, on the key points discussed during Risk Committee meetings and on recommendations formulated by the Risk Committee.

Joint sessions of the Audit and Risk Committees

The Audit Committee and the Risk Committee held two joint sessions on 17 July and 19 November 2025, with 100 per cent attendance rates, to review, endorse and recommend for the Board's approval in July the Local Risk Management Framework, and in November the draft budget, the draft capital and funding plans, the annual update of the Risk Appetite Statement and the draft Internal Audit plan for 2026, as well as an recovery and resolution planning update. Further, at the July session, the Committees reviewed the Internal Audit Report and progress on the Permanent Control Plan. And at the November session, the Committees reviewed the Internal Audit Function Review, papers pertaining to models and data and the 2030 forecast on Technology Costs.

Nomination and Corporate Governance Committee

Composition of the Nomination and Corporate Governance Committee

Chairperson	
Deirdre Hannigan (independent)	Appointed on 24 March 2025 as Chairperson
Arnaud Poupart-Lafarge (independent)	From 2022 until 24 March 2025 (Member from 2020 to 2022)
Members	
Jean Beunardeau	Appointed in 2021
Pablo Forero (independent)	From 24 March 2025 until 13 May 2025
Xavier Martiré (independent)	Appointed on 24 March 2025
Stephen O'Connor (independent)	From 2022 until 24 March 2025
Carol Sergeant (independent)	Appointed on 13 May 2025

On 24 March 2025, Deirdre Hannigan was appointed as Chairperson, succeeding Arnaud Poupart-Lafarge.

Further to a decision of the Board, the Nomination and Corporate Governance Committee has comprised the Chairs of the Board and of the other Board Committees since 24 March 2025.

In accordance with the Governance rules applicable to the HSBC Group entities, at least half of the Nomination and Corporate Governance Committee’s membership are independent non-executive, non-employee Directors.

Nomination and Corporate Governance Committee’s duties

The Nomination and Corporate Governance Committee reports and is accountable to the Board. The Committee is responsible for:

- Regularly reviewing the composition of the Board and Board Committees and leading the process for nomination to the Board of Directors and Board Committees;
- Overseeing the planning and candidates assessment process to ensure succession plans are in place for the Board and General Management;
- Overseeing the process of assessing the individual and collective suitability of the Board of Directors, the Board Committees and the General Management;
- Overseeing the process by which the Board, its Committees and individual Directors assess their effectiveness; and
- Overseeing the application of the governance framework of the HSBC Group for its subsidiaries.

In carrying out these tasks and responsibilities, the Committee may consult any adviser or expert as it deems appropriate.

Nomination and Corporate Governance Committee's work in 2025

The Committee met six times in 2025, with an attendance rate of 100 per cent, compared to four meetings with also an attendance rate of 100 per cent in 2024. In addition, endorsements were also sought from the Committee by circulation during the year.

Its main work comprised:

- the monitoring of the individual and collective suitability of the management body pursuant to the suitability assessment policy and assessments and reassessments required by the criteria defined in this policy;
- succession plans for the Board, the Executives and criticial roles, including the ongoing selection process of a new CEO;
- the identification process of new Independent Non-Executive Directors that led to proposing to the Board the appointment of three Independent Non-Executive Directors;
- the composition of the Board Committees;
- the Board effectiveness review;
- the time commitment expected from Non-Executive Directors;
- the follow-up of interactions with supervisors and their recommendations, on topics falling under the Committee's responsibility;
- the follow-up of the implementation of findings raised by Internal Audit on corporate governance;
- examining the revision of governance rules applying to the HSBC Group entities (Subsidiary Accountability Framework) and the compliance of HSBC Continental Europe with it;
- reports from chairs of nomination committees of certain subsidiaries, review of the succession plans of the main subsidiaries of HSBC Continental Europe and endorsing appointments to these boards;
- the review of the updated register of potential situations of conflict of interest, and of the results of the controls in place regarding potential conflict of interest situations;
- the review of the first part of the report on corporate governance for the 2024 financial year;
- the review and proposals to the Board for updating the Board policies relating to topics falling under the Committee's responsibility;
- the review of the impacts of CRD6 requirements relating to corporate governance topics and the monitoring of their implementation; and
- the review of the reporting on diversity to be submitted to the ACPR for the first time as per instruction 2024-I-14.

The Chair of the Nomination and Corporate Governance Committee reported to the Board on its work regularly and when necessary. All of the Committee's work was submitted to the Board for approval.

Remuneration Committee

Composition of the Remuneration Committee

Chairman	
Xavier Martiré (independent)	Appointed on 24 March 2025 as Chairman
Arnaud Poupart-Lafarge (independent)	Appointed in 2022 until 24 March 2025 (Member from 2020 to 2022)
Members	
Pablo Forero (independent)	Appointed in 2024 until 13 May 2025
Pascale Peluso	Appointed on 23 October 2025
Carol Sergeant (independent)	Appointed on 13 May 2025
Emmanuelle Vigneron	Appointed in 2024 until 25 September 2025

On 24 March 2025, Xavier Martiré was appointed as Chairman, succeeding Arnaud Poupart-Lafarge.

In accordance with the Governance rules applicable to the HSBC Group entities, at least two members of the Remuneration Committee are independent non-executive Directors. In addition, one of the Directors elected by the employees is a member of the Remuneration Committee.

Remuneration Committee's duties

The Remuneration Committee has non-executive responsibility for matters related to remuneration and advises the Board on these matters. In exercising this responsibility, it is responsible for:

- supporting the Board in overseeing the implementation and operation of the compensation framework in place for HSBC Continental Europe's remuneration in conjunction with that of the HSBC's Group, as approved by the Group Remuneration Committee and with regulatory requirements;
- ensuring this framework does not contravene any local regulations;
- ensuring this framework is aligned with risk appetite, strategy, culture and values, and long-term interests of HSBC Continental Europe; and
- ensuring this framework is appropriate in order to attract, retain and motivate people with the qualities required to contribute to the success of HSBC Continental Europe.

The Committee collaborates with other Board committees whose activities may have an impact on the design and proper functioning of remuneration policies and practices (in particular, the Risk Committee). For this purpose, the Chair of the Risk Committee is a member of the Remuneration Committee.

The Committee's recommendations on the remuneration of the members of the Management Body in its management function are presented to the Board after prior approval by the Remuneration Committee of HSBC Holdings plc or are then submitted for approval. Moreover, in carrying out these duties and responsibilities, the Committee may consult any adviser or expert as it deems appropriate.

Remuneration Committee's work in 2025

The Remuneration Committee met three times in 2025 with an attendance rate of 100 per cent, compared to twice in 2024 with an attendance rate of 100 per cent. In addition, endorsements were also sought from the Committee by circulation during the year. Its main work comprised:

- the review of the general remuneration policy, taking into account regulations concerning compensation, in particular
- the process to identify the material risk takers,
- the feedback or findings from the supervisors and the second and third lines of defence,
- risk control and the contribution of the Risk and Compliance functions to the process for determining variable compensations,
- the review of the identified cases of employees, as not entirely complying with the risk and compliance rules and impacts on their remuneration,
- the review of the rules and remuneration for employees defined as risk takers;
- the review of the 20 highest remunerations in respect of the 2024 year;
- compensation proposals for the Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit;
- proposals to approve, in agreement with HSBC Holdings plc, the terms of the remuneration of Andrew Wild, Christopher Davies and Joseph Swithenbank and setting out the fixed and variable elements of their remuneration and the number of shares to be awarded to them (see section 'Executives' compensation');

- reports from chairs of remuneration committees of certain subsidiaries, and review of the remuneration of the Directors of certain subsidiaries;
- the review of the section of the corporate governance report on remuneration; and
- the review of the Committee's effectiveness and terms of reference.

The Chair of the Remuneration Committee reported to the Board on its work and on recommendations formulated by the Committee. All of the Committee’s work was submitted to the Board for approval.

General Management

Since 2007, HSBC Continental Europe’s Board of Directors has chosen to separate the functions of Chairman of the Board and Chief Executive Officer. This choice has been maintained since then and is furthermore in compliance with regulatory obligations for credit institutions.

Organisation of the General Management

General Management leads the Company and acts as its representative vis-a-vis third parties. In 2025, the General Management comprised three Effective Managers ("Dirigeants effectifs" or "Executives"), i.e. the Chief Executive Officer, Andrew Wild, who was assisted by two Deputy Chief Executive Officers ("Directeurs Généraux Délégués"), Christopher Davies and Joseph Swithenbank. They form the Management Body in its management function.

Andrew Wild stepped down from his roles as Chief Executive Officer and Director of HSBC Continental Europe on 31 December 2025. Christopher Davies was appointed as Chief Executive Officer ad interim from 1 January 2026, until the appointment of a new Chief Executive Officer. Joseph Swithenbank remains Deputy Chief Executive Officer.

Chief Executive Officer’s powers

The Chief Executive Officer has the widest powers to act on the Company’s behalf in all circumstances within the limits of its corporate object, and subject to those powers expressly conferred by law on the collective body of shareholders and on the Board of Directors. At present, there are no specific restrictions on the Chief Executive Officer’s powers set by the Board or by the Articles of Association, but decisions involving the strategic orientation of the Company's activities and investments/divestments are submitted to the Board of Directors for approval according to the Board Internal rules.

Furthermore, the Board of Directors has delegated powers to issue bonds to Andrew Wild (Chief Executive Officer), Christopher Davies (Deputy Chief Executive Officer), Joseph Swithenbank (Deputy Chief Executive Officer) and a certain number of HSBC Continental Europe Markets officers.

The current Delegation of Authorities Framework was put in place across the HSBC Group in 2023 and was amended on an annual basis since then. Moreover, a person with delegated powers may not individually commit HSBC Continental Europe to sums above EUR 1.5 million. There are specific delegated powers concerning credit and market risk.

Presentation of the members of General Management as of 1 January 2026

Christopher Davies

Chief Executive Officer ad interim

Principal position: Chief Executive Officer ad interim, HSBC Continental Europe.

Other directorship in the HSBC Group: Director, HSBC Bank Bermuda Limited.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: one directorship as executive.

Skills and experience: Born in 1962. British nationality. Masters (MA) degree in French and German literature and languages from the University of Oxford and graduate of the Chartered Institute of Bankers. Since he joined HSBC in 1985, he has served in various senior roles across the main HSBC's major business lines, principally in the United Kingdom, the United States and China. Thus, he was Head of Commercial banking North America from 2007 to 2011 then Deputy Chief Executive Officer of HSBC Bank (China) Company Limited from 2011 to 2013. from 2013 to 2020, he has been Chief Executive Officer International Europe of HSBC Bank plc. He was appointed as Deputy Chief Executive Officer of HSBC Continental Europe in 2019, and Head of Transformation in 2021. Since 1 January 2026, he has been Chief Executive Officer ad interim, until the appointment of a new Chief Executive Officer.

2024	**Directorships in the HSBC Group:** Deputy Chief Executive Officer: HSBC Continental Europe. Director: HSBC Bank Bermuda Limited.
2023	**Directorships in the HSBC Group:** Deputy Chief Executive Officer: HSBC Continental Europe. Chairman: HSBC Bank (RR) (Limited Liability Company). Director: HSBC Bank Bermuda Limited.
2022	**Directorships in the HSBC Group:** Deputy Chief Executive Officer: HSBC Continental Europe. Chairman: HSBC Bank (RR) (Limited Liability Company). Director: HSBC Bank Bermuda Limited.
2021	**Directorships in the HSBC Group:** Deputy Chief Executive Officer: HSBC Continental Europe. Chairman: HSBC Bank (RR) (Limited Liability Company). Director: HSBC Bank Bermuda Limited, HSBC Europe B.V, Midcorp Limited.

Joseph Swithenbank

Deputy Chief Executive Officer ("Directeur Général Délégué")

Principal position: Deputy Chief Executive Officer and Chief Financial Officer, HSBC Continental Europe.

Number of positions held within the meaning of L. 511-52 of the French Monetary and Financial Code: one directorship as executive.

Skills and experience: Born in 1984. US and British nationalities. MBA from London Business School and B.S. Accounting & Finance from Wake Forest University (North Carolina, USA). He was appointed as Deputy Chief Executive Officer of HSBC Continental Europe on 1 March 2024, in addition to his role as Chief Financial Officer that he has held since January 2021. Prior to this role, he was Global Head of Business Performance for Commercial Banking from 2017 to 2021. Before joining HSBC, he spent 12 years at General Electric, most recently as Financial Controller for GE Capital International. He also held positions in audit, treasury and operational finance at General Electric in the US and Europe.

2024	**Directorship in the HSBC Group:** Deputy Chief Executive Officer: HSBC Continental Europe.
2023	–
2022	–
2021	–

Operating Committee

The General Management is assisted by an Operating Committee (which replaced the Executive Committee from 16 September 2025), whose membership was as follows as at 1 January 2026:

Christopher Davies	Chief Executive Officer ad interim
Joseph Swithenbank	Deputy Chief Executive Officer, Chief Financial Officer
Marwan Dagher	Head of Markets and Securities Services
Guillaume Duguet	Chief Operating Officer
Frank Ehrlich	Head of Capital Markets & Advisory ad interim
Eric Emoré	Head of International Wealth and Premier Banking and Head of Transformation
Geoffrey Fichte	Chief Executive Officer, Malta
Gavin MacLean	Head of Global Payments Solutions
Fredun Mazaheri	Chief Risk Officer
Camille Olléon	Head of People
Antoine Pfister	Chief Compliance Officer
Gerd Pircher	Interim Head of Global Trade Solutions and CEO Italy
Michael Schleef	Chief Executive Officer, Germany
Anna Tavano	Head of Banking

Every year, HSBC Continental Europe reviews succession plans for Operating Committee members and roles considered as key with clear rules guiding this exercise in order to have robust succession plans, promoting gender balance as well as internal promotion. It is required to have at least one emergency successor and a female successor for each of these roles. The succession plans were reviewed in 2025 on these bases, including in respect of the members of the Operating Committee. Additional information on the diversity policy are available in the chapter on Sustainability on page 46.

Additional information

Agreements governed by article L. 225-38 of the French Commercial Code

Article L. 225-38 of the French Commercial Code requires that any agreement entered into directly or indirectly between a company and its Chief Executive Officer or one of its Directors or Deputy Chief Executive Officers, or between a company and one of its shareholders owning at least 10 per cent of the voting rights, or, in the case of a corporate shareholder, the company which controls it, must first be authorised by the Board of Directors and subsequently approved at the Annual General Meeting of shareholders. It also prohibits certain types of agreements between those parties, such as loans or guarantees.

During its meeting on 23 October 2025 the Board conducted its annual review of agreements already entered into that it had authorised previously and which are still in force.

Agreement authorised in 2025

As part of the disposal of HSBC Assurances Vie (France) to Mutuelle Assurance des Travailleurs Mutualistes, one new agreement subject to the provisions of article L. 225-38 of the French Commercial Code was approved by the Board of Directors of HSBC Continental Europe on 28 March 2025. It relates to a corporate income tax consolidation exit agreement between HSBC Assurances Vie (France) and HSBC Bank plc acting through its Paris Branch, in the presence of HSBC Continental Europe and Mutuelle Assurance des Travailleurs Mutualistes also parties to the agreement. This agreement was entered into on 31 October 2025.

Agreements entered into in prior years and still in force and effect during 2025

- the agreements between HSBC Continental Europe and its direct 99.99 per cent shareholder, HSBC Bank plc through its Paris Branch, namely: an agreement for the provision of services covering various activities and a group tax integration agreement, entered into in 2001;
- the agreement renewed in 2015 between HSBC Holdings plc and HSBC Continental Europe, granting HSBC Continental Europe and its subsidiaries use at no charge of the HSBC brand;
- the indemnity agreement entered into in 2019 between HSBC Continental Europe and HSBC Bank plc and HSBC UK Bank plc in order to cover HSBC Bank plc and HSBC UK Bank plc for any amount that they may have to pay under obligations in which they remain debtors to the beneficiaries, that is clients having entered into a relationship with HSBC Continental Europe as HSBC Bank plc and HSBC UK Bank plc would no longer be authorised to provide certain international trade instruments and services to companies located in the European Economic Area after the exit of United Kingdom from the European Union;
- the agreement (Side Letter), entered into in 2021, by HSBC Continental Europe with HSBC Global Services (Hong Kong) Limited, HSBC Global Services (UK) Limited, HSBC Group Management Services Limited, HSBC Global Services Limited, and HSBC Service Delivery (Polska) sp. z o.o. and in which HSBC Holdings plc, a company controlling HSBC Bank plc, shareholder company of HSBC Continental Europe and owning more than 10 per cent of the voting rights, is indirectly interested. This agreement relates to the pre-payment by HSBC Continental Europe to five ServCo HSBC Group entities of four months' charges for the services provided, in order to meet contingency funding requirements to ensure Operational Continuity in Resolution ('OCiR'). The purpose of the contingency funding is to ensure the availability of sufficient financial resources in the Group's Services Companies to safeguard the provision of services that the HSBC Group relies on throughout a stress or resolution event;
- the Domination and Profit and Loss Transfer Agreements entered into in 2023 between HSBC Continental Europe and HSBC Trinkaus & Burkhardt GmbH relating to the acquisition of 100 per cent of HSBC Trinkaus & Burkhardt GmbH by HSBC Continental Europe S.A., Germany from HSBC Bank plc;
- the Domination and Profit and Loss Transfer Agreements entered into in 2023 between HSBC Continental Europe and HSBC Service Company Germany GmbH relating to the acquisition of 100 per cent of HSBC Service Company Germany GmbH by HSBC Continental Europe S.A., Germany from HSBC Trinkaus & Burkhardt Gesellschaft für Bankbeteiligungen GmbH; and
- the reactivation from 2021 of the employment agreement of Jean Beunardeau, Chairman of the Board, which had been suspended since his appointment as Deputy Chief Executive Officer in 2010.

Additional information about the members of the management body

Ethics

The policy of the management body on conflicts of interests annexed to the Board's internal rules covers situational and transactional conflicts of interests and includes in particular a list of questions to assist the Directors in identifying situations of conflicts of interests, examples of situations that may or may not give rise to a conflict of interest, a procedure dealing with the declaration of a potential conflict of interests, a procedure to guide the Board when considering such a declaration, as well as mitigating measures and controls regarding identified situations of potential conflicts of interests.

In order to strengthen the conflict of interests avoidance mechanism, Directors must seek authorisation from the Board before accepting a mandate or position in a company or organisation outside the HSBC Group and a process of authorisation, review and possible withdrawal of authorisation by the Board is in place.

Situations of potential conflicts of interests between the duties of the members of the management body with respect to HSBC Continental Europe and their private interests and/or other duties are appropriately managed through mitigating measures whose effectiveness is controlled half-yearly.

To the knowledge of HSBC Continental Europe, there is:

- no family relationship between the members of the management body of HSBC Continental Europe; and
- no arrangement or understanding with a shareholder, a customer, a supplier or other pursuant to which one of the members of the management body was selected.

Absence of convictions

To the knowledge of HSBC Continental Europe, in the last five years, none of the members of the management body have been the subject of a conviction for fraud, bankruptcy, receivership, liquidation or put into administration, official public incrimination and/or sanction pronounced by statutory or regulatory authorities, or have been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of an issuer.

Shareholders' general meeting

Meetings are open to all shareholders. They are convened and transact business in accordance with the provisions of the law and regulations in force.

According to article 21 of the Articles of Association, all shareholders, whatever the number of shares they own, are entitled to attend General Meetings and to take part in the deliberations, personally or through a representative, provided their shares are paid up in full for payments that are due and are registered on an account in their own name no later than midnight, Paris time, on the second business day preceding the General Meeting. However, the author of the notice to attend has the option at all times to reduce this period of time, as he sees fit.

All shareholders can also vote by correspondence using a form which can be sent to them in accordance with the conditions specified by the notice to attend the Meeting.

The Board of Directors can decide that shareholders will be allowed to take part and vote in all General Meetings by video conference or by any means of telecommunications making it possible to identify them in accordance with the applicable legal and regulatory provisions.

Delegations given by the Shareholders' meeting to increase the share capital

	With pre-emptive rights
Issue of shares for cash or by capitalising reserves	
Date of authority	25 March 2024
Expiry date	25 May 2026
Maximum nominal amount	EUR 500 million
Used amount	EUR 0 million

Compensation

Compensation and benefits of members of the management body in its management function

Remuneration package

The remuneration of the members of the management body in its management function (the 'Executives') is adopted each year by the Board of Directors upon the recommendation by the Remuneration Committee, and approved by the Remuneration Committee of HSBC Holdings plc. It includes a fixed component and a variable component.

The fixed component is determined considering external market practices with the help, if needed, of specialist consulting firms and HSBC Group internal benchmarks.

The variable component is determined in particular on the basis of the overall variable pay pool and according to the individual performance of the 'member of the management body' measured annually and based on completion of objectives embedded in a balanced scorecards and supported by a set of indicators. There are financial indicators focused on revenues growth, costs control, return on tangible equity ('RoTE'), customers deposits, loans, non-financial indicators linked to sustainability related risks as carbon path reduction at HSBC Continental Europe level and for our clients, development of sustainable finance or more generally related to risk management as audits follow up, control of operational risks, appropriate application of conduct principles and few qualitative indicators such as successful achievement of reorganization projects, customer satisfaction, improvement of data quality, increase of employees' engagement index, improvement of inclusion index and of attrition of high performers, etc.

In parallel the variable component also takes account of market trends and, if necessary, changes in regulations. In accordance with regulation, this variable component is paid partly in non-deferred and partly in deferred remuneration and partly in cash and partly in shares.

Deputy Chief Executive Officer as Head of transformation and Deputy Chief Executive Officer as Chief Financial Officer may also have specific objectives related to their respective role.

Award of shares

In 2025, members of the management body benefited from the allocation of shares in HSBC Holdings plc in accordance with the HSBC Group's general policy.

With respect to 2025, HSBC Continental Europe 'members of the management body' received, as part of their variable remuneration, Restricted Shares, for which the only criterion is to be with the company at award date.

Supplementary pension scheme

The current and former members of the management body of HSBC Continental Europe have a defined benefits supplementary pension scheme. This plan guarantees members a pre-determined absolute supplementary pension income based on their length of service. In the event that the beneficiary dies, 60 per cent of this pension is payable to the surviving spouse. It is increased every year in line with the average rate applied to the French State pension scheme.

As at 31 December 2025, Andrew Wild had accrued pension rights representing 5.2 per cent of his 2025 fixed remuneration.

Joseph Swithenbank had accrued pension rights representing 5.1 per cent of his 2025 fixed remuneration. Christopher Davies is not entitled to this pension scheme, since he takes benefit of a UK pension schemes linked to its employment contract.

Remuneration

The remuneration of Andrew Wild as Chief Executive Officer of HSBC Continental Europe, and of Christopher Davies and Joseph Swithenbank as Deputy Chief Executive Officers of HSBC Continental Europe are detailed on next pages.

The following information is published in accordance with the provisions of article L. 225-102-1, paragraphs 1, 2 and 3 and article L. 225-184 of the French Commercial Code.It concerns remuneration paid by HSBC Continental Europe, the companies it controls and the companies that control it (the HSBC Group). The remuneration of the members of the management body below is presented in accordance with the Autorité des marchés financiers recommendations of December 2009[10]. Tables 4, 5 and 9 of this recommendation are not applicable.

Summary of compensation awarded to each member of the management body in its management function

Chief Executive Officer[1]

	2022 Compensation awarded in 2022 €	2023 Compensation awarded in 2023 €	2024 Compensation awarded in 2024 €	**2025** **Compensation awarded in 2025** **€**
Andrew Wild				
Fixed remuneration	573,300	573,300	623,300	**623,300**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	326,700	326,700	376,700	**406,700**
Variable remuneration in cash	125,811	200,000	259,211	**259,211**
Variable remuneration in shares[4]	125,811	200,000	259,211	**259,211**
Deferred variable remuneration in cash[5]	188,717	300,000	388,817	**388,817**
Deferred remuneration in shares without performance conditions[6]	188,717	300,000	388,817	**388,817**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	14,638	15,328	15,574	**15,863**
Total	1,543,694	1,915,328	2,311,630	**2,341,918**

Chief Executive Officer[1]

	2022 Compensation for 2022 €	2023 Compensation for 2023 €	2024 Compensation for 2024 €	**2025** **Compensation for 2025** **€**
Andrew Wild				
Fixed remuneration	573,300	573,300	623,300	**623,300**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	326,700	326,700	376,700	**406,700**
Variable remuneration in cash	200,000	259,211	259,211	**—**
Variable remuneration in shares[4]	200,000	259,211	259,211	**—**
Deferred variable remuneration in cash[5]	300,000	388,817	388,817	**—**
Deferred remuneration in shares without performance conditions[6]	300,000	388,817	388,817	**—**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	14,638	15,238	15,574	**15,863**
Total	1,914,638	2,211,294	2,311,630	**1,045,863**

1 Deputy Chief Executive Officer since 1 March 2015 and Chief Executive Officer from 15 July 2021.
2 Fixed Pay Allowance awarded to certain 'Material Risk Takers'.
3 Fixed Pay Allowance awarded in form of cash on a monthly basis.
4 Shares that vest immediately and are subject to a 12 months' retention period.
5 Variable remuneration in cash deferred over five years (20 per cent per year will vest from year n+1).
6 Variable remuneration in shares without performance conditions deferred over five years (20 per cent per year from year n+1) and subject to a 12 months' retention period.
7 Renounced the payment of his Directors' fees by HSBC Continental Europe (see page 24).
8 Company car and accommodation allowance. As Chief Executive Officer, he is also entitled to a medical cover and tax assistance.

Deputy Chief Executive Officer[1]

	2022 Compensation awarded in 2022 €	2023 Compensation awarded in 2023 €	2024 Compensation awarded in 2024 €	**2025** **Compensation awarded in 2025** **€**
Christopher Davies				
Fixed remuneration	541,481	528,674	541,642	**541,642**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	91,539	89,412	91,606	**89,532**
Variable remuneration in cash	155,957	153,000	165,000	**153,000**
Variable remuneration in shares[4]	155,957	153,000	165,000	**153,000**
Deferred variable remuneration in cash[5]	103,971	102,000	110,000	**101,666**
Deferred remuneration in shares without performance conditions[6]	103,971	102,000	110,000	**101,666**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	—	—	—	**—**
Total	1,152,876	1,128,086	1,183,248	**1,140,506**

10 Tables numbers refer to table models provided by the Autorité des marchés financiers in its 10 December 2009, as amended lastly on 13 April 2015, recommendation 2009-16 concerning the guide for compiling registration documents.

Deputy Chief Executive Officer[1]

	2022 Compensation for 2022 €	2023 Compensation for 2023 €	2024 Compensation for 2024 €	**2025 Compensation for 2025 €**
Christopher Davies				
Fixed remuneration	541,481	528,674	541,642	**541,642**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	91,539	89,412	91,606	**89,532**
Variable remuneration in cash	153,000	165,000	153,000	**161,100**
Variable remuneration in shares[4]	153,000	165,000	153,000	**161,100**
Deferred variable remuneration in cash[5]	102,000	110,000	101,666	**107,400**
Deferred remuneration in shares without performance conditions[6]	102,000	110,000	101,666	**107,400**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	—	—	—	**—**
Total	1,143,020	1,168,086	1,142,580	**1,168,174**

1 Deputy Chief Executive Officer since 8 February 2019.
2 Fixed Pay Allowance awarded to certain 'Material Risk Takers'.
3 Fixed Pay Allowance awarded in form of cash on a monthly basis.
4 Shares that vest immediately and are subject to a 12 months' retention period.
5 Variable remuneration in cash deferred over four years (25 per cent per year will vest from year n+1).
6 Variable remuneration in shares without performance conditions deferred over four years (25 per cent per year from year n+1) and subject to a 12 months' retention period.
7 As non Director he is not entitled to Directors' fees (see page 24).
8 Is entitled to an annual cost of living allowance, an accommodation allowance, a travel allowance, a medical cover and tax assistance.

Deputy Chief Executive Officer[1]

	2022 Compensation awarded in 2022 €	2023 Compensation awarded in 2023 €	2024 Compensation awarded in 2024 €	**2025 Compensation awarded in 2025 €**
Joseph Swithenbank				
Fixed remuneration	—	—	250,000	**322,500**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	—	—	—	**—**
Variable remuneration in cash	—	—	—	**97,950**
Variable remuneration in shares[4]	—	—	—	**97,950**
Deferred variable remuneration in cash[5]	—	—	—	**65,300**
Deferred remuneration in shares without performance conditions[6]	—	—	—	**65,300**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	—	—	2,956	**2,430**
Total	—	—	252,956	**651,430**

Deputy Chief Executive Officer[1]

	2022 Compensation for 2022 €	2023 Compensation for 2023 €	2024 Compensation for 2024 €	**2025 Compensation for 2025 €**
Joseph Swithenbank				
Fixed remuneration	—	—	250,000	**322,500**
Fixed Pay Allowance 'Material Risk Taker'[2,3]	—	—	—	**—**
Variable remuneration in cash	—	—	97,950	**114,000**
Variable remuneration in shares[4]	—	—	97,950	**114,000**
Deferred variable remuneration in cash[5]	—	—	65,300	**76,000**
Deferred remuneration in shares without performance conditions[6]	—	—	65,300	**76,000**
Directors' fees[7]	—	—	—	**—**
Benefits in kind[8]	—	—	2,956	**2,430**
Total	—	—	579,456	**704,930**

1 Deputy Chief Executive Officer since 1st March 2024. Fixed remuneration and benefits in kind are taken into account for 10 months in 2024. Variable remuneration is taken into account in full from performance year 2024.
2 Fixed Pay Allowance awarded to certain 'Material Risk Takers'.
3 Fixed Pay Allowance awarded in form of cash on a monthly basis.
4 Shares that vest immediately and are subject to a 12 months' retention period.
5 Variable remuneration in cash deferred over five years (20 per cent per year will vest from year n+1).
6 Variable remuneration in shares without performance conditions deferred over five years (20 per cent per year from year n+1) and subject to a 12 months' retention period.
7 As non Director he is not entitled to Directors' fees (see page 24).
8 Company car.

Shares awarded to each member of the management body in 2026 in respect of 2025 (Table 6)

HSBC Holdings plc shares without performance conditions (Table 6)

	Date of award	Number of shares awarded	Value of the shares at grant	Vesting date	Date of availability
Andrew Wild	9 March 2026	ND	—	—	—
Christopher Davies	9 March 2026	ND	EUR 107,400	25% on each following dates:	25% on each following dates:
				March 2027	March 2028
				March 2028	March 2029
				March 2029	March 2030
				March 2030	March 2031
Christopher Davies	9 March 2026	ND	EUR 161,100	March 2026	March 2027
Joseph Swithenbank	9 March 2026	ND	EUR 76,000	40% in 2028 and 20% on each following dates:	'40% in 2029 and 20% on each following dates:
				March 2029	March 2030
				March 2030	March 2031
				March 2031	March 2032
Joseph Swithenbank	9 March 2026	ND	EUR 114,000	March 2026	March 2027

Performance shares which became available for each member of the management body in 2025 (Table 7)

	Date of award	Number of shares which became available during the year	Vesting conditions
None			

HSBC Holdings plc shares vested for each member of the management body in 2025 (Table 8)

	Date of award	Number of shares vested[1]	Vesting conditions (in case of special conditions)
Andrew Wild	24/2/2020	3,238	—
Andrew Wild	1/3/2021	3,448	—
Andrew Wild	28/2/2022	6,826	—
Andrew Wild	27/2/2023	9,631	—
Andrew Wild	26/2/2024	13,361	—
Andrew Wild	4/3/2025	23,659	—
Christopher Davies	24/2/2020	3,977	—
Christopher Davies	1/3/2021	4,202	—
Christopher Davies	28/2/2022	4,710	—
Christopher Davies	27/2/2023	3,857	—
Christopher Davies	26/2/2024	4,675	—
Christopher Davies	4/3/2025	14,331	—
Joseph Swithenbank	28/2/2022	1,437	—
Joseph Swithenbank	27/2/2023	3,945	—
Joseph Swithenbank	4/3/2025	8,940	—

1 Part of the deferred shares awarded under the UK plan in 2020, 2021, 2022, 2023 and 2024 were vested in 2025. The immediate shares awarded in 2025 were vested for 100 per cent in 2025. All these shares, immediate or deferred, are subject to a 12 months retention period after vesting.

HSBC Holdings plc shares, without performance conditions, awarded in 2025 in respect of 2024, to the 10 employees (excluding members of the management body) whose number of awarded shares is the highest (Table 10)

	Date of award	Number of shares awarded	Value of the shares at grant	Vesting date[1]	Date of availability[1]
Total value of the 10 highest awards of shares (employees or former employees)	4/3/2025	386,923	EUR 4,239,345	March 2025 for 100% or March 2027 for 66% and March 2028 for 34% or March 2026 to 2029 for 25% per year or March 2026 to 2030 for 20% per year	12 months after the award

1 Part of the shares awarded to employees considered as Material Risk Takers (see page 40) vests immediately and is available for sale twelve months after vesting.

HSBC Holdings plc shares, without performance conditions, awarded in 2026 in respect of 2025, to the 10 employees (excluding members of the management body) whose number of awarded shares is the highest

	Date of award	Number of shares awarded	Value of the shares at grant	Vesting date[1]	Date of availability[1]
Total value of the 10 highest awards of shares (employees or former employees)	9/3/2026	ND	EUR 4,390,698	March 2026 for 100% or March 2028 for 66% and March 2029 for 34% or March 2027 to 2030 for 25% per year or March 2027, to March 2031 for 20% per year	12 months after the award

1 Part of the shares awarded to employees considered as Material Risk Takers (see page 40) vests immediately and is available for sale twelve months after vesting.

HSBC Holdings plc shares, without performance conditions, vested in 2025, for the 10 highest employees (excluding members of the management body) split per year of award

	Number of shares vested[1]	Vesting dates
Total number of the 10 highest shares that vested in 2025	437,838	
– of which award 2020	36,511	10.03.2025
award 2021	43,636	10.03.2025
award 2022	79,370	11.03.2025
award 2023	65,428	10.03.2025
award 2024	67,848	12.03.2025
award 2025	145,045	04.03.2025

1 The shares awarded are available,for sale twelve months after vesting.

Other information required by the Corporate Governance Code (Table 2)

Members of the management body Function First appointed Term ends	Employment contract	HSBC Continental Europe supplementary pension scheme[1]	Compensation or benefits due or that may be due upon termination or change in duties	Compensation due under terms of non-compete agreement	Participation in the share capital of the company and quantity of shares held
Andrew Wild Chief Executive Officer 15 July 2021	Suspended	Yes	No	No	No
Christopher Davies Deputy Chief Executive Officer 8 February 2019	Not applicable	No	No	No	No
Joseph Swithenbank Deputy Chief Executive Officer 1st March 2024	Suspended	Yes	No	No	No

1 See page 34.

Company remuneration policy

As HSBC Continental Europe is part of an international banking group, its remuneration policy is defined at the level of the parent company. As part of a delegation by the HSBC Group's Board of Directors, the HSBC Group's Remuneration Committee is responsible for approving the remuneration policy for the HSBC Group as a whole.

The remuneration policy in place in HSBC Continental Europe falls within the framework of this global policy, while also ensuring that it complies with local regulations, in particular Capital Requirement Directive V ('CRDV') for the bank, Alternative Investment Fund Management ('AIFM'), and Undertakings for Collective Investments in Transferable Securities ('UCITS') for our Asset Management companies, Investment Firm Directive ('IFD') and Investment Firm Regulation (IFR) for our Investment companies and Solvency II for our Insurance companies. In accordance with the article L 511-74 of the Code Monétaire et Financier, the remuneration policy is submitted to an independent audit, once a year, performed by the Internal Audit department or risk permanent control team. The remuneration policy is also approved by the local Risk and Regulatory Compliance departments.

Governance

In accordance with local regulation, HSBC Continental Europe has set up a dedicated governance structure which on several bodies.The Board of Directors of HSBC Continental Europe, in its supervisory function, approves, adopts and reviews at least once a year the general principles of the remuneration policy and controls its implementation and approves the remuneration of the members of the management body in its management function.

The Remuneration Committee, composed of two independent non-executive Directors and a staff representative, prepares the decisions concerning the remuneration and remuneration principles to be adopted by the Board of Directors, gives his view on the bank's policies and practices concerning compensation, ensuring that risk and compliance dimensions are dully considered. Its scope of review covers all aspects of remuneration policies and practices in place within the company, although with a more in-depth review concerning professionals whose activities have a significant impact on the risk profile of the business, heads of internal control function and members of the management body in its management function.

In this context, it reviews the remuneration policy by ensuring its consistency with general principles of the HSBC Group's remuneration policy, with the specific directives set by the global business lines, its compliance with local standards in force and with recommendations of banking supervisory bodies in France such as the Autorité de Contrôle Prudentiel et de Résolution, the European Central Bank, the Autorité des Marchés Financiers and the Fédération Bancaire Française.

It evaluates the mechanisms and systems adopted to ensure that the remuneration system takes due account of all types of risk and liquidity and equity levels and that the overall remuneration policy is consistent and promotes sound and effective risk management and is consistent with HSBC Continental Europe's economic strategy, objectives, culture and values, risk culture and long-term interests.

It reviews variable pay pools allocated by the global business lines to local teams with regards to global performance of the business lines and relative performance of local teams.

It reviews the identification process of identified staff and approves the corresponding list.

It reviews the 20 highest compensation package in collaboration with the HSBC Group's decision-making bodies and global business lines.

It reviews the synthesis of individual transgressions covering people risk, regulatory compliance risk, and financial crime.

Finally it reviews the remuneration of any members of the management body in its management function, of the Chief Risk Officer of the Chief Compliance Officer and submits its recommendations to the Board.

Main characteristics of the remuneration policy

This remuneration policy strives to achieve the following strategic goals:

- To comply with the company's strategy and objectives, the long-term sustainable interests and results of the company as a whole, and its risk profile. This approach aims not to encourage risk-taking that is not aligned with the risk acceptance level approved by the HSBC Group or that could negatively impact the company or the HSBC Group's capital;
- To implement a remuneration policy that takes into account sustainability risks, particularly in the environmental field, in terms of governance and diversity and inclusion;
- To ensure that there are no conflicts of interest when implementing and executing the variable pay policy;
- To establish remuneration budgets (for fixed and variable pay) that ensure a prudent balance between sound and effective management of financial results and risks and an appropriate level of capital;
- To set bonus pools linked to the sustainable financial performance of the HSBC Group and each of the business lines/infrastructure areas at global, regional and local level, business competitiveness and the prudent management of risks for the HSBC Group and its various business lines;
- To offer competitive remuneration packages and neutral from a gender perspective;
- To ensure that the remuneration policy is based on the principle of equal pay for men and women for the same work or work of equal value;
- To adopt a total remuneration approach by clearly distinguishing between the fixed remuneration elements (basic salary, fixed allowances, etc.), the variable remuneration elements (discretionary and/or collective variable remuneration) and any allowances paid in the event of departure from the company which must correspond to actual performance assessed over time and must not under any circumstances reward the failure;
- To establish a balanced and sufficient level of fixed remuneration that does not cause employees to be abnormally dependent on their variable pay;
- To apply a discretionary approach that allows for judgement in assessing individual performance and setting the level of variable pay individually with regard to the performance rating, rather than an automatic approach based on formulae that could encourage inappropriate behaviour in terms of risk-taking and/or unsuitable sales to our clients;
- To defer a significant portion of variable pay in the form of financial instruments (HSBC Holdings Shares) in order to better align variable pay with the HSBC Group's performance, help retain our employees and meet our regulatory obligations; and
- Not to implement methods or instruments to circumvent regulatory principles in terms of variable pay.

Principles applicable to fixed pay

The base salary mainly rewards skills, expertise, technical know-how, the level of responsibility and seniority in the position. In this context, any potential increase may be justified by increased skills, expertise, by an internal promotion with new scope of responsibilities, by a growth in the size of the managed teams, by an increased influence on the organisation, by a lack of internal o external competitiveness.

These increases, either selective or collective, have to comply with the annual fixed pay budget, with any guidelines on a maximum level and must not be promised by anticipation.

Principles applicable to variable pay

The first step is to set the variable pay pool that will be allocated to the different business lines and infrastructure areas with regards to their performance and their contribution to the HSBC Group and business lines' global performance.

The variable pay pool is set primarily at HSBC Group level, taking into account its sustainable financial performance and commercial competitiveness overall and in each of its business lines, its global performance in terms of risk management, its affordability to fund this pool with its own results and its market position.

The HSBC Group variable pay pool is expected to reflect Group performance, based on a range of financial, non-financial and contextual factors. The HSBC Group uses a countercyclical funding methodology, with both a floor and a ceiling, with the payout ratio generally reducing as performance increases to avoid pro-cyclicality.

The floor recognises that even in challenging times, remaining competitive is important. The ceiling recognises that at higher levels of performance it is not always necessary to continue to increase the variable pay pool, thereby limiting the risk of inappropriate behaviour to drive financial performance.

The main quantitative and qualitative performance and risk metrics used for assessment of performance include:

- HSBC Group and business unit financial performance, taking into account contextual factors driving performance, and capital requirements;
- current and future risks, taking into consideration performance against the risk appetite, financial and resourcing plan and global conduct outcomes; and
- fines, penalties and provisions for customer redress, which are automatically included in the Committee’s definition of profit for determining the pool.

Variable pay pools on a global basis and by business lines are reviewed and approved by the Group Chief Risk Officer, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Financial Officer and the Group Remuneration Committee.

nce approved, these variable pay pools are allocated, for each business/segment/product/infrastructure areas by regions and countries depending on their respective performance and contribution. Local performances are measured through: i) financial metrics such as profit before tax, trend in revenue, direct costs control, profitability measured through return on tangible equity; ii) non-financial metrics linked to sustainable risks such as reduction of carbon path, development of sustainable finance and to healthy particularly staff buy-in of the risk culture in financial crime, the control of operational risks, the correct application of conduct principles with a view to act in the best interests of clients, while respecting the integrity of the financial markets and avoiding conflicts of interest. iii) broader indicators such as increase in the client base, improvement of the engagement index and inclusion index, stability of attrition rate for high performers, successful implementation of transformation projects, etc.

These indicators are included in performance scorecard and are analysed by comparison with objectives set at the start of the year.

With regards to individual allocation, from Performance Year 2024, a new remuneration approach has been introduced in order to determine individual variable pay for great part of the population. Using internal and external data, a pay mix ratio (variable pay compared to fixed pay) has been calculated for clusters of employees with the same role in the same business/infrastructure, the same grade and the same localisation. Based on this pay mix, a target variable pay is communicated at the start of the year to employees. At year end, this target variable pay is adjusted, up or down, taking into consideration overall performance of the Group, performance of the Business/Infrastructure' employee belongs to and finally individual performance.

For Senior Executives and employees in front lines roles in CIB, Asset Management and Private Bank, the variable pay remains fully discretionary and linked to the individual performance.

This new approach applies to all HSBC Continental Europe countries from Performance Year 2024 except for France, Malta and Spain where it has been introduced in Performance Year 2025 and except for Germany and Malta with no implementation date defined yet.

Regarding individual performance of each employee, it is assessed throughout the year through routine discussions and feedback, and, more formally, at the end of the year during the annual performance assessment. The employee's individual performance is assessed by the manager using the following three ratings scale:

– "Outstanding"
– "Performing"
– "Off track"

Subject to local regulations, from 2024 onwards, employees must comply with a minimum standard on behaviour/conduct against HSBC values (Gateway approach). If they do not comply, their performance is considered as off track and they are not eligible to receive any variable pay.

The individual performance assessment is based on the achievement of objectives set by the manager at the beginning of the year. These objectives can include, according to the role and the position in the organisation:

– financial indicators (revenue growth, cost control, increase in profit before tax, etc.);
– indicators related to sustainability risks (carbon footprint reduction, development of sustainable finance, facilitated financing to help clients transition to carbon neutral, upskilling on environmental issues, etc.); and
– indicators related to healthy risk management (respect of compliance and internal control rules, quality of sales or service, control of operational risks, monitoring of audit issues, etc.).

The indicators underpinning these objectives depend on the position held and the level of responsibility and are reviewed in comparison with the objectives for the year which are formalised, at the start of each year, in the employees' annual performance scorecards. The aim of the three-level performance measurement scale is to facilitate differentiation on variable pay, based on the performance score and efforts in relation to the targets set at the beginning of the year.

In addition the Control Functions contribute to the final calculation of variable pay under the Incentivising Compliance process, in the event of non-compliance with internal rules or exceptional actions/ achievements, In such situations, variable pay may be reduced, capped or increased.

Lastly, a ‘malus’ policy applies to all employees receiving deferred variable pay. This allows the HSBC Group’s Remuneration Committee to cancel, reduce or amend all or part of variable pay awarded on the basis of the employee’s behaviour or factors justifying such action.

To be also noted that all vested awards are subject to the HSBC Group ‘Clawback’ policy. This allows, in case of breaches, to recover full or partial part of vested cash or shares.

Regarding guaranteed bonuses they are no more awarded since 2020. They have been replaced by New Hire Indicative Variable Pay still highly exceptional, limited to one year and only in a high profile hiring context.

Finally, regarding severance payments, they follow local legal or collective bargaining agreements' rules.

It should be noted that beyond the Material Risk Takers population (see below), a significant proportion of the company’s senior managers are affected by the minimum deferral compensation rules s defined by the HSBC Group which provide for deferred compensation in the form of shares of between 10 per cent and 30 per cent of variable compensation, with three years vesting rules and no retention period.

Remuneration policy applicable to Risk takers

CRD V

The following information is published in accordance with article 266 of the order of 3 November 2014 on internal control of banking sector companies, based on articles L. 511-64, L. 511-71 and L. 511-72 of the French Monetary and Financial Code and article 450 of (‘UE’) regulation 575/2013.

In compliance with the rules under CRD V directive, some employee categories ('Identified Staff') are subject to specific rules regarding structure and award of variable pay. These employees, considered to have an impact on the entity’s risk profile (‘Material Risk Takers’), are identified on the basis of qualitative and quantitative criteria defined by the European Banking Authority. Pursuant to these criteria, 330 employees have been identified at Group and local level in 2025

For this population, variable remuneration is limited to twice the fixed remuneration (ratio at 100% for Malta Material Risk Takers), , according to the decision made by HSBC Continental Europe shareholders’ Annual General Meeting held on 23 May 2014. In order to maintain the competitiveness of Material Risk Takers remuneration, Group has modified the remuneration of several of them by allocating a monthly fixed pay allowance linked to their function. In addition their variable remuneration is deferred by 40 per cent and even by 60 per cent for the highest variable. Finally, variable remuneration granted in the form of shares accounts for 50 per cent of variable remuneration granted; this 50 per cent applies to both the deferred component and to its immediately paid fraction.

It should be noted that if the variable remuneration amount is equal or lower than 1/3 of total remuneration and equal and lower than EUR 50,000, the variable remuneration is granted in cash immediately paid.

For French employees, the deferred share-based portion is not vested by the employee until after either a period of two years for 50 per cent, three years for 25 per cent and after four years for the remaining 25 per cent or a period of two years for 40 per cent, three years for 20 per cent, four years for 20 per cent and five years for the remaining 20 per cent. This is furthermore subject to a one-year retention period (starting from vesting. In addition there is a prohibition on hedging it.

For our employees working in our European branches or subsidiaries, deferred shares vest either over four years of 25 per cent each or over five years of 20 per cent each.

AIFM/UCITS

With effect from 1 January 2017, management companies under certain conditions are governed by the UCITS Directive in addition to the Alternative Investment Funds Management (‘AIFM’) Directive already in place since 1 January 2015.

In accordance with these Directives, categories of employees of HSBC Global Asset Management (France), HSBC REIM (France), HSBC Private Bank Luxembourg and INKA Internationale Kapitalanlagegesellschaft mbH (Germany) are subject to specific rules in term of variable remuneration. The employees concerned, are those whose professional activity has a significant impact on the risk profile of the management company or its alternative investment funds.

In 2025, a total of 74 risk takers have been identified risk takers through AIFM/UCITS regulation.

For this population, variable remuneration is 40 per cent deferred if it is lower than GBP 500,000 and 60 per cent deferred for variable remuneration of more or equal to GBP 500,000.

Subject to local regulations, part of the non-deferred and deferred part of the variable pay is paid either in cash indexed on funds performance (France, Luxembourg) or in HSBC Shares (Germany). and subject to a 12 months retention period after vesting.

Solvency II

In accordance with this Solvency II Directive, categories of employees of HSBC Life Insurance Malta identified as risk takers are subject to specific rules in term of variable remuneration. In 2025, 18 employees have been identified as risk takers under Solvency II.

For this population, a part of their variable remuneration is deferred. This deferred part comprises shares that totally vest after a three years vesting period and that is applied under specific conditions described below:

- 60 per cent of the variable remuneration is deferred when its total amount is equal or above GBP 500,000; and
- 40 per cent of the variable remuneration is deferred when its total amount is under GBP 500,000.

However, risk takers whose variable remuneration is lower than GBP 500,000 (or an equivalent amount in local currency) and whose variable pay is under 1/3 of their total compensation and under EUR 50,000 are considered as ‘de minimis’. On this basis, they are subject to HSBC Group deferral standard rules, which means a deferral between 10 per cent to 30 per cent according to the level of their variable.

IFD/IFR

Investment companies are subject to UE 2019 / 2023 Investment Firm Regulation ('IFD') and UE 2019 / 2034 Investment Firm Directive ('IFR') Directives.

Pursuant to these directives, categories of employees ('Identified Staff') from HSBC Global Asset Management Germany are subject to specific rules in terms of variable remuneration. The employees concerned are those whose professional activity has a significant impact on the risk profile of the company.

In 2025, 12 employees have been identified under IFD/IFR directives in HSBC Global Asset Management Germany.

For this population, subject to having a variable pay above EUR 50,000 and representing more than 1/3 of the total remuneration, the variable pay is 40 per cent deferred if it is lower than GBP 500,000 and 60 per cent deferred if it is higher than GBP 500,000. The deferred par of the variable pay is awarded in the form of shares, has a 4 years vesting period and is subject to a 12 months retention period.

In accordance with CRD V Directive

Consolidated quantitative information about compensation paid to executive members and financial market professionals, whose activities have a material impact on the company’s risk exposure.

Amounts are expressed in EUR and correspond to gross salary (excluding employer social security contributions and before deduction of payroll costs).

Remunerations awarded to overall staff

	Full time Equivalent 2025[1]	Total remuneration 2025 €
Members of the management body (in its management function)	**3**	**2,900,669**
Corporate and Institutional Banking	**2,809**	**360,030,172**
International Wealth and Premier Banking	**1,084**	**96,373,287**
Corporate Centre	**2,205**	**211,685,636**
Total	**6,101**	**670,989,764**

1 Staff as of 31 December 2025 excluding trainees and pre-retirements (CFCS).

Remuneration awarded to members of the management body and professionals whose roles have a significant impact on risk profile of the company

Total remuneration: distribution between fixed pay and variable pay

	Number of people concerned	Total remuneration 2025 €	Total fixed pay €	Total variable pay €
Members of the management body (in its management function)	**3**	**2,900,669**	**1,983,674**	**916,995**
Corporate and Institutional Banking	**102**	**53,051,140**	**26,598,182**	**26,452,957**
International Wealth and Premier Banking	**35**	**12,672,926**	**7,345,710**	**5,327,216**
Corporate Centre	**153**	**29,652,652**	**21,891,203**	**7,761,449**
Total	**293**	**98,277,386**	**57,818,769**	**40,458,617**

Note: Table excludes 22 Non Executive Directors with no remuneration.

Total variable pay: distribution between payments in cash and payments in shares

	Payments in cash €	Payments in shares €	Total variable pay €
Members of the management body (in its management function)	**458,497**	**458,497**	**916,995**
Corporate and Institutional Banking	**13,429,287**	**13,013,670**	**26,452,957**
International Wealth and Premier Banking	**2,726,479**	**2,600,739**	**5,327,216**
Corporate Centre	**4,736,309**	**3,025,140**	**7,761,449**
Total	**21,360,572**	**19,098,046**	**40,458,617**

Note: Table excludes 22 Non Executive Directors with no remuneration.

Total variable pay: distribution between non deferred and deferred amount

	Non-deferred amount €	Deferred amount €	Total variable pay €
Members of the management body (in its management function)	**550,197**	**366,798**	**916,995**
Corporate and Institutional Banking	**14,039,583**	**12,413,374**	**26,452,957**
International Wealth and Premier Banking	**2,790,057**	**2,537,160**	**5,327,216**
Corporate Centre	**5,213,166**	**2,548,283**	**7,761,449**
Total	**22,593,003**	**17,865,615**	**40,458,617**

Note: Table excludes 22 Non Executive Directors with no remuneration.

Total deferred variable pay: distribution between payments in cash and payments in shares

	Payments in cash €	Payments in shares €	Total deferred variable pay €
Members of the management body (in its management function)	**183,399**	**183,399**	**366,798**
Corporate and Institutional Banking	**6,206,687**	**6,206,687**	**12,413,374**
International Wealth and Premier Banking	**878,112**	**1,659,048**	**2,537,160**
Corporate Centre	**1,259,141**	**1,289,141**	**2,548,283**
Total	**8,577,339**	**9,338,276**	**17,865,615**

Note: Table excludes 22 Non Executive Directors with no remuneration.

Amount of unvested deferred variable pay in respect of previous financial years

	Amount of unvested deferred variable pay in respect of previous financial years €
Members of the management body (in its management function)	**4,149,720**
Corporate and Institutional Banking	**37,258,201**
International Wealth and Premier Banking	**7,098,084**
Corporate Centre	**10,106,081**
Total	**58,612,086**

This table shows outstanding deferred variable pay corresponding to total unvested deferred remuneration before 31 December 2025, i.e. variable pay that has been awarded but not yet paid (cash) or delivered (shares) and which is still subject to a future 'malus' mechanism or early departure.

Shares and equivalent instruments are valued on the share value as at 31 December 2025. Outstanding vested variable pay in respect of prior year can be impacted by departures from the company.

Amounts paid in respect of hiring (guaranteed variable)[1]

	Number of people concerned	Amount paid in respect of hiring (guaranteed variable) €
Members of the management body (in its management function)	–	–
Corporate and Institutional Banking	–	–
International Wealth and Premier Banking	–	–
Corporate Centre	–	–
Total	–	–

1 No guaranteed variable paid in respect of hiring.

Amount of severance payments

	Number of people concerned	Amount of severance decided and paid in year n €
Members of the management body (in its management function)		
Corporate and Institutional Banking	1	200,000
International Wealth and Premier Banking		
Corporate Centre	5	1,863,473
Total	**6**	**2,063,473**

Contributions to defined benefit plan[1]

	Number of people concerned	Contribution to defined benefit plan €
Members of the management body (in its management function)	—	—
Corporate and Institutional Banking	—	—
International Wealth and Premier Banking	—	—
Corporate Centre	—	—
Total	—	—

1 No contributions paid to defined benefit plan.

Information on highest remunerations

Total remuneration

	Number of Material Risk Takers
Between EUR 1 million and EUR 1.5 million excluded	13
Between EUR 1.5 million and EUR 2 million excluded	2
Between EUR 2 million and EUR 2.5 million excluded	3
Total	**18**

In accordance with AIFM/UCITS and IFD/IFR Directives

Consolidated quantitative information about compensation paid to executive members and financial market professionals, whose activities have a material impact on the company's risk exposure in the entities HSBC Global Asset Management (France), HSBC REIM (France),INKA Internationale Kapitalanlagegesellschaft mbH (Germany) and HSBC Global Asset Management (Germany). Amounts are expressed in EUR and correspond to gross salary (excluding employer social security contributions and before deduction of payroll costs).

HSBC Global Asset Management (France), HSBC REIM (France) and INKA (Germany)

	Total fixed pay €	Total variable pay €	Total remuneration €
Total of Employees (number: 613)	53,831,029	15,535,285	69,366,314
Including employees who have a significant impact on the risk profile AIFMD (number: 71)[1]	12,246,754	7,700,197	19,946,952
Including Senior Managers (number: 21)	4,023,674	2,500,391	6,524,066

1 Including 4 employees who are already in the CRD V material risk takers. To be noted that 3 employees are identified under AIFMD and under UCITS as well.

HSBC Asset Management (Germany)

	Total fixed pay €	Total variable pay €	Total remuneration €
Total of Employees (number: 120)	14,456,472	5,158,847	19,705,318
Including employees who have a significant impact on the risk profile IFD/IFR (number: 12)[1]	3,435,222	2,186,269	5,621,491
Including Senior Managers (number: 7)	2,363,539	1,861,425	4,224,964

1 Including 1 employee who is already in the CRD V material risk takers.

In accordance with Solvency II Directive

Consolidated quantitative information about compensation paid to employees identified as Solvency II staff in the entities HSBC Life Insurance Malta. Amounts are expressed in EUR and correspond to gross salary (excluding employer social security contributions and before deduction of payroll costs).

	Total fixed pay €	Total variable pay €	Total remuneration €
Employees identifies as Solvency II staff (number: 16)[1]	2,410,642	966,845	3,377,487

1 Excluding 2 Non Executive Director with no remuneration. and including 15 employees who are already in the CRD V material risk takers list.

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63 rue de Villiers
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Statutory Auditors' special report on related-party agreements

(Annual General Meeting for the approval of the financial statements for the year ended 31 December 2025)

HSBC Continental Europe

38, avenue Kléber

75116 Paris

To the Shareholders,

In our capacity as Statutory Auditors of HSBC Continental Europe, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

Agreements to be submitted for the approval of the Annual General Meeting

Agreements authorised and entered into during the year

In accordance with article L.225-38 of the French Commercial Code, we have been informed of a new related-party agreement authorized during the financial year, which received the prior approval of your Board of Directors.

With HSBC Bank plc Paris Branch, HSBC Assurances Vie (France) and Mutuelle Assurance des Travailleurs Mutualistes (Matmut)

The tax consolidation exit agreement, entered into on 31 October 2025 between HSBC Assurances Vie (France) and HSBC Bank plc Paris Branch in connection with the disposal of HSBC Assurances Vie (France) by HSBC Continental Europe to Matmut, in the presence of HSBC Continental Europe and Matmut, also parties to the agreement (agreement approved by the Board at its meeting held on 28 March 2025).

This agreement had no accounting impact for the financial year 2025.

Agreements authorised and entered into since the year-end

We have not been informed of any authorised agreements on the exercise and concluded since the close of the last financial year, which have been subject to the prior authorisation of your Board of Directors.

Agreements already approved by the Annual General Meeting

Agreements approved in prior years:

a) that were implemented during the year

In accordance with article R.225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Annual General Meeting in prior years, which were implemented during the year.

With HSBC Bank plc Paris Branch (a company controlling HSBC Continental Europe and owning more than 10 per cent of the voting rights)

Two agreements concluded in 2001 between your company and HSBC Bank p.l.c. Paris Branch also continued their effects in 2025:

– A shared services agreement to provide its members, at cost, with various services related to the two companies' business activities.

Under the terms of this agreement, the income recorded in 2025 amounted to EUR 0.7 million.

– A tax consolidation agreement between HSBC Bank plc Paris Branch and the Company.

Under the terms of this agreement, tax income of EUR 21.84 million was recorded in 2025.

With HSBC Holdings plc, a company controlling a shareholder company of HSBC Continental Europe and owning more than 10 per cent of the voting rights

The agreement renewed in 2015 provides for the free use of the HSBC brand by the Company and its subsidiaries. This agreement had no impact on the 2025 financial statements.

With HSBC Global Services (Hong Kong) Limited, HSBC Global Services (UK) Limited, HSBC Group Management Services Limited, HSBC Global Services Limited, and HSBC Service Delivery (Polska) sp. z o.o., (a company in which HSBC Holdings plc, the controlling company of HSBC Bank plc, a shareholder company of HSBC Continental Europe and owning more than 10 per cent of the voting rights, has an indirect interest).

The agreement (Side Letter) entered into on 29 September 2021 with HSBC Global Services (Hong Kong) Limited, HSBC Global Services (UK) Limited, HSBC Group Management Services Limited, HSBC Global Services Limited, and HSBC Service Delivery (Polska) sp. z o.o. relates to the prepayment by HSBC Continental Europe to five of the Group's Services Companies of four months’ charges for the services provided in order to meet contingency funding requirements to ensure Operational Continuity in Resolution (OCiR). The purpose of the contingency fund is to ensure the availability of sufficient financial resources in the Group's Services Companies (ServCos) to safeguard the provision of services that the HSBC Group relies on throughout a stress or resolution event.

Under the terms of this agreement, the prepayments recorded on the Company's statement of financial position amounted to EUR 277 million in 2025 financial statements.

With HSBC Trinkaus & Burkhardt GmbH, a company controlled by HSBC Bank plc, a shareholder company of HSBC Continental Europe and owning more than 10 per cent of the voting rights

The Domination and Profit and Loss Agreement, entered into on January 4, 2023, with HSBC Trinkaus & Burkhardt GmbH, an entity under the control of HSBC Bank plc, a significant shareholder of HSBC Continental Europe with over 10 per cent of the voting rights, was part of the acquisition strategy to secure 100 per cent ownership of HSBC Trinkaus & Burkhardt GmbH by HSBC Continental Europe S.A., Germany (the German branch of HSBC Continental Europe). This agreement received the Board's approval during its meeting on October 14, 2022.

In 2025, this agreement facilitated the transfer of an exceptional loss amounting to EUR 0.75 million, as recorded by HSBC Trinkaus & Burkhardt GmbH, to HSBC Continental Europe S.A., Germany, your company's branch in Germany.

With HSBC Service Company Germany GmbH, which is indirectly controlled by HSBC Bank plc, a shareholder company of HSBC Continental Europe and owning more than 10 per cent of the voting rights

The Domination and Profit and Loss Transfer Agreement, entered into on 4th January 2023 with HSBC Service Company Germany GmbH, a company indirectly controlled by HSBC Bank plc, a significant shareholder of HSBC Continental Europe with over 10 per cent of the voting rights, relates to the acquisition of the entirety of shares in HSBC Service Company Germany GmbH held by HSBC Trinkaus & Burkhardt Gesellschaft für Bankbeteiligungen GmbH by HSBC Continental Europe S.A., Germany (the German branch of HSBC Continental Europe). This agreement was approved by the Board in its meeting on 14th October 2022.

In 2025, the effect of this agreement was the transfer of a net profit of EUR 1.2 million recorded by HSBC Service Company Germany GmbH to HSBC Continental Europe S.A., Germany, the German branch of your entity.

With Jean Beunardeau, Chairman of the Board of Directors

Reinstatement, as of 15 July 2021, of Jean Beunardeau's employment contract, which had been suspended since his appointment as Deputy Managing Director on 1 February 2010. This agreement was authorised by the Board of Directors at its meeting on 9 June 2021 and was entered into on 19 July 2021.

This agreement resulted in a payment of EUR 2,285,682 during 2025 financial year.

b) that were not implemented during the year

In addition, we were informed that the following agreement, approved by the Annual General Meeting in previous years, remained in force but was not implemented during the year.

With HSBC Bank plc and HSBC UK Bank plc, (a company controlling HSBC Continental Europe and a shareholder company controlling HSBC Continental Europe respectively, and owning more than 10 per cent of the voting rights)

The indemnity agreement entered into in 2019 between HSBC Continental Europe and HSBC Bank plc and HSBC UK Bank plc in order to indemnify HSBC Bank plc and HSBC UK Bank for any costs that they may still be required to pay pursuant to their obligations to their beneficiaries, who have become customers of HSBC Continental Europe, HSBC Bank plc and HSBC UK Bank plc whilst no longer having authorisation to supply certain international commercial tools and services (“Trade”) to companies situated in the European Economic Area (EEA) after the United Kingdom left the European Union.

Under the terms of this agreement, no income was recorded in 2025.

Executed in Neuilly-sur-Seine and Paris, on 25 February 2026

The Statutory Auditors

PricewaterhouseCoopers Audit	**BDO Paris**
Amel Hardy Ben Bdira	Vincent Génibrel

Sustainability Statement

Contents

Background to the sustainability statement

This sustainability statement has been prepared by HSBC Continental Europe in accordance with Articles 19a and 29a of the Corporate Sustainability Reporting Directive (EU) 2022/2464 ('CSRD') as transposed into national law and the European Sustainability Reporting Standards ('ESRS') as adopted by the European Commission ('EC'). While 2024 marked the first year of implementation, 2025 continues to be subject to several limitations and challenges, including uncertainties with the interpretation of the new rules, the lack of sector-specific guidance and established best practices, as well as limitations in the availability, consistency, and quality of data.

Given this context, HSBC Continental Europe has focused on the implementation of the mandatory requirements under the ESRS as applicable.

- With respect to the double materiality assessment ('DMA') and value chain, HSBC Continental Europe faced limitations in data availability, consistency, and quality, as well as in the maturity of valuation methodologies. The DMA involved judgements, assumptions, and estimates, as detailed in the relevant sections of this statement. Subject to any future regulatory changes or expectations, the result of the DMA may be re-assessed to consider the evolving data, methodologies, regulatory requirements, and sector-specific guidance, where applicable.
- Methodologies, data, scenarios and industry standards that have been used may evolve over time in line with market practice, regulation and developments in science, where applicable. Any such developments in methodologies and scenarios, and changes in the availability, accuracy, and verifiability of data over time and our ability to collect and process such data could result in revisions to our internal measurement frameworks as well as reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on-year.
- With respect to the EU Taxonomy, HSBC Continental Europe has not disclosed certain information, where considered to be not material or relevant. Please see section 'EU Taxonomy economic performance indicators' on page 78 for further details.

This sustainability statement has been prepared at a consolidated level (i.e. including its subsidiaries and branches), using the same consolidation principles as those applied in its financial statements.

Accordingly, certain assets and businesses that were sold during 2025 have been excluded from the scope of the Bank's DMA and this statement. Refer to 'The double materiality assessment process' on page 50 for specific details of assets and businesses excluded.

However, the Bank continued to include the assets classified as 'held for sale' in its DMA. The Bank has conducted materiality assessment for these entities and identified no changes to the DMA outcome. For further details refer to 'Note 2 Assets held for sale, liabilities of disposals groups held for sale and discontinued operations' on page 212.

HSBC Continental Europe as a first-year reporting entity ('Wave 1'), has applied the transitional relief measures and phase-in provisions permitted under the ESRS including the EC targeted 'quick-fix' amendments, where applicable. Where transitional reliefs have been applied, this has been disclosed in the relevant sections of this sustainability statement. The comparative information has been prepared in accordance with the transitional and phase-in provisions applicable in the comparative reporting period.

In accordance with Article 8 of the EU Taxonomy Regulation 2020/852, the Bank has included EU Taxonomy disclosures as part of the consolidated sustainability statement. Any difference in consolidation between CSRD reporting and EU Taxonomy reporting are explained in the relevant sections of this sustainability statement.

HSBC Continental Europe has relied on the exemption for undertakings based in an EU member state to not disclose impending developments or matters in the course of negotiation, under articles 19a(3) and 29a(3) of Directive 2013/34/EU (as transposed into French law).

HSBC Continental Europe's approach to sustainability reporting will continue to evolve to consider alignment with future regulatory requirements, industry guidance, best practices, and recommendations.

► For additional information regarding the 'estimates' and 'time horizon' applied in the preparation of this statement, please refer to 'Additional notes on the preparation of this statement - estimation and time horizon' section on page 65.

Limited assurance is performed by PricewaterhouseCoopers Audit ('PwC'), who are one of the external auditors to HSBC Continental Europe. Refer to the Independent Auditors' Report on page 99.

Strategy, business model and value creation

Strategy

The HSBC Group is one of the largest banking and financial services organisations in the world. The HSBC Group helps meet its customers' financial needs and supports them to achieve their goals with its products and services, while navigating the complexities of the global market through its deep international network, supported with the stability and strength of its balance sheet.

HSBC Continental Europe is the HSBC Group's dedicated Intermediate Parent Undertaking ('IPU') for European Union ('EU'). HSBC Continental Europe has been undertaking a transformation to focus its resources on being the leading corporate and institutional bank for international clients in Europe. This includes increasing HSBC Continental Europe's leadership and market share in areas where HSBC Continental Europe has a clear competitive advantage, and the greatest opportunity to grow and support HSBC Continental Europe's clients, in particular connecting European clients to opportunities across HSBC's international network and supporting the European needs of HSBC's global client base. HSBC Continental Europe's strategy is consistent with the HSBC strategy and supports the Group's ambition to be the most trusted bank globally, putting customers at the heart of everything it does.

▶ For more information on the HSBC Group and its strategy implemented in Continental Europe, refer to the 'Presentation of Activities and Strategy' section on page 4.

Incorporating sustainability into strategy

HSBC Continental Europe's approach to sustainability is aligned with that of the HSBC Group, focusing on creating long-term value for its customers and wider stakeholders. The HSBC Group focuses its efforts on three areas: the transition to net zero, building inclusion and resilience, and acting responsibly. This Sustainability Statement and the respective Environment, Social and Governance sections provide further information on how HSBC Continental Europe contributes to the HSBC Group ESG strategy.

Transition to net zero

The HSBC Group ambition is to become a net zero bank by 2050. Supporting HSBC customers is core to the strategy, with financing their transition playing a key role in achieving the net zero objectives. The HSBC Group believes delivering the transition will make the global economy stronger and more resilient.

In its inaugural Net Zero Transition Plan in January 2024, the HSBC Group recognised that its approach would need to evolve to keep pace with a dynamic world. Since then, while the transition has progressed, the global pace of change remains insufficient. Customers of the bank are navigating a complex transition to net zero, made even more challenging by significant shifts in the macroeconomic and geopolitical landscape. At the same time, the HSBC Group has also recently restructured its business to better serve its customers. This has created new opportunities to leverage what the HSBC Group has learned about HSBC customers' transition needs, the drivers of the future growth and the role HSBC can plan play as a financial institution.

The HSBC Group's updated Net Zero Transition Plan published in November 2025, sets out a commercially grounded approach to help customers succeed as the world moves towards a net zero economy. Building on progress towards net zero ambition and targets, the updated plan intensifies its efforts to be customer focused, commercial and agile.

The HSBC Group has also refreshed its strategy to support the transition of CIB customers. The HSBC Group is directing its financing and capabilities towards the biggest areas of opportunity, mobilising capital where customer demand and HSBC's real-economy impact can be greatest.

The HSBC Group is taking steps to embed its approach to nature alongside delivery of its net zero implementation plans and it continues to test and scale approaches to financing and investing in biodiversity and nature.

HSBC Continental Europe does not have an entity-level transition plan under the relevant ESRS and continues to review its approach to transition planning in line with regulatory requirements, available guidance, and industry practice. As a material subsidiary of the HSBC Group, HSBC Continental Europe actively contributes to the achievement of the HSBC Group's ambition.

Building inclusion and resilience

To help create long-term value for all stakeholders, the HSBC Group focuses on fostering inclusion and help building resilience for its colleagues, its customers and within broader society.

For employees, the HSBC Group focuses on creating an inclusive, healthy environment and offers resources that support well-being.

The HSBC Group strives to provide an inclusive and accessible banking experience for its customers. The HSBC Group does this by providing resources that help manage customers' finances, and services that help customers protect what they value. HSBC Continental Europe's philanthropy ambition is focused on supporting local communities to help enable positive outcomes.

Acting responsibly

The conduct approach guides the HSBC Group to do the right thing and focus on the impact it has on its customers and the financial markets in which the HSBC Group operates. It complements the HSBC Group purpose and values and, together with policies and procedures, provides an enterprise-wide, outcome-focused framework.

Business model

Aligned to the changes announced by the HSBC Group during 2025, HSBC Continental Europe managed its products and services through two global business lines:

– Corporate and Institutional Banking comprising client coverage and network banking (Institutional clients, Global Corporates clients, International Mid-Market clients, Innovation Banking clients), Services and Transaction Banking (Deposits, Payments, Trade, FX/ Markets and Securities Services), Financing (Capital Markets and Advisory, Infrastructure Finance and Sustainability Finance) and,
– International Wealth and Premier Banking (comprising Asset Management and Private Banking, in addition to Insurance and Retail Banking in Malta).

Corporate and Institutional Banking, International Wealth and Premier Banking, as well as the Corporate Centre (comprising: certain legacy assets and central stewardship costs) operating segment results are presented on this basis in 'Income statement by global business (continuing operations)'.

These global businesses are supported by the Chief Operating Officer and global functions - including Risk, Finance, Compliance, Legal, People and Internal Audit.

Products offered by HSBC Continental Europe include deposit accounts, loans, payment solutions, trade finance, asset management, insurance and other bespoke products tailored to clients' requirements. HSBC Continental Europe also offers sustainability focused products such as green loans, social loans, sustainability-linked loans, green, social and sustainability bonds among others.

▶ For more information on the HSBC Continental Europe's business model, refer to the 'Business segments' section on page 5.

From a geographical perspective, HSBC Continental Europe comprises mainly the Paris hub, its EU branches (Belgium, Czech Republic, Germany, Ireland, Italy, Luxembourg, Netherlands, Poland, Spain and Sweden) and its banking subsidiaries in Malta and Luxembourg.

▶ For information on the headcount of HSBC Continental Europe employees by geographical area, see 'Characteristics of HSBC Continental Europe's workforce' on page 84.

Value Creation

HSBC Continental Europe aims to create value for all stakeholders by harnessing its resources to deliver responsible and innovative financial solutions for its clients. The below tables outline the key inputs, outputs and stakeholders in HSBC Continental Europe's value chain.

Inputs	**Outputs**
Financial – Funds to operate as a business and provide products and services to customers obtained through funding from shareholders and liquidity providers	– Financial stability and growth – Ability to invest in new projects and initiatives – Revenue generation and profitability
Intellectual – Intellectual property, brand and other specific knowledge that allows the Bank to operate competitively – Investment in innovation and product development	– Development of new products and services – Strengthened brand reputation and market presence – Competitive advantage through innovation
Human – Employees' time, skills and expertise – Investment in workforce training and development	– Skilled and knowledgeable workforce – Improved employee performance and productivity – Higher employee satisfaction and retention
Social – Relationships with stakeholders that enhance the wellbeing of the wider society in which the Bank operates – Maintained through ongoing stakeholder engagement	– Stronger community ties and trust – Positive social impact and community initiatives – Improved stakeholder relationships and collaboration
Natural – Consumption of energy, water and other natural resources	– Efficient use of natural resources – Implementation of sustainable practices and technologies – Reduction in environmental footprint

Stakeholders in the value chain

HSBC Continental Europe recognises that its ability to succeed and create long-term value is interconnected with the interests and views of key stakeholder groups across all parts of its value chain. This includes both direct business relationships and indirect interactions through intermediaries and other stakeholders.

Upstream Value Chain

Stakeholder type	**Description**
Shareholders, such as: – Institutional investors – Retail investors	Provide capital to the Bank. As a 99.9 per cent owned subsidiary of the HSBC Group, HSBC Continental considers the HSBC Group's institutional and retail investors within this stakeholder group.
Funding and liquidity providers, including: – Depositors – Small-Medium Enterprises – Corporate and institutional clients – Bondholders	Attract funding that enables the Bank to offer lending and other financial products and services.
Rating agencies, both: – Credit ratings agencies – ESG ratings agencies	Provide credit and ESG ratings to investors and to the Bank.
Financial industry association: – Industry bodies	Provide sector wide perspective on regulatory, market and sustainability matters.
Suppliers (including their workforce), comprising: – Technology providers – Card networks – Buildings service providers – Professional services	Provide goods and services that are critical for the Bank's ongoing operations.
Government, Regulators and Tax Authorities including: – Banking regulators – Regulators with oversight of sustainability-related matters – Tax and local government authorities	Supervise the Bank to ensure its compliance with the relevant rules and standards.

Own Operations

Stakeholder type	Description
Workforce	Employees: individuals who are directly employed by the Bank on a full-time or part-time basis. Contractors: individuals who are engaged by HSBC Continental Europe on a temporary basis to deliver a specific service. Consultants: individuals contracted by HSBC Continental Europe from a consultancy company, professional services company or on a self-employed basis, to provide advice, guidance, or expertise. Internal Service Providers: individuals who are part of the HSBC Group but not directly employed by HSBC Continental Europe, such as employees of Global Technology Centres ('GTC') and Global Service Centres ('GSC'). External Service Providers: individuals who are employed by a third-party company contracted by HSBC Continental Europe to provide a specific service e.g. payroll providers.
Social partners	Unions and works councils.
Board members	Governance body responsible for setting the strategy, overseeing and monitoring its implementation, including the risk strategy.

Downstream Value Chain

Stakeholder type	Description
Customers of the Bank, including Corporate, Institutional, Public Sector and Retail	Utilise the Bank's products and services.
Distributors, including third-party payment processors and business partners	Distribute the Bank's products and services to facilitate market penetration.
Intermediaries between the bank and buyers or sellers of products or services	Intermediaries between the Bank and buyers or sellers of products or services.
Local communities, including charities and non-profit organisations	Groups potentially affected by the Bank's operations. This group includes customers of the Bank's clients and the wider community that could be potentially impacted, including trade unions and social partners, civil society and non-governmental organisations ('NGOs'), analysts, academics and silent stakeholders such as 'nature'.
Workers in the value chain, specifically employees of clients	The nature of the relationship can be either direct or indirect, depending on where in the value chain these workers and their employers are located. For the purposes of this report, this group includes workers of distributors and business partners, including corporate clients or workers in their value chains, which are or could be impacted through business relationships.

Engaging with stakeholders to inform our strategy

HSBC Continental Europe actively engages with its key stakeholders through a variety of channels. The table below shows how HSBC Continental Europe interacts regularly with its primary stakeholder groups to gain insights of their views. While it is not an exhaustive list, it represents the main focus areas for engagement and the main outcomes.

Stakeholder Group	Key Areas of Interest	Engagement Approach	Purpose	Outcomes
Investors (existing and potential)	– Financial performance – Strategy execution – Progress against sustainability ambition	– AGMs – Virtual and in-person meetings – Conferences	– Understanding the needs of shareholders and investors on an ongoing basis	– HSBC Continental Europe's strategic direction is in line with the expectations of those who provide capital and funding
Employees	– Remuneration and other benefits – Wellbeing – Corporate culture and job security – Training and skills development	– Annual Snapshot survey – Exchange meetings with senior management – Leadership summits – Townhalls – Speak-up channels, including global whistleblowing platform, HSBC Confidential	– Understanding the interests and views of employees on an ongoing basis – Understanding the factors that drive employee satisfaction and retention	– Enables HSBC Continental Europe to attract and retain talent to execute on its strategy
Suppliers	– Responsible supply chain management practices – Geopolitical impacts – Support in implementing sustainability requirements	– Virtual and in-person meetings – Supplier management platform – Third party onsite audits – Supplier day events	– To conduct supplier vetting, due diligence and monitor service delivery – To maintain relationships and provide capacity building – To set out the Bank's ambitions and areas of focus on the environment, inclusion and human rights and outline the minimum standards expected of suppliers	– Continued service quality and customer service, as well as ensuring compliance with the HSBC's Supplier Code of Conduct – Identify and mitigate the risk of human rights violations within the value chain – Supports HSBC Continental Europe on its path to net zero

Stakeholder Group	Key Areas of Interest	Engagement Approach	Purpose	Outcomes
Customers	– Access to products and services – Customer support – Availability of sustainable products and services – Pricing and value for money	– Customer meetings – Transition Engagement Questionnaires – Feedback through the Net Promoter Score ('NPS') – Complaints handling	– Understanding customer's banking needs – For wholesale clients, understanding their net zero transition plans	– Customer satisfaction, ongoing product development and innovation, and delivery on the Bank's strategy
Nature	– Mitigating adverse impacts arising from Nature related sustainability matters	– Indirectly through customers and NGOs – External scientific sources e.g. ENCORE and country geospatial data	– To understand the Bank's impact on nature	– Enables the Bank to monitor nature related impacts and risks over time and adjust its strategy and business model as required
Communities and Non-Governmental Organisations (NGOs)	– Community outreach and support – Investing in the next generation, supporting vulnerable communities – Inclusion – Net zero transition	– Active engagement in philanthropy through the Corporate Sustainability team and volunteering employees – Reactive engagement where relevant for HSBC Continental Europe (e.g. in response to NGO publications or direct NGOs queries) – Targeted engagement with NGOs selected within the structuration of an ESG-linked loan, an ESG-related product or a client event	– To understand ways HSBC Continental Europe can support the communities in which it operates on an ongoing basis – To gain new perspective on trends that might affect the financial sector	– Positive outcomes on communities – Improved employee engagement – Insights on the communities in which the Bank operates
Regulators / Government	– Strategy execution – Compliance with regulations and guidance – Application of sustainability regulation, guidance and risk management	– Virtual and in-person meetings – Responding to consultations individually and jointly via industry bodies – On-site inspections	– Input into the policy landscape – Enabling their supervision of the Bank / financial sector	– Ensures HSBC Continental Europe's regulatory compliance and financial stability
ESG rating agencies	– ESG disclosure and transparency – Climate strategy and governance – Risk management performance	– Respond to ESG surveys – Regular data updates and clarifications – Review and feedback on ratings	– Ensure accurate ESG representation – Strengthen transparency and credibility – Identify improvement areas	– Improved ESG scores and alignment – Increased investor confidence – Enhanced reporting quality
Financial industry associations	– Sustainable finance frameworks – ESG regulations and taxonomy – Industry collaboration	– Participate in forums and working groups – Contribute to papers and consultations – Share best practices	– Shape sustainable finance policies – Align with industry standards – Represent HSBC Continental Europe viewpoint	– Stronger industry partnerships – Improved regulatory alignment – Greater ESG leadership visibility

▶ For information on how the interests and views of stakeholders have been incorporated into the DMA, see 'The double materiality assessment process' section, on page 50.

HSBC Continental Europe takes part in ongoing shareholder engagement to understand and discuss the key topics from their perspective. These conversations inform the approach to disclosures and may result in the enhancement of the disclosures.

Both the Board of Directors and General Management as well as the Operating Committee ('OpCo') members of HSBC Continental Europe receive updates on sustainability-related topics from the relevant business owners and functions formally during their regular meetings. Where relevant, these updates include information about the views and interests of affected stakeholders.

▶ For detailed information on the Bank's governance of sustainability matters, refer to the following section 'Governance of sustainability matters'.

Material sustainability impacts, risks and opportunities

The double materiality assessment process

HSBC Continental Europe carried out its first double materiality assessment in 2024 to identify and assess sustainability related impacts, risks and opportunities ('IROs').

In 2025, the Bank reviewed its methodology, where relevant, and material sustainability topics in response to relevant triggering events or triggers. These include regulatory changes, shifts in stakeholder expectations, emerging market or industry trends, internal strategic developments, or other external circumstances that could influence the relevance or significance of previously identified sustainability topics.

The DMA is a multi-step process as defined below:

Step 1: Understanding the business context

The first step was an analysis of HSBC Continental Europe's operations and business relationships across its value chain, including identification of the key stakeholders potentially impacted. This assessment included reviewing the value chain maps from 2024 that were developed by referencing to external sources such as Ecovadis and Sustainalytics reports and mapping them to relevant stakeholder groups. The process considered all geographies in which HSBC Continental Europe operates, and all core products and services offered by the Bank and its subsidiaries.

The value chain was updated to align with the organisational changes that occurred in 2025.

Step 2: Identifying potentially material sustainability matters

A review of the 2024 preliminary sustainability matters was undertaken to assess relevance, continuation of applicability and any potential new addition to the list. In addition to the suggested sustainability matters included within the ESRS Application Requirement 16 ('ESRS-1, AR 16'), other international standards and frameworks, including the Sustainability Accounting Standards Board ('SASB'), Global Reporting Initiative ('GRI'), Taskforce on Climate-related Financial Disclosures ('TCFD'), Taskforce on Nature-related Financial Disclosures ('TNFD') and United Nations Environment Programme- Finance Initiative ('UNEP–FI') Impact Radar were reviewed to identify any additional sector-specific topics that may be relevant across HSBC Continental Europe's value chain. This was further supplemented with additional inputs gathered through stakeholder engagement and Subject Matter Expert ('SME')'s assessment. Finally, this preliminary list was benchmarked against peers to finalise the topics and matters to be assessed for materiality.

Step 3: Updating impacts, risks and opportunities

In 2025, HSBC Continental Europe reviewed and updated its inventory of IROs. The 2024 list of IROs was used as a baseline and reassessed to reflect changes in the Bank's organisational structure, portfolio composition, assets disposal and evolving regulatory landscape. This review was informed by internal risk assessments and relevant stakeholder inputs. New IROs were identified for the additional sustainability matters identified in the previous step. The resulting IRO list represents HSBC Continental Europe's current view of its actual and potential impacts as well as the risks and opportunities across its own operations and value chain.

Step 4: Assessing the impact and financial materiality of sustainability matters

The assessment of the impact and financial materiality of this revised list of IROs and topics involved two independent processes: firstly with internal SME at IRO level basis revised IRO list and finally with the key stakeholder groups at topic level defined in the first step.

Subject matter expert consultation

SMEs and professionals from relevant functions of HSBC Continental Europe were appointed to evaluate the IROs list. To aid their assessment, they consulted internal data, as well as the existing HSBC Group and Continental Europe reporting and risk assessments. The Exploring Natural Capital Opportunities, Risks and Exposure ('ENCORE' 2024 version) tool and the salient human rights assessment were also key inputs that informed their assessment of nature and social topics respectively.

The following criteria were used to guide the assessment and prioritisation of the different IROs. Each parameter was assigned a scoring scale which was then consolidated into a final materiality score and finally a materiality threshold was applied.

Materiality assessment	Parameter	Definition
Impact	Scale	How grave the negative impact is or how beneficial the positive impact is for people or the environment
	Scope	How widespread an impact could be
	Irremediability (for negative impacts)	Whether and to what extent the negative impacts could be remediated
	Likelihood (for potential impacts)	Probability of occurrence
Financial	Magnitude	Potential size of a financial effect (risk or opportunity)
	Likelihood	Probability of occurrence

As part of the assessment process, the interlinkage between impacts and dependencies as drivers to risks and opportunities were taken into account, by considering potential risks which could arise from negative impacts and opportunities from positive impacts.

Impacts were assessed on a gross basis, meaning without considering any mitigating actions. For potential impacts related to social and business conduct, likelihood was assessed by taking into consideration mitigating actions.

Stakeholder engagement

In 2025, HSBC Continental Europe considered two additional stakeholder groups: Financial industry associations and ESG Rating agencies.

The inclusion of additional stakeholder groups ensured the alignment with industry standards and covered the perspective of all key stakeholder groups.

For 2025 assessment, HSBC Continental Europe engaged with internal SMEs as proxies for the stakeholder groups. These proxies were selected based on their regular interactions with the stakeholder groups and understanding of their expectations. The above approach also ensured that it supplemented last year's data driven analysis based on desktop research and indirect engagement with internal SMEs through questionnaires and interviews.

Stakeholder groups and method of engagement/proxy information

Stakeholder Group	Stakeholder Engagement (through interview)	Proxy Information (desktop research)
Wholesale customers	Indirect engagement through proxy interviews/questionnaire with relationship management teams of wholesale banking	ESG rating providers and customers' and suppliers' annual and sustainability reports
Suppliers	Indirect engagement through proxy interviews/questionnaire with procurement teams	Risk analytics provider, which grades ESG risks across the globe
Employees	Indirect engagement through proxy interviews/questionnaire with people team	HSBC workforce engagement papers and snapshot survey results
Nature,Communities and NGOs	Indirect engagement through proxy interviews/questionnaire with corporate sustainability team	HSBC NGO engagement reports and internal tools
Regulators, governments and investors	Indirect engagement through interviews with Compliance Indirect engagement through interviews with Investor Relations	Financial institutions peer review and HSBC reporting frameworks
Financial industry association	Indirect engagement through proxy interviews/questionnaire with ESG Finance reporting team	Risk analytics provider, which grades nature related risks
ESG rating agencies	Indirect engagement through interviews/questionnaire with corporate sustainability team	

Due to data constraints, the assessment focused on direct contractual relationships and did not include the value chain of HSBC Continental Europe's clients and suppliers. Indirect relationships were considered only in relation to investments, as detailed in this report.

Aggregation and calibration of material sustainability matters

The outcomes of these two assessments were compared and calibrated in order to determine any matters for which there was a divergent view of materiality between SMEs and stakeholders. In such cases, further detailed analysis was carried out with the respective SMEs, and a final determination was made based on all available inputs and documentation.

This consolidated list of material sustainability matters was then benchmarked using inputs from internal review and challenge by internal governance functions, including the OpCo.

Step 5: Validation and sign-off

A series of workshops were conducted to facilitate the assessment and review by relevant decision making authorities. In some instances, materiality was re-assessed considering the inputs from decision making authorities and subject to SME review and challenge. The final list of material IROs was then presented to the OpCo and Board of Directors for approval.

Notes on methodology and process

ESG risk management capabilities have been enhanced over the year and progress continues to be made to embed sustainability into the Bank's daily activities, strategy and risk management practices.

In 2025, the Bank enhanced its assessment methodology for the Nature DMA by increasing the coverage of nature impacts by client's value chain and refinement of ENCORE pressure and dependency driver mapping to assess its negative impacts and risks.

▶ Refer to Nature section for more details on approach and methodology. page 74.

This assessment was conducted based on the most up to date understanding and data available at the time of the assessment. It is important to recognise that the financial and sustainability landscape is inherently dynamic and subject to change. As such, this is a point-in-time view that is expected to evolve over time.

The identification of the most material risks related to ESG across HSBC Continental Europe was performed in line with the HSBC Group Risk Framework including the Risk Management Framework, applicable to all risks across the organisation. The identification and assessment of these risks also rely on risk management tools such as appetite for risk, risk mapping, emerging risk, horizon scanning and stress testing and scenario analysis.

Certain limitations were encountered while conducting the DMA particularly around availability of data. This warranted the use of assumptions and proxies where appropriate as covered in the respective detailed sections of the disclosure.

In December 2024, HSBC Continental Europe signed a memorandum of understanding for the potential sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle ('Matmut'). This transaction was completed in 2025 with HSBC Assurances Vie (France)'s financial performance consolidated into Matmut books. Based on this HSBC Assurances Vie (France) was excluded from the Bank's DMA for 2025.

Similarly, HSBC Continental Europe's retained retail portfolio of home and other loans was sold during 2025, following the sale of the retail banking business in 2024. Accordingly, it has been excluded from the Bank's DMA for 2025. For further details refer to 'Note 2 Assets held for sale, liabilities of disposals groups held for sale and discontinued operations' on page 212.

List of material IROs

HSBC Continental Europe identified 26 material IROs through the DMA, which include 6 entity specific IROs. Below is an overview of these, with further details available in the relevant sections of this report on 'Climate change' page 66, 'Biodiversity and Ecosystems' page 75, 'Social' page 83, 'Governance' page 93.

ESRS	Description	Impact Materiality		Financial Materiality	
		Positive	Negative	Risk	Opportunity
E1 – Climate change	Impact on climate change		◆		
	Impact on energy		◆		
	Reputational risk (including the risk of greenwashing) associated with misstatements and misalignment with targets			◆	
	Deterioration in credit worthiness of customers and valuations of investments due to climate change			◆	
	Regulatory compliance and legal risk that could arise from failure to comply with climate related regulations			◆	
	Opportunity for sustainable finance and investment				◆
E4 – Biodiversity and Ecosystems	Impact on biodiversity driven by climate change		◆		
	Impact on ecosystem services		◆		
S1 – Own Workforce	Building an inclusive workforce	◆			
	Career growth and progression	◆			
	Productive and skilled workforce				◆
	Work-life balance		◆		
	Adequate Wages[1]	◆			
	Active social dialogue	◆			
	Secure employment		◆		
Data privacy (Entity Specific)	Right to privacy (Entity Specific)[2]		◆		
	Compliance with data protection laws (Entity Specific)[2]			◆	
G1 – Business Conduct	Responsible corporate culture	◆			
	Conduct risk			◆	
	Speak-up culture				◆
	Anti-bribery and corruption		◆		
	Sanctions compliance (Entity Specific)		◆		
	Anti-money laundering (Entity Specific)		◆		
	Regulatory and reputational risk (financial crime)			◆	
	Cybersecurity (Entity Specific)		◆		
	Cybersecurity failures (Entity Specific)			◆	

1 In 2025, HSBC Continental Europe has identified an additional material positive impact. For more details, please refer to section 'Social' on Page 83.
2 In 2025, material negative impacts and risks related to data privacy under S1 (Own Workforce) and S4 (Consumer and end users) have been consolidated and reported as entity specific topics. For more details, please refer to section 'Social' on Page 83.

The current financial effects of material risks and opportunities

Following the conclusion of the DMA, HSBC Continental Europe carried out an analysis to understand if any of the material risks and opportunities had given rise to a financial impact during the current reporting period.

This process involved mapping the identified risks and opportunities to any potential financial impact on HSBC Continental Europe's statement of financial position, financial performance, and cash flow, to establish the key line items to be assessed.

This was followed by a data sourcing and analysis exercise across each of the topic areas where a potentially known and observable impact has been identified, to assess the financial effect of the material risks and opportunities during the reporting period. From this analysis HSBC Continental Europe noted that none of the material risks or opportunities had a material financial effect in the current reporting period.

Resilience of the strategy and business model

The DMA exercise shows the wide range of material sustainability impacts and risks to which HSBC Continental Europe is exposed, either directly or indirectly through its relationships with customers and other stakeholders. It also shows the opportunities that are available to the Bank.

In respect of these sustainability matters, HSBC Continental Europe endeavours to ensure its strategy and business model, including the products and services provided to its customers and risk management processes, are adapted to regulatory requirements, stakeholders and market expectations, which continue to evolve. In doing so, the Bank aims to ensure its ongoing operational resilience and to safeguard its ability to continue providing critical products and services to its customers, affiliates, and counterparties.

Identifying key resilience risks

HSBC Continental Europe uses a comprehensive Risk Management Framework across its organisation and across all risk types, underpinned by its culture and values. This framework outlines the key principles, policies, and practices that the Bank employs to manage material risks, both financial and non-financial. As part of this framework, the Bank uses a top and emerging risks process to provide a forward-looking view of issues with the potential to threaten the execution of its strategy or operations over the medium to long term. It updates its top and emerging risks as necessary, considering both internally driven and externally driven factors.

The main resilience risks for HSBC Continental Europe in 2025 were data risk, technology and cyber security risk and third party risk. The approach to risk management, including resilience risk, is detailed in section 'Risk Management Framework' on page 125.

Ensuring Business Continuity

The Bank has a well-established Business Continuity and Incident Management programme in place designed to protect its staff, assets, processes, and customers in the event of an interruption to normal business activities. Business Continuity plans cover interruption scenarios including communicable disease, unavailability of staff, unavailability of buildings, unavailability of IT services and unavailability of key third party suppliers.

Business Impact Analysis ('BIA') and Business Continuity Plans are signed off as fit for purpose by each department head and are updated annually, or more frequently in case of material changes in their structure or processes. Regular testing (including industry-wide exercises) is carried out to ensure Business Continuity Plans remain accurate, relevant, and fit for purpose. These plans have been exercised successfully throughout various events in the last few years (e.g. Covid crisis).

Overall Business Continuity lifecycle controls (business impact analysis, plans, and exercises) for the region have been assessed as effective and compliant against a Group appetite of 95 per cent completion.

Resilience of the business model in relation to environmental risks

Stress testing is the primary mechanism through which the Bank is able to gain forward-looking insights into the resilience of its strategy and business model. The overall approach that HSBC Continental Europe adopts to Stress Testing is described in section 'Stress Testing' on page 124. The stress testing program also includes scenario analysis on the climate and nature risks faced by HSBC Continental Europe (see 'Testing the resilience of the strategy and business model in relation to climate change' and 'Testing the resilience of the strategy and business model in relation to nature risk' below).

In 2025, HSBC Continental Europe carried out stress tests covering systemic and idiosyncratic shocks over the short and medium term horizon (including as part of the local recovery plans and for specific risk portfolios), the impact of macroeconomic downturns over the five-year planning horizon (including the impact of different interest rate paths) and potential transition and physical risk shocks from climate and nature risk impacts under short, medium and long-term horizons.

In all cases, stress test impacts were measured on the profit and loss account, risk-weighted assets and capital, and the outcomes were presented to the HSBC Continental Europe Risk Committee.

These exercises help the Bank to gain a better understanding of its potential resilience risks and feed into the determination of appropriate capital buffers to ensure the Bank’s financial resilience and ability to absorb shocks including those relating to its material sustainability matters.

Impacts from climate scenario analysis were analysed across three distinct timeframes and allow HSBC Continental Europe to monitor potential risks to capital and its progress towards contributing to the HSBC Group’s Net Zero Transition Plan. The scenario analysis covers impacts over the short-term up to 2027; the medium-term from 2028 to 2030; and long-term from 2031 to 2040. Time horizons were amended to align with the HSBC Group’s reporting approach. The nature of the scenarios, HSBC Continental Europe’s developing capabilities, and limitations of the analysis lead to outcomes that are indicative of climate change headwinds, although they are not a direct forecast. Developments in climate science, data, methodology and scenario analysis techniques continue to shape the Bank’s approach and therefore conclusions of the analysis may change over time.

Testing the resilience of the strategy and business model in relation to climate change

HSBC Continental Europe performs a scenario analysis exercise which supports the assessment of the overarching strategic resilience of HSBC Continental Europe’s business models in relation to climate change.

The exercise is focused on the Bank’s downstream financed emissions. In the 2025, for the climate scenario analysis exercise, five scenarios were explored that were created to examine the potential impacts from climate for HSBC Continental Europe. The 2025 exercise primarily focused on credit risk and non-financial risk exposures, but it also assessed the impacts on other risks including traded market risk, liquidity risk, and pension risk.

Climate risk scenarios

Climate scenario analysis focuses on the impacts on HSBC Continental Europe’s customers across a range of potential climate scenarios. The 2025 scenarios were internally created using external publicly available scenarios as a reference, including those produced by the Network for Greening the Financial System (‘NGFS’), the Intergovernmental Panel on Climate Change (‘IPCC’) and the International Energy Agency ('IEA'). Using these external scenarios as a template, the scenarios were adapted by incorporating the unique climate risks and vulnerabilities to which the Bank and its customers across different business sectors and regions are exposed to within the context of evolving policies and emerging climate risks. The scenarios vary by severity to analyse how climate risks could impact the Bank's portfolios.

The scenarios utilised to assess climate change impacts were:

– The Below 2 Degrees scenario, which is consistent with the Paris Agreement where net zero is achieved, but beyond the 2050 scenario horizon. It assumes that there will be an orderly and gradual rise in the stringency of climate policies over time.
– The Current Commitments scenario, which assumes that there is a slower-than-required transition to a net-zero economy, which is reflective of the current pace of transition. The scenario is anchored to existing governmental committed policies. This slow transition scenario helps HSBC Continental Europe to inform the actions it needs to take to reach the HSBC Group’s net zero ambition while operating in a world that is not on a net zero pathway.

- The Net Zero scenario, which is consistent with the Paris Agreement. This assumes that there will be orderly but considerable climate action, limiting global warming to 1.5°C by 2100, when compared with pre-industrial levels.
- The Downside Physical Risk scenario, which is a stressed scenario that contains significant global warming and physical risk events. It also assumes that current climate policies are preserved but new decarbonisation policies fail to be introduced and global warming continues. This scenario allows HSBC Continental Europe to assess physical risks associated with climate change over the long-term horizon.
- The Severe Climate Stress scenario, which is a near term scenario assessing the impacts of concurrent extreme 1-in-200 year physical risk events, which begins with dry perils, consisting of heatwaves and wildfires, in the first year and is followed by wet perils, consisting of floods and storms, in the second year. This leads to a policy response of accelerated climate action. This scenario, which is assessed in the horizon up to 2030, is broadly aligned to NGFS' "short-term" scenario narrative and is used to test HSBC Continental Europe's capital resilience to extreme tail-end acute physical risk events, combining downside climate, transition, and macroeconomic risks.

+Physical risk ← → Transition Risk+

Climate Scenarios

		Downside Physical Risk	Severe Climate Stress	Current Commitments	Below 2 Degrees	Net Zero
Scenario outcomes	Rise in global temperatures by 2100 (vs pre-industrial levels)	**4.2°C**	**N/A**	**2.4˚c**	**1.7˚c**	**1.5˚c**
	Rise in European temperatures by 2100 (relative to global increases)	Higher ▲	**N/A**	Higher ▲	Lower ▼	**Similar** ▶
	Scenario end point	**2050**	**2030**	**2050**	**2050**	**2050**
Underlying assumptions based on global averages	**European and Global Climate Actions**	Already implemented polices only	Accelerated policies	Viable pledged policies	Gradually rising stringency of policies	Orderly transition
	Assumed pace of technology change and adoption	Slow change	Moderate change	Limited progress	Moderate change	Fast progress in tech that enables net zero
	Assumed socioeconomic impact	High	Very high	Moderate	Moderate to High	High

		Downside Physical Risk 2030	Downside Physical Risk 2040	Severe Climate Stress 2030	Current Commitments 2030	Current Commitments 2040	Below 2 Degrees 2030	Below 2 Degrees 2040	Net Zero 2030	Net Zero 2040
Underlying assumptions based on European averages	**Assumed European carbon price** ($/t$CO_2$)	**72**	**72**	**113**	**93**	**156**	**113**	**208**	**284**	**711**
	Assumed % change in European GDP since 2020	**29%**	**55%**	**21%**	**32%**	**65%**	**32%**	**69%**	**32%**	**70%**
	Assumed % change in European energy consumption since 2020	**1%**	**(5)%**	**(1)%**	**(5)%**	**(17)%**	**(1)%**	**(16)%**	**(13)%**	**(31)%**
	% renewable energy mix in Europe	**28%**	**38%**	**32 %**	**30%**	**45%**	**32%**	**48%**	**39%**	**68%**

			Downside Physical Risk	Severe Climate Stress	Current Commitments	Below 2 Degrees	Net Zero
Scenario risk characteristics	**Climate risk**	**Physical**	▲ Higher	▲ Higher	▶ Moderate	▼ Lower	▼ Lower
		Transition	▼ Lower	▲ Higher	▶ Moderate	▲ Higher	▲ Higher

Portfolio scope and methodology

The assessment of scenario outcomes is largely focused on credit risk, examining the capability of the Bank's clients to absorb the cost of transition and physical risk events. The internal climate scenario analysis uses models to assess how transition and physical risks may impact HSBC Continental Europe's portfolios under different scenarios. The models for the Bank's CIB portfolios are focused on transition risk factors and incorporate a range of climate-specific metrics that could have an impact on customers, including expected production volumes, revenue, costs and capital expenditure. For the commercial real estate portfolio, the Bank's models are focused on physical risk factors, including property locations, perils and insurance coverage when assessing the overall credit risk impact to the portfolio.

Beyond credit risk, the analysis also covers other risks HSBC Continental Europe may face as a result of climate change, including non-financial risks, liquidity risk, pension risk, and traded market risk. Impacts observed during the scenario analysis exercise were minimal across these risk types.

Outcome of climate scenario analysis

The modelled outputs from the internal climate scenario analysis exercise suggest that HSBC Continental Europe's CIB lending portfolio could see increases in credit losses due to climate change. This year, the exercise benefited from a significantly higher prevalence of customer transition plans used in modelling, allowing HSBC Continental Europe to place more emphasis on how its customers expect to transition to net zero within its approach.

The results for the CIB portfolio also suggested that in the short and medium term, HSBC Continental Europe expects climate-related financial impacts to remain relatively muted, but to increase in the long term particularly under the Below 2 Degrees scenario, where transition risks grow at a faster rate. A key risk driver comes from the phasing out of climate-related government subsidies and 'free carbon allowances' within the EU, introducing a potential situation where some of HSBC Continental Europe's customers may lose their competitive advantages.

The most significant climate-related financial impacts are expected across a few key sectors, this includes: the power and utilities; oil and gas; and metals and mining sectors which is largely driven by high carbon emissions intensity of customers in these sectors and the high climate transition costs. Impacts are most severe for counterparties with existing weaknesses in their balance sheet and who do not have robust transition plans. The automotive sector was also impacted due to the increased competition in the Electric Vehicle market.

The analysis of HSBC Continental Europe's commercial real estate portfolio revealed that climate physical risks pose limited additional impacts to credit risk in the short and medium term. The largest portfolio is in France where coastal inundation from storm-driven tidal surges and riverine flooding due to overflowing riverbanks is a key physical risk peril within certain regions of the country. Only a small proportion of the portfolio is exposed to these hazards, resulting in minimal additional financial exposure. HSBC Continental Europe's clients typically hold diversified commercial real estate portfolio, and property elevation serves as a key mitigator, making the portfolio more resilient to both chronic and acute physical risks.

While climate-related losses for HSBC Continental Europe are expected to remain limited in the short and medium term, they are likely to increase in the longer term. This is largely driven by the transition to a net zero economy. This is particularly noticeable under scenarios such as the Below 2 Degrees and Net Zero scenarios where clients exposed to transition risk in HSBC Continental Europe's portfolio are most impacted.

Climate-related losses can be mitigated through active management approaches, which include identifying new climate-related business opportunities and adapting lending portfolios to reduce exposure to climate risks and losses. HSBC Continental Europe continues to enhance its methodology to improve the effectiveness of its climate scenario analysis.

Testing the resilience of the strategy and business model in relation to nature risk

In 2025, HSBC Continental Europe conducted a nature scenario analysis exercise focused on the wholesale lending portfolio, which is part of the Bank's downstream value chain, and the impact of nature events on counterparties in key sectors exposed to nature risk up to 2040. Modelling covered all wholesale sectors that were identified as having high nature risk exposures and has identified limited financial impacts from nature risk for HSBC Continental Europe.

Due to the limited industry development and availability of external data, nature scenario analysis remains nascent and further work to expand and enhance the analysis will be conducted in future years.

Nature risk scenarios

HSBC Continental Europe has developed three scenarios, expanding on the existing climate scenarios with nature variables sourced from available third-party frameworks and publications as follows:

- Nature Positive scenario where orderly action is taken with a concerted effort through a wide range of global policies (aligned with the Global Biodiversity Framework's 30 by 30 target) drives rapid investment in biodiversity restoration and sustainable practices.
- Nature Baseline scenario with a gradual shift of public and policy attention towards nature risks. The moderate policy approach aims to stabilise ecosystems degradation but lacks transformative impacts.
- Nature Destruction scenario where limited policy action and investments lead to severe degradation of natural ecosystems.

Outcome of nature risk scenario analysis

The results of the nature scenario analysis exercise were impacted by the very limited number of nature-focused transition plans from many of the Bank's clients and from the early stage of industry thinking around nature risk. The results do not currently indicate that the current business model and strategy will not remain resilient in respect of nature-related risks.

Results revealed that HSBC Continental Europe's portfolio sectors most impacted through nature scenario analysis exercise were the agriculture; power and utilities; and food, beverage and tobacco sectors, which were largely driven by the high dependency on water resources by customers in these sectors.

Overall, across the portfolio, HSBC Continental Europe expects financial impacts relating to nature to remain minimal in the short and medium term but could increase in the longer term, especially for sectors with high resource dependency. The results highlight the importance of supporting clients in developing their nature transition plans, especially those with high water dependency.

Overall resilience to environmental risks

The results of the scenario analysis exercises reveal that climate change and nature impacts on their own do not reveal material risks to HSBC Continental Europe's resilience and strategy in the short to medium term, however, could act as a contributing factor which worsens the impacts of a wider macroeconomic shock.

Scenario analysis supports the Bank in identifying how to mitigate potential climate-related losses through active management approaches, which include identifying new climate-related business opportunities and adapting its portfolios to reduce exposure to climate risks. In line with the HSBC Group's net zero ambition, HSBC Continental Europe will continue to work with its clients around the development of their transition plans. This will support future improvements to the Bank's scenario analysis capabilities enhancing how it assesses the resilience of its business models to both climate change and nature risk.

▶ Further details on the mitigating actions taken by HSBC Continental Europe can be found in the 'Managing climate-related risks' section of this disclosure.

Assumptions and limitations underpinning the environmental scenario analysis approach

Given current capabilities, environmental scenario analysis exercises rely on a significant set of assumptions and limitations, which may constrain the reliability and robustness of resulting outputs. Outcomes may change in the future, potentially materially, as capabilities improve.

Assumptions that HSBC Continental Europe uses within its environmental modelling approach includes the following:

- Scenario analysis is conducted on counterparties with sufficient data and extrapolated to the remaining portfolio. It assumes that there is a broadly consistent environmental risk profile across each portfolio.
- Climate transition risk impacts are assumed to be limited for sectors that HSBC Continental Europe has assessed as having a low climate transition risk exposure.
- For the climate models, HSBC Continental Europe's customers will successfully execute their transition plans, where those plans are assessed as credible. For the nature models, customer transition plans (such as efforts to improve their water efficiency) are not currently considered in modelling.
- Customers in certain wholesale sectors are assumed to pass some of their costs relating to higher transition-risk related prices (carbon price for climate risk and pollution charges for nature risk) through to their own customers. These pass-through rates are based on externally calibrated pass-through rates and reviewed by internal sector experts.
- State support will continue for government-owned or government-backed customers, and for customers providing essential goods and services critical to societal functioning.

There are industry wide limitations, particularly through data availability, although out models are designed to produce outputs that can support assessment of the level of HSBC Continental Europe's resilience to environmental risks.

- Data availability – Environmental scenario analysis is a data intensive exercise, and the required information is only available for a subset of the HSBC Group’s exposures. In particular there are a number of environmental-related financial data gaps relating to reliable forward-looking climate and nature aligned data.
- Scenario limitations – In assessing climate risk, there are inherent uncertainties in the ways scenarios are designed which are largely attributed to the limited history of the interactions between environmental risks and the economy. Scenarios consider a range of possible future outcomes however, quantifying the full effects of all climate-related outcomes such as the effects of potential tipping points remains challenging. In assessing nature risk, industry standard scenario data is not currently available.
- Modelling uncertainties – There are inherent limitations within climate and nature models due to the challenges of modelling (with any precision) how environmental-related interactions (both physical and transition risks) will manifest. These include estimating how policy changes, carbon pricing or new technologies will impact specific customers and how these customers will adapt. These limitations are further compounded as the modelled time horizon lengthens and the uncertainties behind higher-order impacts, however internal judgements are used to mitigate some of these effects.

The wholesale climate methodology for the non-real estate portfolios did not consider the potential impacts from climate-related physical risk, second order supply chain impacts, the volatility of commodity prices, and how climate risks are correlated between sectors.

The wholesale climate physical risk methodology did not include the indirect impacts of such as supply chain disruption, the risk of stranded assets. Capabilities are being developed to capture these effects.

The wholesale nature methodology did not consider second order supply chain impacts or how nature risks are correlated between sectors.

How the environmental scenario analysis approach is being enhanced

HSBC Continental Europe continues to enhance its methodology to improve the effectiveness of its environmental scenario analysis by incorporating lessons learnt from previous exercises, feedback from key stakeholders, which includes internal stakeholders as well as external regulators, and by assessing the direction of general industry practices.

Several key enhancements have been made across climate scenario development, climate risk modelling, which includes improvements to cashflow models, and more granular assumption regarding the creation of carbon prices. HSBC Continental Europe has also improved the embedding of outputs from climate scenario analysis exercises into its Risk Management Frameworks.

In 2025, improvements within the wholesale lending climate modelling process included targeted improvements made in 2025 to oil and gas, automotive, emission-based models, and the continued enhancement of customer transition plans. These support improvements in the quality of modelled outcomes.

HSBC Continental Europe will continue to explore the impacts on its portfolio from a nature risk perspective and expect its modelling capabilities to evolve over time.

Risk management and internal controls over sustainability reporting

Risk management and internal controls system over sustainability reporting are covered in HSBC Continental Europe’s comprehensive ‘Risk Management Framework’ detailed section on page 125. This framework is used across all risk types and outlines the key principles, policies and practices that the Bank employs in managing material risks, both financial and non-financial. Sustainability reporting has been integrated into the Bank’s risk taxonomy under the financial and regulatory reporting risks to manage the risk of misstatement in sustainability reporting that may arise as a result of errors in interpretations and judgements used in the reporting of information or material information not reported or presented correctly and consistently in line with the requirements.

The Risk Assessment approach applied in accordance with HSBC Risk Management Framework implies a Risk and Control Assessment based on an inherent risk assessment, which corresponds to the most significant risk scenario that can occur in the next 12 months without considering the control in place, the overall control environment assessment and the residual risk assessment, which corresponds to the level of risk remaining considering the control system in place. The HSBC Risk Prioritisation Matrix is used for the assessment of inherent and residual risks considering the likelihood and impacts (customer, financial, reputational, and regulatory).

HSBC Continental Europe’s internal controls incorporate requirements for addressing the most materials risks of misstatement in sustainability disclosures mainly in the areas of data and interpretations. Data, methodologies, and assumptions that HSBC have used may evolve over time in line with new regulation requirements exposing HSBC Continental Europe to the risk of using incomplete and inaccurate data or unavailability of data. To support the sustainable reporting control environment and to meet evolving sustainable risk environment, a framework was developed to guide control implementation over sustainability reporting disclosures and several strategic programmes are designed and executed.

- Data availability, quality and accuracy, and efforts to improve these aspects: High quality, consistent, comparable, and accessible ESG data is critical for informed decision making and for tracking and reporting the HSBC Group’s progress towards net zero. To support this, the HSBC Group continues to develop and implement a robust data strategy, which includes re-architecting its technology and operational processes.

Some of the challenges the HSBC Group aims to overcome include:

- Lack of standardised definitions: Inconsistent industry definitions hinder the ability to source comparable data on customer performance in net zero and broader ESG metrics.
- Fragmented data sources: ESG data comes from a wide variety of sources and formats, complicating data collection, consolidation, and vendor selection.
- Data gaps and proxy usage: Data gaps, both internally and across the industry often require reliance on models and proxies, which introduces uncertainty and reduces transparency
- Regulatory complexity: Operating on a global scale across multiple jurisdictions expose to a diverse and evolving set of regulatory requirements that must be carefully managed.
- Building a centralised ESG data capability: The HSBC Group continues to strengthen its ESG data and analytics capability, delivering trusted data assets, dashboards, AI, and advanced analytics solutions that help support initiatives like financed emissions, climate scenario analysis, stress testing, sustainable finance and portfolio optimisation. Feedback received from regulators and stakeholders continues to help inform improvements in the robustness of HSBC Group processes and wider data strategy. The HSBC Group seeks to embrace new technology that enhances data quality monitoring and harness AI capabilities to help improve data gaps to achieve business outcomes. HSBC Continental Europe leverages the ESG data and analytics capability to help streamline and support its sustainability related data needs, from regulatory reporting through to business use cases.
- As the landscape for sustainability disclosures develops, HSBC Continental Europe continues to focus on horizon scanning and interpretation of relevant external reporting requirements, to ensure a timely response for producing the required disclosures. As the volume and nature of these requirements continue to evolve, the level of risk is heightened. Part of HSBC Continental Europe's response to this heightened risk includes undertaking a range of assurance procedures over these disclosures.
- HSBC Continental Europe recognises the importance of sustainability disclosures and the quality of data underpinning them. The Bank also acknowledges that the internal processes to support ESG disclosures are in the process of being developed and currently rely on manual sourcing and categorisation of data. Certain aspects of HSBC Continental Europe's sustainability disclosures are subject to enhanced verification and assurance procedures including the first, second and third line of defence. Assurance review assists in reducing the risk of restatement, although it cannot be fully eliminated given the challenges in data, evolving methodologies and emerging standards.

A number of forums support the oversight of the control environment for sustainability reporting and disclosures. These include the Audit Committee, the Risk Management Meeting ('RMM'), the ESG Disclosure Steering Committee, the Sustainability Execution Group (‘SEG’) and the Prudential Policy Interpretation Working Group (‘PPIWG’), among others. Attendees are HSBC Continental Europe OpCo members including the CFO and CRO. These Committees receive updates on the control environment, progress made on remediation of significant deficiencies and review the impact on financial and regulatory reporting risks. This oversight helped the Committees to understand the progress being made by management to set out strategic actions to remediate identified issues and uplift the control environment to enable a sustainable reduction in risk.

Governance of sustainability matters

Composition and expertise of the Board and the General Management related to sustainability matters

HSBC Continental Europe’s Board of Directors and General Management provide the foundation for its commitment to strong governance and oversight of sustainability matters. By bringing together a diverse mix of expertise, perspectives, and experiences, these bodies define and ensure the effective oversight of the strategy and operations while fostering accountability and innovation.

As of 31 December 2025, the Board was made up of 11 Directors, one of whom was an executive member and the remaining 10 were non-executive members. From a gender perspective, there were six women (55 per cent) and five men (45 per cent). On 31 December 2024, the Board was composed of 15 Directors, one of whom was an executive member and the remaining 14 were non-executive members, totalling 53 per cent women and 47 per cent men.

The General Management comprised three Effective Managers (‘Dirigeants effectifs’), i.e. the Chief Executive Officer (‘CEO’), Andrew Wild, assisted by two Deputy Chief Executive Officers (‘Directeurs Généraux Délégués’), Christopher Davies and Joseph Swithenbank. From a gender perspective, there were three men (100 per cent).

Andrew Wild stepped down from his role as CEO and Director of HSBC Continental Europe on 31 December 2025. Christopher Davies has taken over as CEO ad interim from 1 January 2026 until the appointment of a new CEO.

▶ For further information about the composition of HSBC Continental Europe’s governance bodies, refer to the 'Corporate Governance Report' section on page 18, including the information on Board members elected by employees as well as the independence of Board members (on page 24).

The experience of the members of HSBC Continental Europe's Board and General Management covers all sectors, products and geographic locations of the Bank. The Board is regularly engaged on sustainability topics through presentations during regular meetings, interactive workshops and continuous education programmes, including mandatory training to stay at the forefront of evolving global topics. For a detailed description of the experience of each Board and General Management member, refer to the 'Corporate Governance Report' on page 18.

To further enhance the Board's expertise to oversee sustainability matters, the shareholders' meeting on 11 October 2024 appointed a new independent non-executive Director to the Board of HSBC Continental Europe: Kerstin Lopatta. She brings deep and extensive sustainability reporting skills and expertise to the Board, in particular given her experience with the European Financial Reporting Advisory Group ('EFRAG'). As a member of the Board's Audit Committee, she advises on key areas relating to sustainability, including the approach to ESG reporting.

The General Management can also access sustainability experts in the HSBC Group Sustainability Centre of Excellence, who are represented in HSBC Continental Europe Corporate Sustainability function, which reports to the Head of ESG Execution. The Head of ESG Execution sits on the SEG and on the RMM.

Roles and responsibilities of the Board and the General Management related to sustainability matters

Sustainability matters are integral to monitoring and guiding the strategy, to ensure the long-term viability of the business model. As such, the Board of Directors and the General Management integrate sustainability considerations into strategy setting, business decisions, and risk management processes.

The Board of Directors

The Board holds collective responsibility for overseeing sustainability matters including the Bank's tracking of progress towards ambitions. This role is formalised in its terms of reference. The Board is regularly updated on sustainability topics, including at its quarterly meetings, and with advice provided by management to the Risk Committee, and Audit committee on relevant sustainability matters.

The Board also sets HSBC Continental Europe's values and principles and oversees the implementation and maintenance of a code of conduct or similar, and effective policies to identify and manage matters related to business conduct.

The General Management

The General Management leads the Bank, and each of its members has the power to act as its representative towards third parties. It is comprised of the three Effective Managers listed in the section above. In particular, the CEO has the widest powers to act on the Bank's behalf in all circumstances within the limits of its corporate object and of the internal delegation of authorities framework, and subject to those powers expressly conferred by law on the collective body of shareholders and on the Board of Directors.

The HSBC Continental Europe CEO is responsible for implementing processes, controls, and procedures to monitor, manage, and address sustainability matters effectively. Those responsibilities are delegated to three functions, all of them reporting to the HSBC Continental Europe CEO:

- The Head of ESG Execution, in charge of ESG strategy and transformation
- The Chief Financial Officer ('CFO'), in charge of financial reporting, including sustainability reporting, as per the EBA Guidelines on internal governance (EBA/GL/2021/05)
- The Chief Risk Officer ('CRO'), in charge of risk management, including sustainability risks, as per the EBA Guidelines on internal governance (EBA/GL/2021/05)

These responsibilities are exercised through committees and forums, including the following:

- Sustainability Execution Group: The overarching committee at executive level responsible for setting out and executing the ESG strategy, supervising the implementation of ESG regulations, and providing senior oversight of all risk activities related to the management of ESG risks of HSBC Continental Europe. It is chaired by the HSBC Continental Europe CEO and the Head of ESG Execution, and includes all HSBC Continental Europe OpCo members as attendees including the CFO and CRO, as well as other permanent members. The SEG reports to the HSBC Continental Europe OpCo and to the RMM.
- ESG Disclosures Steering Committee: The committee at executive level responsible for overseeing and monitoring the delivery of external ESG disclosures for HSBC Continental Europe and its subsidiaries. It is chaired by the HSBC Continental Europe CFO. The ESG Disclosures Steering Committee reports locally into the SEG.

The respective roles and responsibilities are defined in the terms of reference of each governance forum.

Controls used to manage sustainability matters and inform the General Management include the ESG Key Management Information ('KMIs') and the sustainability-related risk indicators. The KMIs on climate and nature risks are important metrics to measure the evolution of the sustainability strategy across HSBC Continental Europe on areas such as people/culture, regulatory, and own operations. They are reported quarterly to the SEG and on a semi-annual basis at the HSBC Continental Europe RMM. The sustainability-related risk indicators reflect the aggregate level of climate and nature risk that HSBC Continental Europe is willing to assume within its risk capacity, in line with its business model, to achieve its strategic sustainability objectives. Each key risk indicator has an appetite and tolerance threshold against which the metric is measured and monitored. Key risk indicators are reported quarterly to the SEG, the HSBC Continental Europe RMM and the Risk Committee.

Embedding the double materiality assessment into HSBC Continental Europe's governance

The General Management regularly monitored the progress of the DMA through workshops, ESG Disclosures Steering Committee, the SEG and the OpCo. Management informed the Board of the DMA process and of the principles guiding the assessment, and submitted the final list of material IROs, which the Board approved. For further information on the DMA process, including the list of material IROs, see 'The double materiality assessment process' on page 50.

Integrating sustainability criteria into compensation

HSBC Continental Europe’s approach to remuneration seeks to incentivise its employees to deliver on its business strategy, including key sustainability matters. As a subsidiary of the HSBC Group, the general principles of HSBC Continental Europe’s remuneration policy, which applies to all employees, including General Management, are aligned with the broader framework approved by the HSBC Group’s remuneration committee, while also ensuring compliance with local regulations. The section 'Company remuneration policy' within the Corporate Governance Report outlines the role of the HSBC Group Remuneration Committee in setting the policy and the interaction between HSBC Continental Europe and the HSBC Group (refer to page 34 for more details).

Climate and nature-related risks are embedded into the remuneration policies and practices of the HSBC Group, including HSBC Continental Europe. At a global level, sustainability-related risks, among which climate and nature-related risks, are factored when determining variable pay pools taking into consideration performance against the risk appetite.

Variable compensation

The determination of the HSBC Group variable pay pool is a discretionary process informed by various financial and non-financial metrics, affordability, and the commercial requirement to remain competitive in the market. Performance against metrics in the HSBC Group RAS and conduct framework are taken into consideration in setting the pool as part of the review of non-financial metrics, which includes the consideration of sustainability-related risks. There is no fixed percentage of remuneration tied to these targets, but rather they are among the criteria considered as part of an overall assessment of business performance.

In most HSBC Continental Europe business lines and functions, specific climate objectives are assigned directly to managers at the start of the year. Objectives are usually linked to the climate ambition of the Bank, developing sustainable finance, and supporting clients in their transition to net zero. In many cases, these objectives are cascaded down to their teams or specific employees. To assess performance against these objectives, HSBC Continental Europe monitors a set of key performance and risk indicators, covering HSBC Continental Europe as a whole or specific to business lines and functions. Such indicators include themes related to emissions, consumption, waste, sustainable finance and investment, training.

In 2025 for instance, all staff across HSBC Continental Europe were assigned an objective to complete at least three climate-related training modules on nature and biodiversity out of 11 proposed to improve collective awareness and understanding of climate risks. The completion of these sustainability goals forms part of the annual performance assessment of each individual which determines the associated performance rating impacting pay decisions.

For HSBC Continental Europe in France, the profit-sharing agreement signed in 2025 incorporates, for the fourth consecutive year, an environmental component focused on climate-related objectives. This agreement is designed to acknowledge and encourage employees' responsible use of resources, directly supporting the net zero ambitions and reinforcing the commitment to sustainable business practices. Each objective is accompanied by a specific profit-sharing financial pool implemented on a progressive basis according to the level of achievement of each objective.

Executive compensation

At HSBC Continental Europe, all OpCo members — including the General Management — are assigned collective and/or individual objectives that promote a positive, inclusive culture and support the transition to net zero. These objectives are defined, measured, and weighted within their annual performance scorecards, including for example:

– Goal related to focus on clients and people (10 per cent weighting): 'Build the workplace of the future and be people's employer of choice, especially for talent'. This goal includes objectives such as: achieving employee engagement desired outcome, delivering inclusion index desired outcome, reducing high performer voluntary attrition and delivering initiatives in talent development/retention.
– Goal related to financial performance (10 per cent weighting): 'Grow Banking Financial performance sustainably'. This goal focuses on supporting HSBC Group's stated transition to net zero ambition through its own operations and through supporting clients in their transition and their supply chains, and includes objectives such as: achieving energy consumption reduction desired outcomes, achieving business travel emissions reduction desired outcome, and complete trainings on environmental topics.

As with all staff, Board members elected by employees were assigned the objective of completing climate-related training modules. Apart from the Board members elected by employees, there was no variable component to the remuneration of the non-executive members of the HSBC Continental Europe Board of Directors as most of them are external members.

Additional mandatory disclosures under CSRD

Following the completion of its DMA, HSBC Continental Europe mapped the mandatory disclosure requirements and data points within the ESRS to its material IROs to assess the materiality of information. Where no linkage was found between a specific requirement and a material IRO, the information in that disclosure requirement or data point has not been disclosed.

In line with this assessment, the tables below list all of the ESRS disclosure requirements across ESRS 2 and the five topical standards which are deemed material to HSBC Continental Europe. Some disclosure requirements, covered in the Bank's 'Universal Registration Document' are incorporated by reference as indicated in the table below.

ESRS 2 General Information

Disclosure Requirement	Name of Disclosure Requirement	Incorporated by reference	Section	Page
BP-1 and BP-2	General basis for preparation of the sustainability statement & Disclosures in relation to specific circumstances	N	Background to the sustainability statement	46
			Additional notes on the preparation of this statement – estimation and time horizons	65
			Material sustainability impacts, risks and opportunities	50
			Total Emissions	73
			Characteristics of HSBC Continental Europe's workforce	84
GOV-1	The role of the administrative, management and supervisory bodies	Y	Governance of sustainability matters	58
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies			
GOV-3	Integration of sustainability-related performance in incentive schemes	N	Integrating sustainability criteria into compensation	60
GOV-4	Statement on sustainability due diligence	N	Statement on due diligence	65
GOV-5	Risk management and internal controls over sustainability reporting	N	Risk management and internal controls over sustainability reporting	57
SBM-1	Strategy, business model and value chain (products, markets, customers)	Y	Strategy, business model and value creation	46
SBM-2	Interests and views of stakeholders	N	Engaging with stakeholders to inform our strategy	49
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	N	Material sustainability impacts, risks and opportunities	50
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	N	The double materiality assessment process	50
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	N	Additional mandatory disclosures under CSRD	60
MDR-PAT	Minimum Disclosure Requirements pertaining to Policies, Actions and Targets	These requirements are disclosed in the respective topical standards sections		

Environment Standard – E1 Climate Change

Disclosure Requirement	Name of Disclosure Requirement	Incorporated by reference	Section	Page
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	N	Integrating sustainability criteria into compensation	60
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	N	Testing the resilience of the strategy and business model in relation to climate change	54
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impact, risks and opportunities	N	Climate change-related impacts, risks and opportunities	66
E1-1	Transition plan for climate change mitigation	N	Transition plan for climate change	66
E1-2	Policies related to climate change mitigation and adaptation	N	Addressing climate-related impacts, risks and opportunities through policies and actions	69
E1-3	Actions and resources in relation to climate change policies	N	Addressing climate-related impacts, risks and opportunities through policies and actions	69
E1-4	Targets related to climate change mitigation and adaptation	N	Embedding the transition to net zero in the way the Bank operates	71
E1-5	Energy consumption and mix	N	Energy consumption and mix	74
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	N	Greenhouse gas emissions	71

Environment Standard – E4 Biodiversity and Ecosystems

Disclosure Requirement	Name of Disclosure Requirement	Incorporated by reference	Section	Page
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	N	Biodiversity and ecosystems-related impacts, risks and opportunities	75
ESRS 2, IRO-1	Description of the processes to identify and assess material biodiversity and ecosystem-related impact, risks, and opportunities	N	Biodiversity and ecosystems-related impacts, risks and opportunities	75
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	N	Strategy, business model and value creation	46
		N	Testing the resilience of the strategy and business model in relation to nature risk	56
E4-2	Policies related to biodiversity and ecosystem	N	Policies	76
E4-3	Actions and resources related to biodiversity and ecosystem	N	Actions	77
E4-4	Targets related to biodiversity and ecosystem	N	Targets	77

Social Standard – S1 Own Workforce

Disclosure Requirement	Name of Disclosure Requirement	Incorporated by reference	Section	Page
ESRS 2 SBM-2	Interests and views of stakeholders	N	Engaging with stakeholders to inform our strategy	49
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	N	Social impacts, risks and opportunities	83
S1-1	Policies related to own workforce	N	HSBC Continental Europe's workforce	84
S1-2	Processes for engaging with own workers and workers' representatives about impacts	N	Being a responsible employer	85
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	N	Navigating business transformation	90
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	N	Employment Practices and Relations Policy	86
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	N	We value difference	88
S1-6	Characteristics of the company's employees	N	Characteristics of HSBC Continental Europe's workforce	84
S1-8	Collective bargaining coverage and social dialogue	N	Fostering social dialogue	86
S1-9	Diversity metrics	N	Metrics	88
S1-10	Adequate wages	N	Acting to ensure adequate wages	88
S1-14	Health and Safety metrics	N	Health and Safety Policy	86
S1-16	Compensation metrics (pay gap and total compensation)	N	Gender pay gap and remuneration ratio	88
MDR	Minimum Disclosure Requirements on Data privacy (entity specific)	N	Protecting customer and employee data	91

Governance Standard – G1 Business Conduct

Disclosure Requirement	Name of Disclosure Requirement	Incorporated by reference	Section	Page
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	N	The Board of Directors	59
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	N	Governance impacts, risks and opportunities	93
G1-1	Corporate culture and Business conduct policies	N	Business conduct	100
			Corporate culture	93
			Whistleblowing and 'Speak-up' culture	96
G1-3	Prevention and detection of corruption and bribery	N	Global Financial Crime Policy	97
G1-4	Confirmed incidents of corruption or bribery	N	Investigating credible incidents	97
MDR	Minimum Disclosure Requirements on Financial Crime and Cybersecurity (entity specific)	N	Preventing financial crime Safeguarding data - Cybersecurity	96 98

Data points that derive from other EU legislation

The table below includes all of the datapoints that derive from other EU legislation as listed in ESRS 2 appendix B.

Data point	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Section	Page
Board's gender diversity	◆				Composition and expertise of the Board and the General Management related to sustainability matters	88
Percentage of board members who are independent	◆				Corporate Governance Report	58
Statement on due diligence	◆				Statement on due diligence	65
Involvement in activities related to fossil fuel activities	◆				Not applicable[1]	
Involvement in activities related to chemical production	◆				Not applicable[1]	
Involvement in activities related to controversial weapons	◆				Not applicable[1]	
Involvement in activities related to cultivation and production of tobacco	◆				Not applicable[1]	
Transition plan to reach climate neutrality by 2050				◆	Not applicable[2]	
Undertakings excluded from Paris-aligned Benchmarks		◆	◆		Not applicable[2]	
GHG emission reduction targets	◆	◆	◆		Not applicable[2]	
Energy consumption and mix	◆				Energy consumption and mix	74
Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	◆				Not applicable[2]	
Energy intensity associated with activities in high climate impact sectors	◆				Not applicable[2]	
Gross Scope 1, 2, 3 and Total GHG emissions	◆	◆	◆		Total emissions	73
Gross GHG emissions intensity	◆	◆	◆		GHG intensity is based on HSBC Continental Europe's total net revenue	73
GHG removals and carbon credits				◆	Not applicable[2]	
Exposure of the benchmark portfolio to climate-related physical risks			◆		Not applicable[3]	
Disaggregation of monetary amounts by acute and chronic physical risk, Location of significant assets at material physical risk		◆			Not applicable[3]	
Breakdown of the carrying value of its real estate assets by energy-efficiency classes		◆			Not applicable[3]	
Degree of exposure of the portfolio to climate-related opportunities			◆		Not applicable[3]	
Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	◆				Not applicable[4]	
Water and marine resources	◆				Not applicable[4]	
Dedicated policy	◆				Not applicable[4]	
Sustainable oceans and seas	◆				Not applicable[4]	
Total water recycled and reused	◆				Not applicable[4]	
Total water consumption in m3 per net revenue on own operations	◆				Not applicable[4]	
Activities negatively affecting biodiversity-sensitive areas	◆				Not applicable[4]	
Land degradation, desertification, soil sealing to disclosure rules on sustainable investments	◆				Not applicable[4]	
Natural species and protected areas	◆				Not applicable[4]	
Sustainable land / agriculture practices or policies	◆				Not applicable[4]	
Sustainable oceans / seas practices or policies	◆				Not applicable[4]	
Policies to address deforestation	◆				Not applicable[4]	
Non-recycled waste	◆				Not applicable[4]	
Hazardous waste and radioactive waste	◆				Not applicable[4]	
Risk of incidents of forced labour	◆				Not applicable[4]	
Risk of incidents of child labour	◆				Not applicable[4]	
Human rights policy commitments	◆				HSBC Human Rights Statement	85

Data point	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Section	Page
Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			◆		HSBC Human Rights Statement	85
Processes and measures for preventing trafficking in human beings	◆				HSBC Human Rights Statement	85
Workplace accident prevention policy or management system	◆				Not applicable[2]	
Grievance/complaints handling mechanisms	◆				Whistleblowing and 'Speak-up' culture	95
Number of fatalities and number and rate of work-related accidents	◆		◆		Not applicable[4]	
Number of days lost to injuries, accidents, fatalities or illness	◆				Not applicable[4]	
Unadjusted gender pay gap	◆		◆		Gender pay gap and remuneration ratio	88
Excessive CEO pay ratio	◆				Gender pay gap and remuneration ratio	88
Incidents of discrimination	◆				Not applicable[4]	
Non-respect of UNGPs on Business and Human Rights and OECD	◆		◆		Not applicable[4]	
Significant risk of child labour or forced labour in the value chain	◆				Not applicable[4]	
Human rights policy commitments	◆				Not applicable[4]	
Policies related to value chain workers	◆				Not applicable[4]	
Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	◆		◆		Not applicable[4]	
Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			◆		Not applicable[4]	
Human rights issues and incidents connected to its upstream and downstream value chain	◆				Not applicable[4]	
Human rights policy commitments	◆				Not applicable[4]	
Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	◆		◆		Not applicable[4]	
Human rights issues and incidents	◆				Not applicable[4]	
Policies related to consumers and end-users	◆				Protecting customer and employee data	91
Non-respect of UNGPs on Business and Human Rights and OECD guidelines	◆				Not applicable[2]	
Human rights issues and incidents	◆				Not applicable[2]	
United Nations Convention against Corruption	◆				Global Financial Crime Policy	96
Protection of whistleblowers	◆				Whistleblowing Policy	96
Fines for violation of anti-corruption and anti-bribery laws	◆		◆		Approach to mitigating financial crime	97
Standards of anti-corruption and anti-bribery	◆				Approach to mitigating financial crime	97

1 Not applicable for Financial Institutions.
2 Not applicable during the reporting year.
3 Adopting phase-in provision.
4 Not material as per DMA.

Statement on due diligence

Due diligence is integral to HSBC Continental Europe operations, ensuring compliance, accuracy, and transparency in every aspect. The Bank has conducted thorough due diligence process for all the disclosures presented in the Sustainability Statement.

The below table provides a mapping of the information provided in its sustainability statement about the due diligence process.

Core elements of due diligence	Sections in the sustainability statement	Page
a) Embedding due diligence in strategy and business model	Strategy and business model	46
b) Engaging with affected stakeholders in all key steps of the due diligence	Engaging with affected stakeholders to inform our strategy	49
c) Identifying and assessing adverse impacts	Material sustainability risks, impacts and opportunities	50
d) Taking actions to address those adverse impacts	Respective sections of the Climate, Social and Governance where actions and tracking of effectiveness are disclosed.	69, 71, 86, 88, 93, 98
e) Tracking the effectiveness of these efforts and communicating		

Additional notes on the preparation of this statement – estimation and time horizons

HSBC Continental Europe in some cases has used estimates for the reporting of Scope 3 emissions, based on widely accepted frameworks and industry standards available at the time of reporting. Such metrics may be subject to a high level of measurement uncertainty due to data challenges, evolving methodologies and emerging standards. The effective measurement, governance and reporting of Scope 3 emissions relies heavily on the availability and quality of external data. The Bank's internal processes to support ESG disclosures continue to be developed and currently partly rely on manual sourcing and categorisation of data. This, coupled with diverse external data sources and complex structures, further complicates data consolidation. Methodologies, data, scenarios and industry standards may evolve over time in line with market practice, regulation or developments in science, and where applicable, HSBC Continental Europe aims to continue to review its approach.

As data improves and coverage expands, estimates can be replaced with reported figures.

HSBC Continental Europe addresses the requirements of Article L22-10-35 of the French Commercial Code in the social and governance sections of this statement.

HSBC Continental Europe uses the following three distinct timeframes for qualitative assessment to assess its financial materiality on climate and nature sustainability matters. This aligns with the time horizons of the internal risk management processes;

- Short term up to 2026
- Medium term from 2027 to 2035
- Long term from 2036 to 2050

The quantitative DMA for Nature on HSBC Continental Europe’s wholesale, liquidity and traded risk portfolios utilises ENCORE materiality scores which uses 1 year timeframe.

Environmental

Climate change

The HSBC Group's ambition is to become a net zero bank by 2050. Supporting HSBC customers is core to the strategy, with financing their transition playing a key role in achieving the net zero objectives. As a material subsidiary of the HSBC Group, HSBC Continental Europe actively contributes to the achievement of the HSBC Group's ambition by managing its own emissions, providing and facilitating sustainable finance and investment for clients, and investing in the scaling up of emerging climate technologies.

Transition plan for climate change

The updated Net Zero Transition Plan, released in November 2025, sets out detail on how the HSBC Group plans to meet its ambition to become a net zero bank by 2050. It also outlines the outcome of its review of its interim 2030 financed emissions targets, metrics and associated policies. This milestone reflects its continued ambition to become a net zero bank by 2050.

The updated plan intensifies the HSBC Group efforts to be:

- Customer focused: further aligning their strengths, capabilities and capital more closely to their customers' evolving transition needs.
- Commercial: pursuing with greater clarity the growing opportunities the transition affords their customers, shareholders, and the economies they serve.
- Agile: leveraging their simpler structure and responding pragmatically to a dynamic external environment.

► For more details on the Net Zero Transition Plan, please refer to 'Transition to net zero' on page 47.

HSBC Continental Europe does not have an entity-level transition plan under the relevant ESRS and continues to review its approach to transition planning in line with regulatory requirements, available guidance, and industry practice. HSBC Continental Europe is taking entity-level actions to contribute to the HSBC Group Net Zero Transition Plan. This includes: the way that it supports its customers, both through customer engagement and the provision of financing solutions (refer to page 69), the way that it operates as an organisation, including risk management (refer to page 124), policies (refer to page 69) and own operations (refer to page 71), and how it partners externally in support of systemic change (refer to page 69).

Climate change-related impacts, risks and opportunities

HSBC Continental Europe has identified six material climate change related IROs through its DMA, which are connected to its own operations, upstream and downstream value chain.

Impact / Risk / Opportunity	Description	Time Horizon	Value Chain Segment or Own Operations
Negative Impact	**Impact on climate change** Through its downstream financing and investing activities the Bank has exposure to high-emitting sectors, such as fossil fuels, power utilities, infrastructure, transportation and heavy industry. The emissions from these sectors result in adverse climate impacts, accelerating global warming and complicating efforts to cap global temperature rises.	Short/Medium/ Long Term	Downstream
Negative Impact	**Impact on energy** Through its downstream financing and investing activities the Bank is exposed to energy-intensive sectors, such as power utilities, infrastructure, transportation and heavy industry. These sectors have a fossil fuel driven energy mix which can be a challenge to transition and could have a negative impact on the overall transition to a more sustainable energy mix.	Short/Medium/ Long Term	Downstream
Risk	**Reputational risk (including the risk of greenwashing) associated with misstatements and misalignment with targets** HSBC Continental Europe's key stakeholders - such as investors, customers, regulators, and society at large are placing growing importance on its alignment with climate objectives and expect the Bank to effectively manage climate-related risks. Misrepresentation or failure to meet these expectations could expose the Bank to reputational damage, greenwashing risk and litigation.	Short/Medium/ Long Term	Own Operations Upstream Downstream
Risk	**Deterioration in credit worthiness of customers and valuations of investments due to climate change** HSBC Continental Europe may be affected by climate-related transition risk through its business activities such as exposure to carbon intensive borrowers that may find it challenging to transition, thus threatening the long term viability of their business models and impacting their credit worthiness and/or market value. This may lead to a risk of credit losses across lending and investment activities, and impacts on asset valuations and capital. HSBC Continental Europe may also be affected by climate-related physical risk through its business activities, such as exposure to borrowers in regions vulnerable to acute and chronic climate events, resulting in disruption of businesses and stranded assets. This exposure may also result in elevated credit risk across financing activities, and impacts on asset valuations and capital.	Medium/Long Term [1]	Downstream

Impact / Risk / Opportunity	Description	Time Horizon	Value Chain Segment or Own Operations
Risk	**Regulatory compliance and legal risks could arise from failure to comply with climate-related regulations** HSBC Continental Europe must comply with an increasing number of climate related regulations and reporting requirements. Ineffective response to regulatory change, breach of regulatory compliance reporting, or failure to manage data privacy regulations, could result in reputational, regulatory compliance and legal risks.	Short/Medium/ Long Term	Own Operations Upstream Downstream
Opportunity	**Opportunity for sustainable finance and investment** The transition to a sustainable and resilient economy presents the Bank with a growth opportunity. By integrating ESG principles across its products and services, the Bank has the opportunity to meet the rising demand for sustainable finance and investments thereby improving financial performance through increased market share and access to new client segments.	Short/Medium Term	Downstream

1 Following the sale of the insurance business in 2025, the risk has changed from being material in the short term (insurance) and medium to long term (wholesale) to being material only in the medium and long term (wholesale business).

HSBC Continental Europe utilised both qualitative and quantitative methods to identify and assess its climate change-related IROs, including climate scenario analysis and stress testing. These assessments were designed to help HSBC Continental Europe understand where it may have material impact on climate change, both directly and indirectly, and how climate risks or opportunities may impact its operations, financial performance, stability, and reputation. See 'Resilience of the business model in relation to environmental risks', page 54 for full details of the Bank's climate-related scenario analysis programme.

The tools and parameters used to assess climate change-related IROs varied by business line, given the differences in how each of these areas may impact, or may be impacted by climate change.

Given the enduring nature of greenhouse gas emissions, all negative impacts associated with climate change were designated as 'difficult to remedy' or 'long-term to remedy'.

Assessment of materiality through HSBC Continental Europe's value chain

Corporate and Institutional Banking

Through its downstream CIB activities, HSBC Continental Europe has exposure to high-emitting sectors, such as fossil fuels, power and utilities, infrastructure, transportation, and heavy industry. This may pose both physical and transition risks for the Bank and its clients. See 'Climate and Nature risks' section, page 178 for more information.

For CIB customers, particularly those in sectors with elevated transition risks, are engaged through a comprehensive Transition Engagement Questionnaire ('TEQ'). The TEQ collects information to assess these customers' alignment with the transition to net zero and their exposure to both physical and transition risks. Responses inform how HSBC Continental Europe understands the climate risks of its key wholesale relationships and helps inform how the Bank engages its customers to support them to mitigate these risks.

See 'Supporting customers' transition in high emitting sectors', page 69 for more information. To assess the impacts of its wholesale loan portfolio on climate change, HSBC Continental Europe leveraged the information gathered through the TEQ process along with the client's level of current greenhouse gas ('GHG') emissions data. Where emissions data was unavailable, proxy analysis and estimated data points were used to complete the assessment.

Climate-related financial risk was assessed both qualitatively and quantitatively with the use of climate scenario analysis outputs to gain insights into the long-term effect of transition and physical risk across the wholesale banking portfolio. See 'Climate Risk Scenarios', page 54 and 'Climate and Nature risk' page 178 for more information on how climate risks may impact principal risk types associated with wholesale banking.

Market risk

The potential impact of climate risk on the Bank's market risk has been assessed with a review performed of each traditional financial risk type (Equity, Foreign Exchange, Interest Rate, Credit Spread notably).

Climate events can expose the Bank to potential losses from financing high-risk geographies affected by tighter regulations or extreme weather events, as well as from fluctuating asset values tied to carbon-intensive sectors.

Therefore, HSBC Continental Europe performed its financial materiality assessment on its traded book based on a country analysis for the physical risks and transition risk and a sector analysis for the transition risks. Internal and external data sources, including climate studies and published indexes from international bodies, were used to make these country and sector analyses.

Liquidity risk

HSBC Continental Europe undertook an assessment to understand the impact that climate risk may have on its liquidity position. This assessment was made up of two components:

- Qualitative assessment: to understand the potential impact that a climate risk event may have for each liquidity risk driver, over a short-term horizon.
- Quantitative assessment: to identify the potential impacts of climate physical risk and greenwashing risk on the two main liquidity risk drivers (deposits outflow and committed facilities drawdown), the analysis was completed with an internal climate liquidity stress testing which assessed the impact of a potential greenwashing event and physical risk event on HSBC Continental Europe's liquidity position impacting notably deposits and undrawn commitments from high-risk sectors, over a 90-day scenario.

International Wealth and Premier Banking

Transition risk was considered across the HSBC Private Bank (Luxembourg) S.A. mortgage portfolio on its energy performance grade. Financial risks resulting from chronic or acute climate physical risk events were assessed as exposure to following natural hazards: wildfire, flood, bio-diversity and water stress.

HSBC Bank Malta p.l.c has assessed transition and physical risk for its retail mortgage portfolio. For the transition risk assessment, the properties' energy performance certificate ratings are now being captured at origination and the energy performance distribution of the portfolio is monitored.

For the physical risk assessment, flood risk is considered for both sea level rise and flash floods.

HSBC Continental Europe has downstream investment activities across multiple parts of its IWPB business, namely HSBC Asset Management[1] and INKA[2] within CIB. The primary driver of climate impact in these businesses is exposure within their portfolios to high-emitting sectors, such as fossil fuels, power utilities, infrastructure, transportation, and heavy industry.

As with CIB activities, these financed emissions may result in adverse climate impacts.

To assess these impacts, HSBC Asset Management and INKA leveraged the MSCI Impact Materiality Assessment, which highlights the most material negative and positive impacts for 163 Global Industry Classification Standard ('GICS') sub-industries across ESRS subtopics. This provided a binary view of the materiality of a given topic based on the sector/industry breakdown of the client assets under management ('AuM').

Neither HSBC Asset Management nor INKA is directly exposed to financial risks such as market risk, credit risk or liquidity risk since risks and/or opportunities related to their investing activities would primarily impact their clients' investments. HSBC Asset Management and INKA monitor and manage such risks and opportunities on behalf of their clients' investments. However, qualitative results of the Risk and Control Assessments for Non-Financial Risks were considered in the DMA assessment.

The assessment of climate-related impact on non-financial risks, such as compliance risk, resilience risk, financial reporting risk or legal risk, is performed on an annual basis across HSBC Asset Management and INKA to ensure the identification of potential material climate-related risks faced by each business.

HSBC Continental Europe's own operations

The impacts of HSBC Continental Europe's operations on climate change were assessed using Scope 1 and Scope 2 GHG emissions as a measure, particularly from energy use in its buildings and data centres and the heating, ventilation, and air conditioning ('HVAC') systems used to cool or heat its premises. In addition, select Scope 3 emissions from its upstream value chain were also considered, including business travel and those relating to purchased goods and services from suppliers and capital goods.

To identify and assess potential climate risks within its operations, the Bank used climate scenario analysis to understand the potential climate related expected losses. This was supported by the analysis performed on the Bank's critical properties to climate change which combines physical hazard, vulnerability and financial risk modelling on a long term time horizon. The exercise aimed to assess the impact of physical risks on HSBC Continental Europe's operations resulting from climate related events and to identify potential adverse impacts on business continuity.

The assessment considered the potential effect of physical climate hazards–such as droughts, freeze-thaw, water stress, wildfire, fluvial and pluvial flooding and tropical cyclone with a focus on reinstatement costs using long term climate scenarios (Downside Physical, Current Commitments, Below 2°C) and Economic Capital using the severe climate stress scenario.

As a credit institution and Public Interest Entity, HSBC Continental Europe is exposed to reputational and regulatory compliance risks. This is driven by increasing expectation, and scrutiny from investors, customers, regulators and wider society regarding the Bank's activities and their alignment with national and international climate goals, as well as those set by the HSBC Group.

As such, these risks were considered during the qualitative materiality assessment. See 'The double materiality assessment process', page 50, for more details. This risk identification and assessment process was also supported in 2025 by an internal scenario analysis performed to identify and evaluate the impact of climate change on the business under Financial Reporting and Regulatory Compliance risks (Greenwashing) and Resilience risks (Physical). See 'Non-Financial Risk' section of the Risk report of Universal Registration Document and Annual Financial Report 2025, page 171, for more details.

HSBC Continental Europe's supply chain

The HSBC Group undertook an assessment of its suppliers' carbon emissions including HSBC Continental Europe's suppliers and is encouraging its largest suppliers to make their own net zero commitments, and to disclose their emissions via the CDP (formerly the Carbon Disclosure Project) supply chain programme. Improvement in the measurement, quality and reporting of HSBC Continental Europe's supply chain emissions data continue to generate insights to drive targeted reduction activities.

The HSBC Group has engaged with its 300 highest-emitting suppliers to collaborate and identify opportunities for emissions reduction, tailored to each supplier's maturity level. Each year, the HSBC Group also assesses third-party risk materiality by considering the potential impact of a climate risk event within the next 12 months.

The supply chain remains the largest source of operational emissions, presenting the HSBC Group with its most significant decarbonisation challenge and reflecting the broader pace of transition across the real economy. The HSBC Group's Sustainable Procurement Procedure supports sourcing teams to further integrate sustainability into sourcing strategy and decisions, including new supplier selection, renewals, and ongoing supplier management. Suppliers working with the HSBC Group are at different stages in their sustainability journeys. The HSBC Group aims to support these suppliers as they transition, while also navigating external factors and challenges. The initial focus has been on engaging suppliers about the importance of decarbonisation and setting clear expectations through the Supplier Code of Conduct, with HSBC Continental Europe having adopted the HSBC Group's initiative to ensure that contractors, consultants, and external service providers align with the Bank's culture, strategic priorities, and evolving standards. In 2025, HSBC Continental Europe continued its data gathering efforts through CDP to understand their environmental impact. The HSBC Group is continuously working to

[1] HSBC Asset Management in context of the section 'Assessment of the materiality through HSBC Continental Europe's value chain' includes HSBC Global Asset Management (France), HSBC Global Asset Management (Deutschland) GmbH and HSBC Global Asset Management (Malta) Ltd.

[2] INKA (Internationale Kapitalanlagegesellschaft mbH) a subsidiary of HSBC Continental Europe S.A., Germany, specialises in fund administration with an AIF and UCITs management license by Federal Financial Supervisory Authority (BaFin), operating in Germany.

strengthen collaboration with suppliers, particularly those without public disclosures or emission reduction plans, by providing additional guidance and support. Alongside its net zero operations ambition, the HSBC Group aims to be a responsible consumer of natural resources across its operations and supply chain.

Addressing climate-related impacts, risks and opportunities through policies and actions

Supporting customers' transition in high emitting sectors[3]

HSBC Continental Europe recognises that it has an important role to play in supporting the transition to a net zero global economy.

As a financial institution, HSBC Continental Europe is focused on making choices that do not just deliver progress towards portfolio emissions targets, but also lead to a meaningful impact on emissions reduction in the real economy. This means supporting customers in high emitting sectors whose transformation is key to a net zero economy.

Corporate and Institutional Banking

CIB seeks to actively engage with its clients on their climate strategies and risks. In 2025, it pursued this strategic dialogue with its higher transition risk and/or largest corporate customers through the completion of a TEQ performed annually. This questionnaire contains specific, climate- and nature-focused questions to support HSBC Continental Europe in understanding the level of climate and nature risk in each client's business and their transition strategy. CIB is using the data collected to engage with its clients and identify additional business opportunities that could support their transition to net zero.

HSBC Continental Europe's front-line bankers have been equipped with augmented insights dashboards to enrich engagement and identify opportunities to support customers. In addition, the continued use of transition plan assessments helps identify deeper customer needs, guiding the development of customised products and solutions.

Sustainability risk policies

HSBC Continental Europe applies, where relevant, the HSBC Group's sustainability risk policies, including Thermal Coal Phase-Out policy and Energy policy. These policies are integral to the HSBC Group's broader Risk Management Framework and are important mechanisms for managing risks, including delivering the HSBC Group's net zero ambition. They focus on mitigating reputational, credit, legal and other risks related to the Bank's customers' environmental and social impacts.

Senior members of the HSBC Group Risk and Compliance function have oversight of the development and implementation of sustainability risk policies across global businesses and functions. In addition, senior members of HSBC Continental Europe's Risk function oversee the implementation of these policies for the entity.

The policies were first published in December 2021 for the Thermal Coal Phase-Out policy, and in December 2022 for the Energy policy, and are reviewed annually. The most recent update, in November 2025, ensures they more effectively support the HSBC Group Net Zero Strategy and address associated risks.

Thermal Coal Phase-Out policy

The policy seeks to achieve two objectives: to phase out the financing of thermal coal-fired power and thermal coal mining by 2030 in markets in the European Union ('EU') and Organisation for Economic Cooperation and Development ('OECD'), and by 2040 in other markets (Phase-Out Commitment), and to identify and manage risks arising from the provision of financing or advisory services to customers with thermal coal assets.

Energy policy

The HSBC Group's energy policy applies to the broader energy system, including upstream oil and gas, fossil fuel power generation, hydrogen, renewables and hydropower, nuclear, biomass, and energy from waste sectors. The policy seeks to achieve two objectives: to help drive global greenhouse gas emissions reductions, both to achieve a net zero HSBC portfolio and to support customers in the transition to a net zero global energy future, and to identify and manage risks arising from the provision of financing or advisory services to customers with energy assets.

Engaging with clients to deepen understanding of and support their transition plans

HSBC Continental Europe recognises that facilitating its customers' transition to net zero is essential for achieving sustainability goals. This approach enhances long-term value for both customers and shareholders while aligning with the organisation's strategic objectives. CIB adopts a comprehensive strategy to understand and support the unique transition journeys of its clients. By integrating portfolio management and transaction decisions with personalised engagement, CIB aims to assist its clients in their transition pathways.

In 2025, HSBC Continental Europe continued to actively engage with clients on their climate strategies and risks, leveraging the revised Global Sustainable Finance & Transition ('SF&T') strategy, with sustainable finance as its most crucial pillar. Through collaboration with corporate and institutional clients, CIB achieved significant sustainable finance volumes including high-profile ESG coordination mandates in both the ESG Bond and Sustainable Lending markets. For more details on sustainable finance, refer to 'Financing the shift to a sustainable economy' on page 70.

HSBC Continental Europe also established strategic partnerships to support clients through their transition journeys, including a collaboration with EcoVadis in France to help wholesale banking customers address and reduce Scope 3 emissions. CIB also expanded its ESG Directory, connecting customers with trusted third-party providers to support their sustainability goals in areas such as strategy, regulatory disclosure, and energy efficiency. These initiatives have helped customers adapt to the changing sustainability landscape.

Asset Management

Asset Management's Energy and Thermal Coal Policies[4] have been developed in support of the HSBC Group's net zero ambition. Under its Energy Policy, HSBC Asset Management aims to engage with and assess transition plans of listed issuers responsible for around 70 per cent of relevant emissions covering listed equity and corporate fixed income issuers managed within its major investment hubs. Asset Management undertakes engagement and assessment of the oil, gas, power, and utilities issuers in this group.

[3] HSBC Continental Europe's actions are not reliant on specific resources and not attributed to financed emissions reductions, as doing so could result in overstated impacts, including risk of greenwashing and double counting.

[4] Asset Management's Energy and Thermal Coal Policies including their application can be found here: https://www.assetmanagement.hsbc.lu/en/professional-clients/about-us/responsible-investing/policies.

Its Thermal Coal Policy is developed in support of the transition from thermal coal-fired power and thermal coal mining (collectively 'thermal coal') within the 2030/40 timelines set out in the HSBC Thermal Coal Phase-Out Policy.

The Energy Policy and Thermal Coal Policy are reviewed at least annually. Oversight of the application of these policies is conducted as part of Asset Management's sustainability governance framework.

Engagement with priority issuers on climate topics

In 2025, Asset Management continued its engagement with investee companies to understand and support their management and disclosure of climate change risks and opportunities. Its engagement strategy targets priority investee companies, as defined in its Stewardship Plan. Through engagement activities, Asset Management supports issuers in their transition journey and tracks improvements in their alignment classifications over time.

Implementing fund rules

HSBC INKA has implemented specific investment rules in several funds, for example, exclusions with regards to coal and in some cases other fossil energy sources.

Funds can also apply rules with regards to carbon reduction, invest in target funds which are classified according to Articles 8 or 9 of the Sustainable Finance Disclosure Regulation ('SFDR') or invest in sustainable bonds. The business plans to continue to implement further ESG criteria in fund rules over the coming years.

Stewardship

When exercising its voting rights on management proposals, member re-elections and executive remuneration, HSBC INKA considers investee companies' approaches to climate change based on its Principles of exercising voting rights, BVI voting rules (German fund industry association) and Glass Lewis ESG voting rules.

During 2025, these principles and voting rules were considered when dealing with investee companies and will continue to be considered when exercising the voting rights over the coming years.

Financing the shift to a sustainable economy

In 2020, the HSBC Group announced its ambition to provide between USD 750 billion to USD 1 trillion in sustainable financing and investment by 2030. This ambition aims to help promote green, sustainable and socially-focused business, as well as sustainable investing products and solutions.

Since 1 January 2020, HSBC Continental Europe's cumulative contribution to the HSBC Group target amounted to USD 152.5 bn on 31 December 2025, which represents 31 per cent of the HSBC Group's total progress to date.

Managing climate risks

Both physical and transition risks related to climate change have the potential to impact HSBC Continental Europe and its customers. Climate risk is managed across HSBC Continental Europe traditional risk types and activities and in line with the HSBC Group-wide Risk Management Framework, covering governance, risk appetite, customer and transaction level assessments, and scenario analysis. This supports identification, assessment, mitigation, and monitoring of risks associated with the transition, climate change, physical impacts, and the execution of the HSBC Group's sustainability ambitions, targets and commitments.

As outlined in section 'Climate and Nature risk management', page 178, an annual climate risk materiality assessment supports the understanding of how climate risk may impact across the HSBC Group's risk taxonomy. It assesses the type of impact, likelihood, and severity over a twelve-month period, and also considers forward-looking risk impacts. It is used to support policy and control enhancements, and scenario analysis. Sustainability risk policies form part of the HSBC Group's broader Risk Management Framework and are important mechanisms for managing risks, including delivering its net zero ambition.

Reputational risk policy

The reputational impact of climate risk is managed through the HSBC Group's broader reputational risk framework, supported by sustainability risk policies and metrics.

Reputational risk is defined as the failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by the HSBC Group itself, its employees or those with whom it is associated, that might cause stakeholders to form a negative view of the HSBC Group.

The reputational risk policy is aimed at managing the sources and drivers of reputational risk that may be encountered through the Bank's business activities. The policy seeks to achieve three primary objectives:

- Potential reputational risks are identified and escalated as appropriate.
- Roles and responsibilities relating to reputational risk management are clearly defined, understood, and embedded.
- Senior management has visibility and oversight over reputational risks.

The policy applies to all employees at HSBC Continental Europe. HSBC Continental Europe sustainability risk managers provide local policy guidance to relationship managers for the oversight of policy compliance, and in support of implementation across CIB activities.

At a senior level, the CRO is accountable for assessing and deciding reputational risk cases and the CEO owns and is accountable for the management and mitigation of any residual reputational risk.

▶ For further details on sustainability risk policies, see page 69.
▶ For further details on the approach to reputational risk, see: https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/reputational-risk

Financial reporting risk policy

The financial reporting risk policy outlines the minimum requirements to address financial reporting risk, including the risk of misstatement in externally driven climate-related reporting and disclosures.

The purpose of this policy is to ensure consistent and appropriate interpretation, measurement, and presentation of financial information in relevant reports. This includes compliance with applicable legal and regulatory frameworks which require HSBC Continental Europe to publish financial reports and disclosures.

This policy sets out the principal financial reporting standards applicable to HSBC Continental Europe. It is owned by the HSBC Group CFO as the Global Risk Steward, and its implementation is managed by HSBC Continental Europe's Financial Controller for the entity.

Wholesale credit risk policy
The wholesale credit risk policy establishes guidelines and criteria to manage and mitigate the risks associated with providing credit to wholesale clients. This includes wholesale credit risk driven by climate transition and physical risks that HSBC Continental Europe has identified as material through its DMA.

Within this policy, HSBC Continental Europe references its wholesale credit risk assessment. The objective is to ensure that credit extended to wholesale clients and counterparties aligns with the Bank's risk appetite approved by the Board. This includes sustainability considerations, requiring wholesale credit risk assessments (with stated exceptions) to evaluate clients' exposure to transition and physical risks associated with climate change.

The wholesale credit risk policy is owned by the Head of Wholesale Credit Risk at the global level, whereas the local Credit Risk steward assumes ownership at the entity level.

Risk analysis and modelling for climate risks
The Bank has delivered further enhancements to the way climate considerations are managed across the organisation. This has been achieved through risk policy and guideline updates and further development of HSBC Continental Europe risk metrics and assessments to help monitor and manage exposures. Additionally, a number of climate models have been reviewed, and internal climate scenario analysis capabilities have been enhanced.

HSBC Continental Europe uses climate scenario analysis to gain insights into the long-term effects of transition and physical risks across its CIB portfolio. For more detail on how the Bank conducts this analysis see page 54. For the most material CIB customers, the TEQ is used to understand clients' climate strategies and risks. A suite of policies has been set out to guide the management of climate risk. For each identified risk, a probability of occurrence and potential impact are assessed based on a climate related event representing the most plausible situation that could occur in the next 12 months. These assessments are performed by the first line of defence and reviewed by the second line of defence as subject matter of the risk assessed. In 2025, this analysis did not negatively change the company's estimate of non-financial risks.

Addressing regulatory compliance risk
HSBC Continental Europe aligns its actions within the general regulatory framework outlined in the section 'Regulatory Compliance' on page 176 and has adapted it to incorporate climate-related regulatory compliance requirements.

Embedding the transition to net zero in the way the Bank operates

The HSBC Group has the ambition to become a net zero bank by 2050, which includes its operations. In order to contribute to the HSBC Group's ambition, HSBC Continental Europe is focused on the following key objectives:

Reducing greenhouse gas emissions
In Germany and France, the office buildings continue to be operated with the vast majority of electricity consumption being obtained from renewable energy sources. HSBC Continental Europe also remains engaged to reduce overall travel emissions year on year and updated its travel policy in 2025, which now includes specific elements for Germany and France to incentivise train travel over air.

Improving energy efficiency
In Malta, following the completion of the construction project named HSBC HUB in 2024, HSBC Continental Europe continued to deliver initiatives to reduce CO2 emissions and increase the Green Energy quotient. As an example, the new operations centre located in Qormi has been redeveloped and is on track to achieve LEED gold certification. Additionally, in France and Germany, there has been a focus in 2025 on reduction of office footprint (project to reduce floor space at Coeur Défense in France, preparation for sub-leasing of areas at Hansaallee in Germany).

Partnering with suppliers
HSBC Continental Europe continued gathering carbon emission data from its suppliers through CDP and leveraged an additional data collection source introduced in 2024 to simplify and expand supplier outreach for Scope 3 data collection.

Measuring progress

As part of the Group's ambition to become a net zero bank by 2050, HSBC Continental Europe is taking entity-level actions to contribute to the HSBC Group's ambition. HSBC Group seeks to analyse and track its financed emissions through specific RAS and KMIs and HSBC Continental Europe is increasingly assessing its corporate customers' transition risks, outlined in 'Climate and Environmental risks management' on page 178 and continues to review its approach to entity-level targets in line with regulatory expectations or requirements, available guidance, and industry practice.

Greenhouse gas emissions

HSBC Continental Europe considered the requirements of the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) and the calculation guidance set out in the Partnership for Carbon Accounting Financial ('PCAF') specifically Part A 'Financed Emissions'.

The GHG Corporate Standard classifies the direct and indirect emissions into three scopes.

Scope 1 represents the Bank's direct emissions. Scope 2 represents the indirect emissions resulting from the Bank's use of electricity and energy to run its business. Scope 3 represents indirect emissions attributed to upstream and downstream activities. HSBC Continental Europe's upstream activities include business travel and emissions from its supply chain including procurement of goods and services and related transport. Downstream activities include those related to investments and including financed emissions. Under the protocol, Scope 3 emissions are broken down into 15 categories, of which HSBC Continental Europe discloses emissions data for three related to upstream activities. These are: purchased goods and services (category 1), capital goods (category 2), and business travel (category 6). HSBC Continental Europe also reports data on downstream activities for financed emissions (category 15).

Scope 1 and Scope 2 emissions
Scope 1 and Scope 2 emissions represent the GHG emissions associated with HSBC Continental Europe's operations. The emissions data is extracted using the HSBC Group's environmental tool Metrix. Data covers a 12-month period ending on September 30 and is gathered for the four key markets[5]: France, Germany, Malta, and Poland.

Scope 3 emissions categories 1, 2 and 6
Emissions from business travel (category 6) are tracked similarly to Scope 1 and Scope 2 emissions, using the HSBC Group's environmental reporting tool for the 12-month period ending on September 30. Data covers HSBC Continental Europe's operations in France, Germany, Malta, and Poland.

HSBC Continental Europe's supply chain emissions (categories 1 and 2) are calculated using a spend-based method under Greenhouse Gas Protocol supplemented by supplier emissions data obtained through CDP.

In the absence of reported emissions data for a supplier, or if the supplier is not within the HSBC Group's 500 largest suppliers, emissions are estimated using actual and modelled data from an external provider.

If such data is not available, the revenue-based CDP industry average for the supplier's primary activity is applied to derive the associated emissions. Spend data covers the period from October 2024 till September 2025.

Scope 3 emissions category 15
Financed emissions link the financing HSBC Continental Europe provides to its customers and their activities in the real economy and provides an indication of the associated GHG emissions. They form part of HSBC Continental Europe's Scope 3 emissions, which includes emissions associated with the use of a company's products and services.

The DMA assessment has concluded that climate change mitigation impact is material – for wholesale and asset management. As per ESRS, only material topics have been considered for disclosure.

To determine the scope of activities for reporting, HSBC Continental Europe considered the specified minimum boundary defined in the GHG Protocol.

The amounts reported for financed emissions include the wholesale banking book for known and unknown use of proceeds and where data was available to make the assessment. This enables the scope of activities to align with Pillar 3 disclosures on Financed emissions. To calculate annual on-balance sheet financed emissions, HSBC Continental Europe used drawn balances as of 31 December 2025 related to wholesale loans and advances to customers (corporate loans) and financial assets that are not insurance related (corporate debt). It represents a total of EUR 30.1 billion (2024: EUR 33.2 billion).

HSBC Continental Europe recognises that the methodology and data used to assess financed emissions continue to evolve based on industry guidance, market practices, and regulations. This may enable the Bank to continue to review the scope of reporting such as additional asset classes and activities listed as optional or not addressed as per the GHG Protocol.

Data and methodology limitations
The Bank faces notable challenges in calculating financed emissions due to the limited availability of comprehensive and reliable emissions data. Most clients do not yet report emissions data at the granular subsidiary level and the full scope of GHG emissions required in the analysis, in particular Scope 3 emissions.

In the absence of client-reported emissions at the required granularity covering all scopes of emissions, HSBC Continental Europe has estimated emissions using proxies based on industry averages. These industry averages may be defined at country, region or globally based on the data available to calculate emission factors and may not be country specific. Given financed emissions data is reliant on industry averages, this may fluctuate year on year as data availability and granularity improves.

To calculate the industry averages for financed emissions, there is a reliance on external third-party vendor data sets and given the multi-year lag noted for emissions availability, HSBC Continental Europe has used emissions data from 2023 with a regional deflator to reduce the use of a proxy and in order to minimise the data lag where possible. Emissions factors are subject to volatility based on updates to the underlying emissions data used as well as year on year fluctuations in exchange rates.

Financed emissions have been calculated at the obligor level where Nomenclature of Economic Activities ('NACE') code granularity exists using industry averages, and where a NACE code is unavailable, a weighted average portfolio emission factor has been applied. For HSBC Continental Europe, financed emissions are calculated at the individual obligor level and this may therefore differ between the counterparty group sectors used for financed emissions reporting at the HSBC Group level.

Additionally, the financing activities are treated as general corporate purposes (i.e. unknown use of proceeds as defined by GHG Protocol) due to data availability and limitations.

All parts of the value chain and all scopes of emissions have been taken into account for financed emissions, and this may result in double counting between sectors. Double counting occurs when GHG emissions are counted more than once in financed emissions analysis and cannot be avoided.

The methodology and approach to the scope of these calculations for HSBC Continental Europe is not aligned with the HSBC Group methodology and emissions figures will differ. This is to ensure alignment with reporting requirements to expand coverage across a wider range of sectors for disclosure purposes rather than focusing on target setting for specific sectors, which is currently done at the HSBC Group level.

Evolving approach
During 2025, HSBC Continental Europe updated its financed emissions calculation approach to align more closely with the HSBC Group approach. Additionally, the Bank also updated the industry average data from ISS 2022 to ISS 2023. While the aggregated impact of these changes on total financed emissions is not material, the impact to some of the sectors as outlined in EBA Pillar 3 Template 1 are material. As a result, comparative figures for financed

5 Scope 1, 2 and Scope 3 category 6 emissions data covers all HSBC Continental Europe entities, located in markets that are onboarded on HSBC's climate reporting tool: France, Germany, Malta, and Poland (Poland is included from 2025). Data covers entities that are not consolidated under HSBC Continental Europe, but they share premises with HSBC Continental Europe entities so cannot be excluded such as HSBC Global Services (UK) Paris Branch, HSBC Bank plc, Paris Branch, HSBC Global Service UK Ltd – Malta Branch. HSBC Assurances Vie (France) is similarly included, as it shared premises with HSBC Continental Europe entities. Scope 3 category 6 does not cover road travel data for Poland.

emissions for 2024 have been restated to ensure consistency and traceability across disclosures. Refer to the 'Total Emissions' table below for details.

HSBC Continental Europe's approach will evolve further based on data and methodology improvements as well as future alignment with updated industry guidance for methodologies. As data improves and coverage expands, estimates can be replaced with reported figures.

Total Emissions

		2025		2024	
		tCO2e	**Primary data source %**	tCO2e	Primary data source %
Scope 1 GHG Emissions					
Gross Scope 1 GHG Emissions	tCO2e	**1,232**	**N/A**	2,631	N/A
Scope 2 GHG Emissions					
Gross location-based Scope 2 GHG Emissions[1]	tCO2e	**2,106**	**N/A**	2,290	N/A
Gross market-based Scope 2 GHG Emissions[1]	tCO2e	**1,264**	**N/A**	1,557	N/A
Scope 3 GHG emissions					
Category 1: Purchased goods and services	tCO2e,%	**30,344**	**17**	38,141	8
Category 2: Capital goods	tCO2e,%	**924**	**72**	621	26
Category 6: Business travel	tCO2e,%	**1,251**	**100**	2,902	100
Category 15: Investments (Financed Emissions)[2,3]	tCO2e,%	**20,725,440**	**0**	21,625,305	0
Total Gross Scope 3 GHG Emissions	tCO2e,%	**20,757,959**	**0**	21,666,969	0
Total GHG emissions					
Total GHG Emissions (location-based)	tCO2e	**20,761,297**	**N/A**	21,671,890	N/A
Total GHG Emissions (market-based)	tCO2e	**20,760,455**	**N/A**	21,671,157	N/A

1 The 2024 comparatives for GHG Emissions (gross location-based Scope 2 and gross market-based Scope 2) have been restated due to further methodology enhancements at the HSBC Group level, increased data availability and correction of errors in data reporting. The restatement resulted in decrease of gross location-based Scope 2 GHG emissions of 528 tCO2e which represents 19 per cent and increase of gross market-based Scope 2 GHG emissions of 305 tCO2e which represents 24 per cent, compared to the figures reported for the previous year. The restatement of Scope 2 GHG emissions is directly related to the restatement of energy consumption data, which is disclosed in the table 'Energy consumption and mix' on the page 74.
2 The 2024 comparatives for Scope 3 Category 15 (Financed emissions) have been restated primarily due to methodology enhancements. HSBC Continental Europe also reflected the updated industry average data from ISS 2022 to ISS 2023. The restatement resulted in an increase in Scope 3 GHG emissions (Category 15) by tCO2e 723,275 which represents 3 per cent, compared to the figures reported for the previous year. While the aggregated impact of these updates on total financed emissions is not significant, the impact to certain sectors as outlined in EBA Pillar 3 Template 1 are material. For more details, please refer to section 'Evolving approach' on page 72.
3 The Scope 3 Category 15 (Financed emissions) for the reporting year 2025, compared to the restated 2024 figures, reflect a net decrease of 4 per cent. This reduction is primarily driven by a 14 per cent decline in financed emissions attributable to changes in exposure, partially offset by a 10 per cent increase resulting from foreign exchange ('FX') rate movements.

GHG intensity is based on HSBC Continental Europe's total net revenue.

► For more details on the GHG Emissions calculation and methodology please refer to page 71.

GHG intensity based on net revenue

		2025	2024
Total GHG Emissions (location-based) per net revenue	(tCO2e/ EUR)	**0.01**	0.01
Total GHG Emissions (market-based) per net revenue	(tCO2e/ EUR)	**0.01**	0.01

Alignment of GHG emissions intensity to financial reporting

		2025	2024
Net Revenue used to calculate GHG intensity	Million EUR	**3,517**	3,456
Net Revenue (other)	Million EUR		
Total net revenue (in financial statements)[1]	Million EUR	**3,517**	3,456

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

Contribution to the HSBC Group's sustainable finance and investment 2030 ambition since 1 January 2020

The table below shows HSBC Continental Europe's cumulative contribution to the HSBC Group's sustainable finance and investment 2030 ambition since 1 January 2020[1,2,3]

		2020	2021	2022	2023	2024	2025
Total	$bn	16.4	47.4	76.0	101.2	124.9	**152.5**

1 The 2025 data in this table has been prepared in accordance with the HSBC Group's Sustainable Finance and Investment Data Dictionary 2025, which includes green, social and sustainability activities. The amounts provided and facilitated include: the limits agreed for balance sheet-related transactions provided, the proportional share of facilitated capital markets/advisory activities and the net new flows of sustainable investments within assets under management.
2 For green, social, and other sustainable use of proceeds, the capital markets products are aligned to the International Capital Markets Association's ('ICMA') Green Bond Principles, Social Bond Principles or Sustainability Bond Guidelines or the Climate Bonds Initiative as applicable. The lending labelled products are aligned to the Green Loan Principles ('GLP') or Social Loan Principles of the Loan Market Association ('LMA'), Asia-Pacific Loan Market Association ('APLMA') and the Loan Syndications and Trading Association ('LSTA') as applicable, or for sustainable trade instruments, are aligned to the HSBC Group's internal sustainable trade instrument principles which are based on the GLP and reference the UN SDGs. Also included are facilities where the HSBC Group identifies that the use of proceeds would meet eligibility criteria as defined and approved by appropriate governance committees, but these are not labelled or marketed as green or social.
3 Data is presented in US dollars, as it is calculated at the HSBC Group level.

Energy consumption and mix

In addition to measuring emissions, HSBC Continental Europe monitors its energy consumption as part of its effort to support the HSBC Group's net zero ambition.

Energy consumption data is reported for electricity, primary fuel sources and locally generated energy sources with measurements obtained via meters where possible and compiled from service provider invoices. If metered data is only partially available or not available, energy consumption may be calculated based on a comparable property, extrapolation of cost per unit or estimates using floor area or other published industry baselines.

Energy consumption and mix[1]

		2025	2024
Nuclear energy consumption			
Consumption from nuclear sources	MWh	—	—
Share of energy consumption from nuclear sources in total energy consumption	%	—	—
Renewable energy consumption			
Fuel consumption for renewable sources, including biomass	MWh	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources[2]	MWh	**6,029**	8,229
The consumption of self-generated non-fuel renewable energy	MWh	**120**	189
Total renewable energy consumption[2]	MWh	**6,149**	8,418
Share of renewable sources in total energy consumption[2]	%	**51**	51
Total energy consumption[2]	MWh	**12,124**	16,581
Renewable energy production			
Renewable energy production – Self generated	MWh	**120**	189

1 Energy consumption and mix data covers all HSBC Continental Europe entities, located in markets that are onboarded on HSBC's climate reporting tool: France, Germany, Malta, and Poland (Poland is included from 2025). Data covers entities that are not consolidated under HSBC Continental Europe, but they share premises with HSBC Continental Europe entities so cannot be excluded such as HSBC Global Services (UK) Paris Branch, HSBC Bank plc, Paris Branch, HSBC Global Service UK Ltd – Malta Branch. HSBC Assurances Vie (France) is similarly included, as it shared premises with HSBC Continental Europe entities. Data covers a 12-month period ending on September 30.

2 The 2024 comparatives for Energy consumption and mix (Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources, Total renewable energy consumption, Share of renewable sources in total energy consumption and Total energy consumption) have been restated due to further methodology enhancements at the HSBC Group level, increased data availability and correction of errors in data reporting. The restatement resulted in decrease of Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources of 4,927 MWh which represents 37 per cent, Total renewable energy consumption of 4,928 MWh which represents 37 per cent, Share of renewable sources in total energy consumption of 16 per cent, Total energy consumption of 3,256 MWh which represents 16 per cent, compared to the figures reported for the previous year.

Exposures towards sectors that highly contribute to climate change

HSBC Continental Europe in its Capital and Risk Management Pillar 3 Disclosures, outlines its exposures towards non-financial corporates, including loans and advances, debt securities and equity instruments classified in the accounting portfolios in the banking book excluding financial assets held for trading or held for sale assets.

The table below sets out the same aggregated exposure towards sectors which highly contribute to climate change.

▶ Refer to HSBC Continental Europe's Q4 2025 Capital and Risk Management Pillar 3 Disclosures for detailed break-up of this exposure.

Exposures towards sectors that highly contribute to climate change[1]

		2025	2024
Gross carrying amount	Million EUR	**20,057**	21,213

1 In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

Nature

Nature and its ecosystem services are foundational to economic growth, resilience and long-term value creation. Nature-related opportunities and risks – which can stem from the impacts and dependencies the global economy and financial system have on nature, as well as the complex interactions and compounding effects of climate change – are areas that require further consideration.

The HSBC Group has been developing its approach to nature, aligning it with its net zero approach:

- Supporting customers, through financing and investing in nature-related solutions.
- Starting to embed nature into the way the Bank operates, initially through understanding its exposure to nature and managing nature-related risk in the European business, and
- Partnering for a supportive enabling environment, for example through the Bank's nature-focused philanthropic partnerships.

In 2025, a Group Nature Programme was established, including senior governance, which supports HSBC Continental Europe in enhancing its capabilities, methodologies and tools, in line with evolving regulatory and reporting expectations. HSBC Continental Europe has identified two material nature-related impacts through its DMA, which are connected to its wholesale lending activities. The assessment did not identify any material negative impacts relating to land degradation, desertification, and soil sealing. Financial risks linked to nature-related issues have not been identified as material following the conclusion of the internal nature scenario analysis conducted in 2025, focused on the wholesale lending portfolio.

Financial risks associated with water consumption and withdrawal and the impact and dependency on ecosystem services, particularly within the Agriculture, Power & Utilities, and Food, Beverage & Tobacco sectors, have been identified as emerging areas of focus under medium and long-term time horizons, and require further assessment over time. Ongoing work is focused on improving data availability, such as asset location information and developing more robust modelling methodologies. These improvements will enable further enhancements to risk assessments in the medium and long term.

HSBC Continental Europe still considers itself at an early stage of understanding and taking actions to address its nature-related impacts. At present, the concept of nature is approached as a broad thematic area, and further work is required to develop a more detailed understanding and implement targeted actions. As a key next step, HSBC Continental Europe will start integrating location data and doing sector deep dives to explore in detail the impacts on its portfolio from a nature impact and risk perspectives and expect the model and capabilities to evolve over time.

Recognising that climate change is one of the drivers of biodiversity loss, see 'Addressing climate-related impacts, risks and opportunities through policies and actions', page 69 for the actions the Bank is taking to manage its climate-related IROs.

Biodiversity and ecosystems-related impacts, risks and opportunities

Impact / Risk / Opportunity	Description	Time Horizon	Value Chain Segment or Own Operations
Negative Impact	**Impact on biodiversity driven by climate change** By virtue of its financing activities, the Bank has exposure to sectors that negatively contribute to climate change. The effects of climate change, such as rising temperatures, increased frequency of extreme weather events, and changes in precipitation patterns may contribute to habitat destruction, wildlife decline and species extinction resulting in biodiversity loss.	Long-Term*	Downstream
Negative Impact	**Impact on ecosystem services** Through its financing activities, the Bank has exposure to sectors such as power utilities, food, beverage and tobacco, industrials, metal, mining and construction & building materials recognised as potentially creating negative impacts on ecosystem services including the state and health of species and pollution.	Long-Term*	Downstream

* Time horizons will be updated as the Bank develops its approach to nature and with the enhancement of data availability and quality.

HSBC Continental Europe used a range of Risk Management Frameworks and tools, alongside internal and third-party data sets, to identify and assess the nature-related IROs within its value chain. As with climate, the approach varied across the different areas of its business.

The impact and dependency that an organisation has on nature is highly location-dependent, and accurately determining the scale requires granular, site-specific data which is not currently available for the Bank's value chain. Due to these nature-related data coverage and quality gaps, a high degree of estimation has been required to carry out the DMA for nature. As a result, consultations with local communities in its value chain were not feasible. HSBC Continental Europe expects that its analysis of nature-related IROs will evolve as data availability and quality, methodologies and industry practice improve over time.

Assessment of materiality through HSBC Continental Europe's value chain

HSBC Continental Europe's Downstream Value Chain

Corporate and Institutional Banking

As a financial institution, HSBC Continental Europe's primary impact on nature may arise from its downstream financing activities, specifically wholesale financing. Through the capital provided to its clients HSBC Continental Europe may indirectly impact a number of aspects of the natural world. Visibility to the impacts associated with these financing activities is limited, with many clients not yet able to assess and disclose their own impacts and dependencies on nature as a result of the lack of transparency and data availability in their own supply chains, and many still overcoming the complexities of understanding the downstream effects of their products and services. This is expected to improve as more companies disclose their nature-related impacts and dependencies in line with new reporting requirements.

As a proxy for granular, location-specific client data, HSBC Continental Europe assessed its CIB portfolio considering the sectors in which clients operate and the country in which they are primarily based.

To determine sector-level impact materiality, HSBC Continental Europe used the ENCORE tool, developed by the Natural Capital Finance Alliance in partnership with the United Nations ('UN'). The ENCORE tool provides a view of the nature-related impacts across different sub-sectors applying pressure and dependency scores in each case, based on how the sectors interact with natural resources and ecosystems.

In 2025, the Bank enhanced its assessment methodology by increasing the coverage of nature impacts across clients' value chains and refining ENCORE risk driver mapping to assess its negative impacts and risks. For the sectoral assessment, HSBC Continental Europe leveraged the impact materiality ratings of production activities on ecosystem services and natural capital assets provided by ENCORE. The sectoral impact assessment was reviewed by considering the country-based geo-spatial data on nature impact and the results of TEQ answers to arrive at the final impact materiality.

Nature-related risk associated with the wholesale lending portfolio was assessed over the short, medium and long-term using a combination of quantitative and qualitative approaches. This included using the results from the ENCORE assessment along with the output from the nature-related risk management approach. See 'Testing the resilience of the strategy and business model in relation to nature risk' on page 56 and for the results of a nature scenario analysis, see 'Outcome of nature risk scenario analysis' on page 56.

Nature-related opportunities for wholesale banking were assessed by looking at the pipeline of wholesale lending opportunities over the next 12 months and using the Risk Prioritisation Matrix approach to assess the materiality of nature-related financing opportunities.

Traded and Market Risk

As part of supporting Markets and Securities Services customers with their sustainability and transition needs focused on nature, the measurement of risk sensitivities for FX, Interest Rates, Credit Spreads, and Equity was introduced in 2024, in addition to climate.

The assessment of nature-related impacts and dependencies across traded and market risk activities was carried out over the short, medium and long-term using the ENCORE tool and a qualitative risk assessment. This was complemented by an internal nature scenario analysis used for all trading books, which was designed on the basis that human activity draws down natural capital assets at an unsustainable rate.

Liquidity Risk

HSBC Continental Europe undertook an assessment to understand the impact that nature risk may have on its liquidity position. This assessment was made up of two components:

- Qualitative assessment: to understand the potential impact that a nature risk event may have for each liquidity risk driver, over a short-term horizon.
- Quantitative assessment: to assess the impact on the main liquidity risk drivers (deposits outflow and committed facilities drawdown) under a nature risk scenario.

International Wealth and Premier Banking

The process for assessing the material impacts and dependencies on nature from private banking, HSBC Asset Management and INKA was the same as the process described in the Climate Change section for IWPB under 'Assessment of the materiality through HSBC Continental Europe's value chain' section on page 67.

HSBC Continental Europe's Own operations

Nature-related IROs from HSBC Continental Europe's own operations may arise from business activities at its office locations. HSBC Continental Europe conducted a screening of its office locations to identify potential impacts related to water, biodiversity, and waste. This involved an assessment of the proximity of each of HSBC Continental Europe's sites to key biodiversity areas, world heritage sites, and areas of water stress. The Bank has not directly assessed the potential impact on threatened species, land degradation, desertification, and soil sealing from its own operations; however, it has used proximity to key biodiversity areas as a proxy for this.

The assessment concluded that none of HSBC Continental Europe's sites has a material negative impact on nature or contributes to the deterioration of natural habitats. This is due to the nature of its business activities at these locations, i.e. commercial offices with relatively low water usage and limited contribution to local pollution levels. As such, it has not been necessary to implement biodiversity mitigation measures.

A financial materiality assessment related to its own operation was conducted using a qualitative assessment across broad environmental scenarios covering climate and nature. Through this assessment, it has been concluded that the financial risk from nature hazards in HSBC Continental Europe's own operations is relatively low.

Other nature-related risks, such as dependency on biodiversity and ecosystem services (other than water availability) were not assessed. This was due to a lack of available data, proxies, and methodologies.

HSBC Continental Europe's supply chain

The Bank undertook a materiality assessment of biodiversity and nature risks to better understand the nature-related impacts in its global supply chain. As part of the HSBC Group's nature strategy with its suppliers, the Bank has begun developing sustainable sourcing roadmaps across key sectors, such as support service, IT service and Corporate real estate, following its materiality assessment of biodiversity and nature risks. The roadmaps will help to address high-risk areas and include considerations for nature and biodiversity within HSBC Continental Europe procurement activities.

Addressing Biodiversity and Ecosystems-related impacts through policies, actions and targets

Policies

HSBC Continental Europe applies the HSBC Group's sustainability risk policies to its relevant financing activities. A new sustainability risk policies framework has been developed in 2025 to provide an overview of how the HSBC Group identifies, evaluates and manages risks related to the delivery of its sustainability approach, and is engaged in strategic partnerships. These policies focus on mitigating reputational, credit, legal and other risks and impose restrictions on certain financing activities that may have material negative impacts on nature. The HSBC Group's forestry and agricultural commodity policies focus specifically on the upstream impacts of key agricultural commodities including palm oil, timber, soy and cattle.

The HSBC Group also requires palm oil customers to obtain certification under the Roundtable on Sustainable Palm Oil. The HSBC Group's sustainability risk policies framework also imposes certain restrictions, for example on financing activities in environmentally and socially critical areas which are defined as the Amazon Biome, Antarctic, Arctic, Ramsar Wetlands and UNESCO World Heritage Sites.

▶ Please refer the link to read the sustainability risk policies framework: https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk

Given the interconnectedness between Climate and Nature, the HSBC Group's thermal coal phase-out policy and the energy policy, are also important mechanisms for helping to manage climate-related risks. For further details of the Bank's climate-related policies and actions, see 'Addressing climate-related impacts, risks and opportunities through policies and actions', page 69.

In addition to the sustainability risk policies, HSBC Continental Europe has developed guidance for the management of nature-related risks across its CIB lending activities. This includes guidance for considering how nature-related physical and transition risks may impact the credit risk management process and a monitoring process to help detect and manage pockets of risks resulting from nature-related impacts and dependencies.

HSBC Continental Europe recognises that further policy development may be necessary to directly address its potential nature-related impacts, as identified through the DMA process.

Actions

Developing an approach to nature

The HSBC Group's emerging approach to nature focuses on considering how it develops its understanding of its exposure, its approach to risk management and identifying opportunities to support customers, as well as how to build the skills and data capacities that are needed.

In 2025, the HSBC Group established a Nature Programme to oversee the development of its approach to nature. The Nature Programme brings together expertise from Group Sustainability, Group Risk, the global business lines, Group Finance, the HSBC Continental Europe Sustainability, Business and Risk teams, and others to collaborate and take strategic decisions relating to nature. The programme is focused on taking a coordinated and coherent approach across the HSBC Group to address nature-related regulatory requirements, progress the commercialisation of nature-related opportunities, and explore how to embed nature alongside climate.

Managing the impact of the Bank's own operations

HSBC Continental Europe supports the HSBC Group's ambition to minimise the impact on nature from its own operations and supply chain, and seeks to ensure that, where possible, its premises do not adversely affect the environment or natural resources through its sourcing practice. The HSBC Group has been working to embed effective nature strategy through developing sustainable sourcing roadmaps across key sectors, such as support services, IT services and corporate real estate, following a materiality assessment of biodiversity and nature risks. The roadmaps will help the Bank address high-risk areas and include considerations for nature and biodiversity within the HSBC Group's procurement activities.

Managing nature-related risks

HSBC Continental Europe has not identified any material nature-related financial risks through its DMA process. However, given the interconnectedness between nature and climate change, the risk posed by nature degradation to the global economy and the remaining potential for nature loss to pose risks to HSBC Continental Europe, it has developed a nature-related risks management approach and nature scenario analysis capabilities. The nature-related risks approach aims to effectively identify and manage nature-related risks that may impact the Bank’s operations, financial performance and reputation. The approach sets out high level principles and guidance for how nature-related risks should be managed through the existing HSBC risk taxonomy and in line with the ‘three lines of defence’ responsibilities described in the HSBC Group's Risk Management Framework.

The identification and assessment of nature-related risks impacts across the risk taxonomy and activities is part of the annual review of the environmental risk (including climate and nature risks) materiality assessment. The risk management approach has continued to evolve in 2025 and is expected to improve with the growing availability of data from sustainability disclosures.

CIB client engagement

Many HSBC Continental Europe's customers are working to decarbonise their operations, transition to low-carbon business models, strengthen resilience to physical climate impacts, and address nature-related impacts and risks. To understand the impact and dependencies on nature risk on the customer’s operations and how this may potentially impact it financial and credit profile, the TEQ considers nature factors including biodiversity in addition to climate factors. This support engagement on net zero transition and nature-related matters with key corporate customers. For more information on the TEQ refer Corporate and Institutional Banking under 'Supporting customers' transition in high emitting sectors' on the page 69.

Partnering for systemic change

Collective action across the private and public sectors and civil society is key to enable the systemic change required to protect and restore nature. HSBC Continental Europe has been involved in a number of partnerships which focus on scaling nature-based solutions. These partnerships, funded through its own philanthropic spending, help drive action and develop industry practice across the public and private sector.

In 2025, HSBC Continental Europe partnered with ONF - Agir pour la Forêt fund, on multiple biodiversity conservation programmes aiming to raise awareness on Nature-Based Solutions among the Bank’s employees through volunteering outdoor fieldwork. The Bank also supported research programs on monitoring climate change and the resilience of forests to thrive in warmer and drier climates.

Nature-related training

HSBC Continental Europe continues to build understanding and awareness of nature-related issues across its business and deployed training to support the implementation of the nature-related risks management across the bank. Specific environmental risk training (covering Climate and Nature) have also been provided for relationship managers within CIB and credit advisory functions to increase nature risk culture, awareness and risk assessment as part of the credit assessment journey. Training was delivered through online modules, workshops, leadership development and sharing on-the-ground experience from deals and customer interactions. HSBC Continental Europe's Board members also received nature-related upskilling as part of their mandatory training curriculum. In 2025, Board, OpCo members and employees involved in the management of ESG risks have participated in a specific awareness session on water.

Targets

At present, HSBC Continental Europe does not have entity-level nature-related targets. This is due to the nascent nature of this topic for the Bank and the limitations in the quality and availability of nature-related data. The Bank expects to continue to evolve its impacts and risks assessment process as data improves and will consider how to set nature-related targets once it has sufficient confidence in the outputs of the analysis. HSBC Continental Europe has however implemented Risk Indicators to support the monitoring of any risk associated to the nature.

EU Taxonomy economic performance indicators[1]

Environmental objectives

The EU Taxonomy Regulation establishes a classification system for environmentally sustainable economic activities and requires financial undertakings to disclose information on the extent to which their activities are taxonomy-eligible and taxonomy-aligned.

These disclosures have been prepared in accordance with Article 8 of the Taxonomy Regulation (EU) 2020/852 ('EU Taxonomy Regulation')[2,3,5] and related Commission Delegated Regulations, including the Taxonomy Disclosure Delegated Act and its subsequent amendments. This includes the amendments introduced by the 2025 Omnibus Delegated Act, effective from 1 January 2026.

The key changes introduced by the Omnibus Delegated Act include the introduction of materiality thresholds and clarifications on the treatment of not-assessed exposures, an updated scope for taxonomy-related key performance indicators, and revisions to the reporting templates, including the removal of separate templates for fossil gas and nuclear activities. The amendments also refine the presentation and calculation of KPIs, including their interaction with the availability of counterparty sustainability information under the CSRD[4].

The disclosures presented explain how the Bank's economic activities have been assessed against the EU Taxonomy technical screening criteria and how the results of the assessment are reflected through the key performance indicators ('KPIs') disclosed.

From 1 January 2026, financial undertakings are required to disclose taxonomy-alignment KPIs covering the economic activities set out in the Environmental Delegated Act[3]. In adopting the amended reporting framework, the Bank has extended its assessment to include the four non-climate environmental objectives, in addition to the climate objectives, for the 2025 financial year, based on the applicable technical screening criteria and data availability.

Scope of consolidation

The Taxonomy KPIs presented in the tables are based on exposures and balances within HSBC Continental Europe's prudential scope of consolidation as at 31 December 2025. Subsidiaries engaged in insurance activities are treated as investment in subsidiary, and the insurance activities are excluded from the prudential scope of consolidation.

KPI: Green Asset Ratio ('GAR')

The GAR represents the proportion of the Bank's covered assets that are aligned with the EU Taxonomy. It is calculated as the percentage of taxonomy-aligned assets relative to total covered assets, in accordance with the EU Taxonomy disclosure requirements applicable to financial undertakings.

In line with the revised rules, exposures to non-CSRD counterparties[6] are excluded from both the numerator and denominator of the GAR. However, under the amended reporting framework introduced by the Omnibus Delegated Act, the Bank may voluntarily include exposures to non-CSRD counterparties[6] where those counterparties voluntarily report EU Taxonomy KPIs or where there is a known use of proceeds that enables an assessment of taxonomy eligibility and alignment. Where included on this basis, such exposures are reflected consistently in both the denominator and, where aligned, the numerator of the GAR.

The denominator of the GAR (total covered assets) comprises on-balance sheet exposures that fall within the scope of the EU taxonomy framework and are therefore eligible to be assessed for taxonomy alignment. This includes loans and advances, debt securities and equity instruments not held for trading, as well as repossessed collateral.

The numerator of the GAR includes those covered assets that finance or are associated with EU Taxonomy-aligned economic activities based on the applicable technical screening criteria.

Assets that cannot be assessed for taxonomy eligibility or alignment are also excluded from the GAR calculation. These include, among others, derivatives, financial assets held for trading, on-demand interbank loans, cash and cash equivalents, on-demand loans, and other asset categories such as goodwill and commodities.

Local government financing is included where the use of proceeds is known and can be assessed against the EU Taxonomy criteria. Exposures to local governments with unknown use of proceeds, including general-purpose lending, are classified as 'Other assets' and excluded from the GAR calculation.

Retail exposures are excluded from the EU Taxonomy framework, except for residential mortgage lending and credit consumption loans for motor vehicles. All other retail exposures are classified as 'Other assets' and excluded from the GAR calculation.

The calculation of taxonomy-related KPIs for off-balance-sheet exposures includes financial guarantees granted by the Bank and assets under management, where applicable. Consistent with the treatment of on-balance-sheet exposures, exposures to non-CSRD counterparties[6] are excluded from both the numerator and denominator of the relevant off-balance-sheet KPIs. Other off-balance-sheet exposures, such as commitments, are excluded from the calculation in accordance with the regulatory requirements.

Taxonomy-eligible and aligned economic activities

Taxonomy eligibility and alignment are assessed based on information made available by counterparties and, where relevant, information on the specific use of proceeds of the underlying exposures.

For exposures with a known use of proceeds, including green lending and green bonds, eligibility and alignment are assessed with reference to the financed economic activities. Exposure to green bonds and other debt securities issued by non-CSRD counterparties[6] may also be assessed on this basis where sufficient information is available. Green bonds issued by central governments, central banks and supranational issuers are excluded from the scope of the GAR.

For general lending exposures, eligibility and alignment are assessed using the turnover and capital expenditure ('CapEx') eligibility and alignment ratios published in the most recently available sustainability reports of counterparties within the scope of applicable reporting requirements.

Exposures to multi-lateral development banks are classified as exposures to credit institutions in accordance with EU Taxonomy regulation and are assessed for eligibility and alignment on that basis.

Retail loans collateralised by residential immovable property, building renovation loans, and motor vehicle loans are assessed for eligibility and alignment based on the use of proceeds.

Taxonomy non-eligible economic activities

Taxonomy non-eligible economic activities are activities that do not fall within the scope of the EU Taxonomy and, as a result, cannot be assessed to determine whether they qualify as environmentally sustainable.

Assets not covered for GAR calculation

Assets that are out of scope of the EU Taxonomy framework are not included in the GAR and are therefore not reflected in numerator and denominator.

Central governments, supranational issuers and central banks

Exposures to central governments, supranational issuers and central banks, including cash held and other banking exposures to central banks, are out of scope for the GAR calculation.

Trading book

The trading portfolio, including trading derivatives, is out of scope for the GAR calculation.

Derivatives

Derivatives in the banking book are out of scope for the GAR calculation.

On demand interbank loans

On demand interbank loans to other credit institutions are out of scope for the GAR calculation.

Cash and cash-related assets

Cash and cash-related assets are out of scope for the GAR calculation.

Other assets

Other assets including retail exposures not covered by the EU Taxonomy framework and intangible assets, are out of scope for the GAR calculation as these cannot be assessed for taxonomy eligibility or alignment.

Exposures to non-CSRD counterparties[6]

Exposures to non-CSRD counterparties[6] are excluded from the GAR calculation, except where voluntarily included in accordance with the GAR methodology described above.

Non-assessed exposures

Under the amended EU Taxonomy rules, exposures may be reported as non-assessed where taxonomy eligibility and alignment have not been assessed, including where underlying economic activities are treated as non-material under the quantitative materiality threshold introduced by the Omnibus amendments.

As this is the first year of reporting under the amended framework, counterparty sustainability information available at the time of reporting did not enable the Bank to distinguish exposures that would be presented as non-assessed. In addition, non-material portions of the banking book are not identified separately for taxonomy reporting purposes. Accordingly, the non-assessed columns have not been populated for the 2025 financial year.

Reporting as a group

Since December 2024, HSBC Continental Europe was no longer regarded as a financial conglomerate, therefore not subject to any supplementary supervision. Consequently, disclosure of KPIs by business segment or a weighted average KPI has not been disclosed. Therefore, the reporting by HSBC Continental Europe is prepared based on its principal business activity as a credit institution.

HSBC Continental Europe's GAR

HSBC Continental Europe is in the early stages of integrating EU Taxonomy considerations into its broader climate strategy. HSBC Continental Europe is beginning to track and report green project finance lending, including assessing alignment against the EU Taxonomy.

HSBC Continental Europe aims to support customers who are at differing stages in their transition journey, focusing first on the sectors and customers with the highest emissions and transition risks, and evolving and expanding efforts over time; for example, supporting clients in high emissive sectors to reduce their GHG emissions. Consequently, not all sustainable finance provided by the Bank, and in particular transition finance, will meet the strict criteria for EU Taxonomy alignment.

The composition of the HSBC Continental Europe's banking book is a key driver of the GAR. With CSRD counterparties[6] only making up a fraction of the overall book, most exposures are outside the scope of eligibility assessment under the EU Taxonomy framework. Furthermore, for those exposures where the use of proceeds is known to be applied to eligible activities, such as green bonds and property-related lending, data limitations result in limited ability to comprehensively assess against the alignment criteria.

As data capabilities and market data availability improves, it is expected that reporting and strategy will evolve.

▶ For further information on HSBC Continental Europe's ESG strategy, please refer to 'Strategy, business model and value creation' on page 46.

Data limitations

HSBC Continental Europe is dependent on several data sources to determine exposures subject to CSRD[4,6] and calculate Taxonomy ratios. Availability of data and improvements in data quality over time, as firms adopt the Taxonomy requirements for their own disclosures, could lead to differences in the data reported in future years as compared to the current year.

The Bank will continue to engage with market data providers and standard setters to improve the quality and completeness of Taxonomy data as the Bank develops its capabilities to assess the Taxonomy alignment of its portfolios.

Eligibility and alignment by environmental objective

The taxonomy eligibility split by objective reported by non-financial counterparties is used by HSBC Continental Europe in its assessment and reporting for the year ended 31 December 2025.

For the Bank's financial counterparties, the eligibility split by environmental objective is based on counterparty reported data where relevant counterparty information is available.

Where the split by environmental objective is not available, eligibility and alignment reported by the counterparty is defaulted to CCM, except in the case of insurers where it is defaulted to CCA.

Counterparty eligibility and alignment data

HSBC Continental Europe is highly reliant on published counterparty eligibility and alignment ratios to assess eligibility and alignment of exposures. The Bank places reliance on third party data vendors to collect the eligibility and alignment data used in KPI calculations. A number of checks and controls are operated to validate any data used and this has identified that counterparty data quality and consistency is variable. Controls in place include checking for template mathematical accuracy, checking for incomplete data, and checking for consistency of calculations across counterparties.

To consistently report the Bank's Taxonomy eligibility and alignment of exposures there is a dependency on counterparty KPIs. However, some counterparties calculate ratios using a different calculation methodology and, in these cases, where sufficient information is available to do so, the data is normalised so that data between counterparties is comparable and can be used consistently across calculations. For example, data is corrected in the case of double counting and reported under one objective only. Total alignment is calculated as a sum of alignment by objective, as opposed to total alignment reported, to ensure that the data sums correctly. Where a counterparty has not reported eligibility data and solely reported alignment, it has been assumed that eligibility matches the alignment KPIs.

HSBC Continental Europe has a dependency on counterparty information to make an assessment for EU Taxonomy eligibility and alignment. Where this information is incomplete and deemed not reliable, it has been excluded from the numerator of the Bank's GAR calculation.

KPIs of financial counterparties

In accordance with the requirements under the EU Taxonomy, insurance undertakings, investment firms and financial conglomerates are required to disclose weighted average KPIs which should be used by the Bank in assessing the eligibility and alignment of exposures to relevant counterparties.

Where the disclosure of weighted average KPIs by financial counterparties was not available or where more than one set of KPIs has been reported, the approach set out below was followed. In addition, the sector classification is reported in accordance with FINREP[7] reporting.

- Financial conglomerates: Green Asset Ratios or if not available, non-life underwriting KPIs, or if not available Green Investment KPIs.
- Credit institutions: Green Asset Ratios or if not available Green Investment KPIs.
- Insurance undertakings: non-life underwriting KPIs or if not available Green Investment KPIs.
- Investment companies: Green Asset Ratios – dealing on own account.
- Asset managers: Green Investment Ratios.

Where weighted average KPIs were disclosed by counterparties, they were not sufficiently granular for the Bank to satisfy its disclosure requirements. For example, only alignment may be reported with no split by objective. In these cases, the weighted average KPIs are used but the same assumptions are applied as for other cases of missing counterparty data as described above.

Exposures subject to the CSRD[4,6]

Due to data limitations, it has not been possible to assess all the criteria required to determine the CSRD[6] status. Instead, reliance has been placed upon data provided by third party vendors. To treat a counterparty as CSRD[6], the counterparty must be assessed as being incorporated in the European Union or European Economic Area, and have reported EU Taxonomy eligibility data. Where the data vendor can only provide estimated data, the counterparty is treated as non-CSRD[6].

Where counterparty-level EU Taxonomy KPIs are not available, parent company Taxonomy KPI ratios are used to assess taxonomy eligibility and alignment for both CSRD[6] and non-CSRD[6] exposures, where relevant. Where parent company Taxonomy KPIs are disclosed on a mandatory basis, these ratios are used to inform the calculation of exposures to financial and non-financial counterparties reported in rows 3–10 of the GAR template and for the calculation of the off balance sheet KPIs. Where parent company Taxonomy KPIs are disclosed on a voluntary basis, exposures assessed using those ratios are reported separately as voluntary exposures in row 19 of the GAR template.

Parent company Taxonomy KPIs may not be fully representative of subsidiary-level activities. However, due to operational constraints, subsidiary-level Taxonomy KPIs disclosed only in contextual or narrative sections of parent company reports are not used for the purposes of the GAR calculation.

Household exposures

Loans to households collateralised by residential immovable property and loans to households for building renovations are assessed as taxonomy-eligible under the Climate Change Mitigation objective in accordance with activities 7.1 to 7.7 of the Climate Delegated Act.

Loans to households for the purchase of motor vehicles, where granted after 1 January 2022, are assessed as taxonomy-eligible under the Climate Change Mitigation objective in accordance with activity 6.5 of the Climate Delegated Act.

However, insufficient data is currently available to enable a full assessment of these household exposures for taxonomy alignment against the applicable technical screening criteria, in particular, the do no significant harm criteria. As a result, these exposures are reported as taxonomy-eligible but not taxonomy-aligned.

The summary of KPIs (Template 0) is provided in the following table. All other EU Taxonomy templates are provided in the appendices.

1 Taxonomy Regulation (EU) 2020/852.
2 Commission Delegated Regulation (EU) 2021/2178 supplementing Taxonomy Regulation.
3 Commission Delegated Regulation (EU) 2023/2486 supplementing Taxonomy Regulation and amending Disclosures Delegated Act.
4 The CSRD amends the Non-Financial Reporting Directive (NFRD) 2014/95/EU and the Accounting Directive 2013/34/EU.
5 Commission Delegated Regulation (EU) 2026/73 amending Delegated Regulation (EU) 2021/2178.
6 For the purposes of these disclosures, references to CSRD counterparties and non-CSRD counterparties reflect whether counterparties are subject to sustainability reporting requirements under the CSRD for the reporting period. This takes into account the phased implementation of CSRD and the availability of sustainability reporting information, including data reported under the Non-Financial Reporting Directive ('NFRD') in the initial phase of CSRD application.
7 FINREP (Financial Reporting) is a standardised supervisory reporting system for financial information established by the European Banking Authority ('EBA') via Commission Implementing Regulation (EU) 680/2014.

Summary of KPIs (Template 0)

This table sets out a summary of KPIs required to be disclosed by HSBC Continental Europe as a credit institution, under Article 8 of the Taxonomy regulation. The templates are prepared in accordance with Annex VI of Commission Delegated Regulation (EU) 2026/73, which amends the Taxonomy Disclosures Delegated Act.

As the requirements to disclose the Trading book KPI and Fees and Commissions KPI have been deferred until 2028, the corresponding rows are not included in the Summary of KPIs.

A comparative Summary of KPIs (Template 0) has been presented for the 2024 financial year based on the disclosure requirements applicable prior to the amendments introduced by the Omnibus Delegated Act. As explained in the basis of preparation above, the revised framework introduced changes to the scope, calculation methodology and presentation of KPIs. As a result, the 2024 KPIs prepared under the previous rules are not directly comparable to the 2025 KPIs reported under the amended requirements.

To facilitate year-on-year comparison, an additional pro-forma Summary of KPIs (Template 0) has been presented, showing 2024 KPIs recalculated under the revised reporting framework. These pro-forma KPIs are based on 2024 underlying data and exclude the use of parent company ratios and voluntary disclosures.

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		31 Dec 2025						
		Total exposure to Taxonomy-aligned activities (currency)		**KPI %**	**KPI %**	**% coverage (over total assets) (%)**	**non assessed exposures (% of covered assets) (%)**	**non assessed exposures (% of covered assets) (%)**
		Turnover-based	**CapEx-based**	**Turnover-based**	**CapEx-based**		**Turnover-based**	**CapEx-based**
Main KPI	Green asset ratio (GAR) stock	**728**	**998**	**3.84**	**5.27**	**7.54**		
		Total exposure to Taxonomy-aligned activities (currency)		**KPI %**	**KPI %**	**% coverage (over total assets) (%)**	**non assessed exposures (% of covered assets) (%)**	**non assessed exposures (% of covered assets) (%)**
		Turnover-based	**CapEx-based**	**Turnover-based**	**CapEx-based**		**Turnover-based**	**CapEx-based**
Additional KPIs	GAR (flow)	**352**	**351**	**3.96**	**3.95**	**16.30**		
	Financial guarantees	**97**	**106**	**28.16**	**30.85**	**NA**		
	Assets under management [1]	**1,452**	**2,168**	**10.90**	**16.28**	**NA**		

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale totalling EUR 48,407 million, of which EUR 18,789 million were assessed as taxonomy-eligible and EUR 488 million as taxonomy-aligned based on counterparties' Turnover KPIs. Based on counterparties' CapEx KPIs, EUR 21,356 million were assessed as taxonomy-eligible and EUR 7,503 million as taxonomy-aligned. If these held for sale exposures had been included in the calculation, the AuM KPI would have been 3.14% based on Turnover and 15.67% based on CapEx.

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation - (as reported prior to amendments introduced by the Omnibus Delegated Act)

		31 Dec 2024						
Million EUR		Total environmentally sustainable assets (Based on Turnover)	KPI Based on Turnover KPI of the counterparty	Total environmentally sustainable assets (Based on CapEx)	KPI Based on CapEx KPI of the counterparty	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	440	0.40 %	790	0.72 %	45.28	36.85	54.72
		Total environmentally sustainable assets (Based on Turnover)	KPI Based on Turnover KPI of the counterparty	Total environmentally sustainable assets (Based on CapEx)	KPI Based on CapEx KPI of the counterparty	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	14	0.03 %	40	0.10 %	18.58	65.49	15.94
	Financial guarantees	33	1.71 %	36	1.83 %			
	Assets under management	3,378	1.05 %	5,130	1.59 %			

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation - Proforma KPIs based on the amended requirements of the Omnibus Delegated Act, where adopted

		31 Dec 2024						
		Total exposure to Taxonomy-aligned activities (currency)		KPI %	KPI %	% coverage (over total assets) (%)	non assessed exposures (% of covered assets) (%)	non assessed exposures (% of covered assets) (%)
		Turnover-based	CapEx-based	Turnover-based	CapEx-based		Turnover-based	CapEx-based
Main KPI	Green asset ratio (GAR) stock	440	790	2.15	3.86	8.44		
		Total exposure to Taxonomy-aligned activities (currency)		KPI %	KPI %	% coverage (over total assets) (%)	non assessed exposures (% of covered assets) (%)	non assessed exposures (% of covered assets) (%)
		Turnover-based	CapEx-based	Turnover-based	CapEx-based		Turnover-based	CapEx-based
Additional KPIs	GAR (flow)	14	40	0.16	0.44	18.58		
	Financial guarantees	33	36	17.25	18.37	NA		
	Assets under management	3,378	5,130	8.62	13.10	NA		

Social

HSBC Continental Europe is committed to operating a responsible, socially focused business. This goes beyond meeting regulatory requirements to focus on building strong relationships with its workforce and customers based on trust.

HSBC Continental Europe promotes an inclusive, safe and rewarding workplace where employees treat others with dignity and respect. The HSBC Group and HSBC Continental Europe have adopted policies and practices to safeguard the wellbeing of their workforce and support them in achieving their personal and professional goals.

This approach goes hand in hand with resilience and allows the HSBC Group to focus on delivering products, services and education that support customers and communities.

HSBC Continental Europe has identified nine social-related IROs. Adequate wages has been assessed as additional material positive impact in 2025. In addition, negative impacts and risks related to data privacy have been consolidated and reported as entity specific topics as the Bank's approach to data privacy extends across its operations and value chain, covering employees, customers, counterparty data as well as data generated through digital banking channels and third-party partnerships. The other IROs connected to inclusion, training and skills development, social dialogue, secure employment, and work-life balance remain consistent with the previous year outcomes. HSBC Continental Europe’s material negative impacts are considered industry wide challenges in the region HSBC Continental Europe operates. The following sections address these material IROs in turn, as well as how HSBC Continental Europe is acting to build inclusion and resilience in its business.

Social impacts, risks and opportunities

Impact / Risk / Opportunity	Description	Time Horizon	Value Chain Segment or Own Operations
Own workforce			
Positive Impact	**Active social dialogue** Through internal dialogue and engagement, facilitated by regular surveys and exchanges with management, HSBC Continental Europe ensures that employees' interests and concerns are effectively represented and incorporated into its strategy. This collaborative approach strengthens employee trust and wellbeing.	Short / Medium / Long Term	Own operations
Positive Impact	**Building an inclusive workforce** As part of its core values of embracing inclusion and collaborative success, the Bank fosters a culture that promotes equal opportunities for workforce. This approach aims at ultimately enhancing a sense of inclusion across the organisation.	Short / Medium / Long Term	Own operations
Positive Impact	**Career growth and progression** HSBC Continental Europe's high-quality training and skills development programmes have a positive impact on employees. These programmes boost employees confidence, enabling them to excel in their roles and advance in their careers.	Short / Medium / Long Term	Own operations
Opportunity	**Productive and skilled workforce** Strong training and skills development supports employee engagement and productivity, retention and recruitment, enhancing customer delivery and the Bank's competitive advantage.	Short / Medium / Long Term	Own operations
Negative Impact	**Secure employment** Ongoing business transformation may cause concerns about job security and increased stress for employees due to transfers and changes in the operating model of HSBC Continental Europe.	Short Term	Own operations
Positive Impact	**Adequate wages** HSBC as a group including HSBC Continental Europe ensures fair and sufficient wages that may lead to a positive social impact on the employees’ wellbeing and ensures that they are able to go beyond decent living conditions for themselves and their family.	Short / Medium / Long Term	Own operations
Negative Impact	**Work-life balance** HSBC Continental Europe belongs to an industry where certain businesses are culturally exposed to high workload, which may lead to extended working hours, resulting in insufficient rest, reduced morale, and a heightened risk of mental health issues among employees.	Short / Medium / Long Term	Own operations
Data Privacy (Entity Specific)			
Negative Impact	**Right to privacy** Each person has a fundamental right to privacy, and any unauthorised access to personal information of bank’s employees’, clients and/or other data subjects could lead to serious consequences such as identity theft, financial losses and reputational damage. Similarly, the unauthorised disclosure of business data could affect the Bank's clients’.	Short / Medium / Long Term	Own operations Downstream
Risk	**Compliance with data protection laws** Improper handling of data and lack of robust security measures may lead to potential data breaches or breaches of regulations such as General Data Protection Regulation ('GDPR'). This may result in fines, penalties, reputational damage and loss of client trust which is crucial to the Bank's business model.	Short / Medium / Long Term	Own operations Downstream

HSBC Continental Europe's workforce

HSBC Continental Europe relies on its workforce to meet its strategic objectives and deliver its purpose of 'Opening up a world of opportunity'. HSBC Continental Europe's approach acknowledges that its workforce is not only central to operational effectiveness, but also a key determinant in achieving its strategic objectives and sustaining its business model. HSBC Continental Europe aims to create a workplace that will help attract, retain and motivate employees so they can deliver for clients across countries and territories.

In 2025, HSBC Continental Europe obtained a Top Employer certification for HSBC Continental Europe as an entity and eight of its markets (France, Ireland, Germany, Italy, Luxembourg, Netherlands, Poland and Spain), delivered by the Top Employers Institute for the commitment and actions towards promoting an inclusive and supportive company culture.

The HSBC Continental Europe People function facilitates talent management, employee mobility, and defines frameworks to support employee performance management, as well as learning and development.

The People function also partners with businesses and functions to establish minimum standards for employee relations, industrial relations, payroll and personnel administration, people capabilities, hiring, and inclusion. It consists of approximatively 207 workforce members (2024: 210 workforce members) located primarily in the Paris hub, alongside other employees distributed across all HSBC Continental Europe countries.

Characteristics of HSBC Continental Europe's workforce

HSBC Continental Europe's workforce comprise of a diverse group of individuals who contribute to its operations. This includes both permanent and temporary employees, as well as non-employees. The non-employee population comprises contractors, consultants, and both external and internal service providers. A detailed definition of workforce sub-categories is available in the 'Stakeholders in the value chain' section (see page 48). The Bank has applied phase-in provisions for the non-employee population.

Breakdown of employees by gender, country and contract type

Metric	2025	2024
Total number of employees by headcount	**6,826**	7,562
By gender		
Male	**3,440**	3,841
Female	**3,386**	3,721
By country		
France	**2,806**	3,245
Germany	**2,275**	2,510
Malta	**955**	947
Others	**790**	860
By employment type and gender		
Permanent employees	**6,379**	7,098
Male	**3,176**	3,568
Female	**3,203**	3,530
Temporary employees	**447**	464
Male	**264**	273
Female	**183**	191
Rate of YTD voluntary turnover in the reporting period	**5.3 %**	4.6 %

HSBC Continental Europe applies the HSBC Group's global standards to define employee characteristics, while also considering country-specific regulations for each entity. Employee metrics should be interpreted in the following context:

- In 2025, 1,480 employees left HSBC Continental Europe (2024: 3,854), resulting in a turnover rate of 14.3 per cent (2024: 53 per cent). These consistently high figures reflect ongoing organisational transformation, including the sale and transfer of HSBC Epargne Entreprise, the sale of HSBC Assurances Vie (France), outsourcing of IT and infrastructure activities in France, and the sale of the Private Banking business in Germany. During this period, voluntary turnover provides a more accurate measure of employee-initiated departures.
- Voluntary turnover is defined as the number of employees who left voluntarily since the start of the year, as a percentage of the average headcount for the year-to-date. The voluntary turnover rate for 2025 is 5.3 per cent, an increase of 0.7 percentage points compared to 2024.
- Employee numbers are based on active headcount as of 31 December 2025.
- In 2025, the workforce classification was refined, providing a better distinction between employees and non-employees compared to the 2024 definition. The current classification is now more closely aligned with CSRD headcount requirements. This adjustment provides a clearer view of HSBC Continental Europe's core employee population. The 2025 headcount figures exclude the non-employees population, and this approach is also reflected in the restated 2024 metrics.
- Countries with 50 or more employees, representing at least 10 per cent of total employees, are disclosed separately.
- Employees who did not report their gender are included in the 'Male' category.
- The average number of employees for 2025 is available in 'Note 6 – Employee compensation and benefit' of the financial statement.

Employee engagement

Employee engagement is central to building a healthy workplace at HSBC Continental Europe. Therefore, employees are encouraged to share their experiences both individually and collectively. For this purpose, leadership and managers provide multiple channels for open dialogue and feedback. The results are widely discussed, including at the executive level, to inform decision-making. Policies are developed based on employee feedback to support wellbeing and interests. The HSBC Continental Europe Head of People is accountable for employee engagement.

As part of the DMA process, HSBC Continental Europe considers individuals who may be particularly affected by certain IROs. Most notably, self-reported characteristics such as gender, age, or disabilities, where legally permitted, were taken into account. These considerations are reflected in the assessment of impact severity, based on available data.

HSBC Continental Europe uses tools such as the HSBC Group's Snapshot survey to assess employee sentiment, in addition to key employee characteristics — including above-mentioned ones. Employee Resource Groups ('ERGs'), sponsored by leadership, bring together employees with shared interests and provide valuable insights into employee needs and perspectives.

Direct engagement with employees

Snapshot survey

The annual 'Snapshot' survey is the primary tool for capturing employee feedback. It enables HSBC Continental Europe to assess engagement, perceptions of strategy, communication, customer experience, culture, and working methods, and to track the effectiveness of actions and initiatives. The survey is centrally coordinated by the HSBC Group Employee Listening team. HSBC Continental Europe tracks the effectiveness of employee engagement through the Snapshot survey response rate, as well as through the level of positive responses to questions related to employees' motivation.

In most of HSBC Continental Europe countries, despite the ongoing transformation projects, the Snapshot participation rate remained stable compared to the previous year, with a few exceptions. This resulted in an average participation rate of 64 per cent in 2025 (2024: 70 per cent). Insights from the survey are shared with and discussed by the Operating Committee to define action plans and are provided directly to managers, when there are more than 10 responses from their teams.

The People function supports teams in discussing feedback through interactive dashboards, action planning tools, and discussion guides.

Performance and reward survey

HSBC Continental Europe also conducts an annual performance and reward survey, gathering feedback on the performance and pay review cycle. This provides valuable insights into how well the organisation meets employee expectations regarding compensation, development, and professional growth.

Employee Resource Groups

The HSBC's ERGs foster an inclusive culture and enhance the employee experience. These groups operate across HSBC Continental Europe, led by employees with shared values, identities, interests, and goals. Most ERGs are sponsored by a member of the leadership team, ensuring a direct connection between senior leadership and employees. While governed by a global charter, ERGs engage in region- and country-specific initiatives and events.

Additional engagement channels

Employee feedback is also collected through several ad hoc channels:

– The 'Exchange' programme: agenda-free meetings where employees can discuss issues directly with senior leadership.
– The 'Technologia' survey: focused on health and quality of life at work in France.
– Targeted listening activities: feedback sessions at key career moments, such as onboarding.

Engagement and communication through representative bodies

HSBC Continental Europe promotes active social dialogue with staff representatives to ensure employees' perspectives and concerns are heard. Open communication with these bodies is considered essential for strengthening employee wellbeing, as well as supporting recruitment, retention, and overall satisfaction.

Being a responsible employer

HSBC Continental Europe is committed to responsible employment practices, guided by the HSBC Group's global policies and procedures. These set out minimum control requirements for all employees, ensuring effective and safe management. Policies are aligned with HSBC Continental Europe's purpose, consider employee interests, and comply with local regulations and practices. Unless otherwise specified, these policies are detailed in Global Functions and Global Business Functional Instruction Manuals, accessible to all employees via the intranet.

People Management Policy

The HSBC Group People Management Policy outlines the standards managers must follow to support employees and foster an environment where everyone can thrive. The policy covers inclusion, learning, and development, and applies globally across all businesses and functions. All employees and other worker groups are expected to comply with and enforce this policy. Oversight of the policy implementation within the HSBC Group is provided by the HSBC Group Chief People and Governance Officer, with the HSBC Continental Europe Head of People accountable for local implementation. Managers are responsible for reinforcing HSBC's values, building an inclusive workforce, seeking employee feedback, addressing areas for improvement and taking appropriate actions.

HSBC Human Rights Statement

HSBC Continental Europe adheres to the HSBC Group's Human Rights Statement, which describes the ways in which the HSBC Group seeks to meet its responsibility to respect human rights. The HSBC Group's approach is guided by the United Nations Guiding Principles on Business and Human Rights ('UNGPs') and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. As per the HSBC Human Rights Statement, HSBC Continental Europe requires all its employees to treat others with dignity and respect. HSBC Continental Europe has zero tolerance for harassment or unlawful discrimination, including discrimination connected to age, race, ethnicity or nationality, religion or faith, social status, skin colour, mental or physical health conditions, disability, pregnancy, gender, gender expression, gender identity, sexual orientation, marital status or other domestic circumstances, employment status, and working hours or other flexible working arrangements.

HSBC Continental Europe’s employees are made aware of their employment rights through a variety of channels, including written employment contracts and policies, and procedures in employee handbooks and on employee websites. Employees of the Bank are trained on a range of human rights-related topics, including but not limited to inclusion, bullying and harassment, and data privacy. In addition, employees receive regular training as part of the HSBC Group’s broader financial crime control framework, covering anti-money laundering, anti-bribery and corruption, and financial sanctions and export controls. Each of these intersects with human rights risk.

HSBC Continental Europe addresses human rights grievances and provides suitable means for affected individuals or communities to communicate concerns through its speak-up channels. The Bank does not tolerate retaliation against anyone who raises concerns and takes appropriate action in cases where employees act in violation of the Human Rights Statement. See the ‘Whistleblowing and speak-up culture’ section on page 95 for further details on speak-up channels.

HSBC Continental Europe is committed to ethical standards. The Bank faces low risk of slavery, forced labour and child labour in its operations, but has nonetheless established policies to prevent and address these risks, in line with the HSBC Group's Human Rights Risk approach. The HSBC Group Modern Slavery and Human Trafficking report provides more details on these efforts, including on tackling modern slavery and human trafficking.

Health and Safety Policy

HSBC Continental Europe is devoted to providing a safe and healthy working environment for all its workforce abiding by the HSBC Group's Health and Safety Policy, which is accessible on the HSBC Group's website. HSBC Continental Europe deploys the policy in a balance with local regulations and to meet legal requirements wherever it operates and, where reasonably practical, exceeds them.

The HSBC Group's Health and Safety management system is structured in accordance with the international standard for occupational health and safety management systems - ISO 45001, while also taking into account relevant local legislation. This approach ensures that robust standards are maintained, providing confidence in the safety of HSBC working environments. All employees, contractors, consultants, and service providers operating across Continental Europe are required to adhere to these safe working practices, supporting the Bank's commitment to health and safety excellence.

Health and safety performance is subject to ongoing monitoring and assurance to ensure HSBC Continental Europe maintains compliance with applicable laws and regulations. Everyone at HSBC Continental Europe has a responsibility to help create a healthy and safe working environment. Employees are expected to take ownership of their safety and are encouraged and empowered to report any concerns.

The Chief Operating Officer and Head of Corporate Services have overall responsibility for ensuring that the correct policies, procedures and safeguards are put into practice.

Mental health

HSBC Continental Europe prioritises mental health, following the HSBC Group's position statement on mental health for all employees. Support services include mental health education, self-help resources, employee networks, and access to assistance programmes and medical plans.

The HSBC Continental Europe Head of People oversees workplace mental health support. In 2025, wellbeing content in mandatory training was updated, and a new voluntary mental health eLearning module was introduced. For more information on trainings, see 'Business Conduct' section on page 94. HSBC Continental Europe’s approach aligns with the World Health Organisation’s Healthy Workplace Model and local best practices. Targeted policies on workload and mental health are detailed in the ‘Promoting work-life balance’ section on page 90.

Supplier Code of Conduct

HSBC Continental Europe strives to ensure that contractors, consultants, and external service providers employed by third parties act in accordance with the Bank’s culture and strategic priorities. This is primarily managed through the Group-wide Supplier Code of Conduct (‘the Code’), which sets out the HSBC Group's ambitions on the environment, inclusion, provision of healthy and safe working conditions, and human rights – including the prohibition of forced and child labour. The Code outlines the minimum standards expected of suppliers on these issues.

In 2025, the Code was refreshed to include principles on responsible use of Artificial Intelligence ('AI'). Adherence to the Code is formalised with clauses in supplier contracts which support the right to audit and act if breach is discovered. The Bank's suppliers are required to reiterate their adherence to this code at regular intervals or at least when renewing the contract. Suppliers unable to approve the Code are required to provide with an eligible alternative. At the end of 2025, 98.4 per cent of HSBC Continental Europe's suppliers have approved the Supplier Code of Conduct or provided an alternative accepted by the Global Procurement function (2024: 97.8 per cent).

Fostering social dialogue

HSBC Continental Europe is committed to fostering social dialogue across its organisation. HSBC Continental Europe ensures that employee wellbeing, interests and concerns are well represented and integrated into appropriate initiatives through active social dialogue with staff representative bodies.

Employment Practices and Relations Policy

The HSBC Group Employment Practices and Relations ('EPR') Policy defines minimum standards for regulatory compliance and responsible workforce management practices. The policy sets out requirements for HSBC Continental Europe and its workforce regarding topics such as inclusion, minimum pay thresholds, management of employee behaviour, freedom of association, in line with local laws. It applies to all geographies, businesses, and functions - implementing additional country-level policies providing for market-specific arrangements where necessary.

Additionally, where changes in strategy or in its operations may give rise to adverse impacts on employee wellbeing, HSBC Continental Europe engages in appropriate consultation with employees and representative bodies to find appropriate solutions.

The HSBC Group Chief People & Governance Officer oversees global implementation, while the HSBC Continental Europe Head of People and local Heads of People are responsible for regional and country-level execution.

Approach to social dialogue

HSBC Continental Europe is committed to continuing to engage in constructive social dialogue to ensure employee wellbeing, interests, and concerns are represented and integrated into organisational initiatives. Engagement with staff representative bodies is a key part of this commitment.

HSBC Continental Europe maintains a structured approach to social dialogue, complying with local union and staff representation requirements across its European offices. The Bank engages with staff representatives in all countries of operation, holding meetings as required by local regulations. These sessions provide clear communication channels between employees and senior leadership, ensuring employee perspectives are considered. The approach is tailored to local practices; for example, in France, staff representatives are elected from HSBC Continental Europe employees, while in Germany, negotiations are conducted with national banking industry representatives. These specific local rules can lead to sector-level agreements applied by HSBC Continental Europe but not accounted for in the collective bargaining reported metrics.

European Works Council

HSBC Continental Europe has established a European Works Council ('EWC') to provide additional representation for employees, complementing existing staff representative bodies. The EWC is informed and consulted on significant transnational matters, such as the Bank's economic and financial situation within EEA Member States. The EWC does not replace existing representative bodies or interfere with established bargaining and consultation procedures.

Metrics

Metrics related to social dialogue are presented in the following table. For a comprehensive understanding, these figures should be considered alongside the 'Approach to social dialogue' section (see page 87).

In 2025, 84 per cent of HSBC Continental Europe employees were covered by local collective bargaining agreements (2024: 76 per cent), and 88 per cent were represented by local staff representatives (2024: 81 per cent)

Percentage of Total employees covered by collective bargaining agreements and staff representatives

Metric	2025 (%)	2024 (%)
Total employees covered by collective bargaining agreements		
By EEA country: France	**100**	100
By EEA country: Germany	**71**	44
By EEA country: Malta	**99**	99
By EEA country: Others	**48**	46
Total employees covered by staff representatives		
By EEA country: France	**100**	100
By EEA country: Germany	**71**	44
By EEA country: Malta	**99**	99
By EEA country: Others	**84**	91

Providing employees with a fair compensation

The HSBC Group aims to offering a competitive compensation to employees across all markets, forming a core part of its employee value proposition. Remuneration packages are designed to provide financial stability for employees and their families, covering essential living needs and supporting overall wellbeing. The definition of fair compensation reflects local factors such as living costs and regulations — including Directive (EU) 2022/2041 on adequate minimum wages — while upholding principles of fairness and decent treatment. In addition, compensation packages are regularly benchmarked against peers' practices to ensure market alignment.

The HSBC Group has been certified by the Fair Wage Network from 31 December 2024 to 31 December 2026. In partnership with the Fair Wage Network, HSBC ensures that local living wage benchmarks are met or exceeded in every country and territory where it operates. In 2025, the Fair Wage Network confirmed that pay in all HSBC Continental Europe countries meets or exceeds local living wage standards.

Furthermore, the HSBC Group aims to enhance transparency, by helping colleagues understand how pay decisions are made, and how fixed and variable pay are defined.

Acting to ensure adequate wages

The remuneration framework is defined at HSBC Group level but adapted locally to reflect market practices and regulations. HSBC Continental Europe's Remuneration Policy ensures fair compensation for all employees, structured around three main components:

- Fixed pay: Reflects employee's role, responsibilities, experience, skills, and expertise.
- Variable pay: Rewards individual performance and contributions, assessed annually, considering not only financial and commercial performance but also compliance with HSBC's values and risk-management standards.
- Benefits: Includes medical schemes, life insurance, retirement plans, profit sharing, savings plans, time savings accounts, and family leave options.

▶ For more information regarding the specific features of the HSBC Continental Europe Remuneration Policy, see the section 'Company remuneration policy' on page 38.

The HSBC Continental Europe's Head of People is accountable for policy implementation across HSBC Continental Europe.

Building an inclusive workforce

HSBC Continental Europe is determined to foster an equal opportunity culture that promotes inclusion and prevents discrimination. The People Management Policy (see page 86) sets guidelines and expectations for managers to create a values-driven, inclusive workplace, support strategic objectives, and address employee feedback to improve performance and meet the needs of HSBC Continental Europe stakeholders. Local implementation is regularly reviewed and tailored to meet the needs of employees and comply with jurisdictional requirements, while remaining consistent with the HSBC Group standards.

Vulnerable Employees Policy

In line with Directive 2000/78/EC, HSBC Continental Europe ensures equal treatment for employees with disabilities. The Vulnerable Employees Policy provides guidance to maintain a safe and equitable environment, including tailored risk assessments and personal emergency evacuation plans for employees with disabilities or medical conditions. The HSBC Group Chief Operating Officer oversees the policy implementation.

Digital Accessibility Policy

All digital applications developed or updated by HSBC Continental Europe must comply with the HSBC Group Accessibility Standards, ensuring alignment with local disability, discrimination, and equality regulations. This policy is overseen by the HSBC Group Head of Digital Experience & Accessibility.

Training and Awareness

HSBC Continental Europe is committed to equipping its workforce by raising awareness of unconscious bias and fostering an inclusive workplace. Key training includes 'The Code of Conduct & Me' and the People Manager Excellence Programme, which focus on inclusive management, manager's role and expectations. Regular inclusion workshops are also held to enhance mutual understanding, cultural knowledge and support employees in navigating local nuances.

Employee-led initiatives

Across HSBC Continental Europe, eight Employee Resource Groups play a vital role in fostering an inclusive culture. These groups focus on priority areas such as sexual orientation, gender, support for working parents, ethnicity, disability, and intergenerational inclusion, tailoring their activities to local regulations. The impact of these initiatives is tracked through the Snapshot Survey.

We value difference

Reflecting its core value 'We value difference', the HSBC Group places employee inclusion at the heart of its social strategy. To reinforce inclusive behaviours, objectives related to inclusion are embedded in members of the management body remuneration scorecards. This approach is mirrored at HSBC Continental Europe level, by integrating objectives pertaining to engagement and inclusion rates in the Snapshot Survey into HSBC Continental Europe Operating Committee members' and attendees' individual remuneration scorecards.

Metrics

HSBC Continental Europe monitors the following metrics

Gender representation in senior leadership

Metric	2025	2024
Male (Number)	**408**	451
Male (%)	**70.6**	71.2
Female (Number)	**170**	182
Female (%)	**29.4**	28.8

HSBC Continental Europe has applied the HSBC Group's global standards to summarise its gender representation metrics. The metrics should be considered in the context of the following information: All the employees who have not declared their gender have been incorporated into the 'Male' gender category. Senior leadership is considered GCB 3 and above in the Bank 'Global Career Band' structure.

Employees by age group

	2025		2024	
Metric	**Number**	**%**	Number	%
By age distribution				
<=29	**947**	**13.9**	1,073	14.2
30-49	**3,577**	**52.4**	4,020	53.1
>=50	**2,302**	**33.7**	2,469	32.7

HSBC Continental Europe has applied the HSBC Group's global standards to summarise its age distribution metrics. The metric includes permanent and temporary employees. The 2024 updated figures indicate a change in the methodology for classifying the workforce. For further details, see 'Characteristics of Workforce' section on page 84.

Gender pay gap and remuneration ratio

Based on the population covered under the annual pay review cycle (a headcount of 6,616), the Bank has identified, on fixed pay, a 25.6 per cent gap on median (2024: 25 per cent) and a 29 per cent gap on mean (2024: 29 per cent) and, on total Compensation, a 28 per cent gap on median (2024: 27 per cent) and a 37 per cent gap on mean (2024: 36 per cent). This is driven by the higher proportion of men in senior roles (MD and GCB3) in Corporate and Institutional Banking, Asset Management and Private Bank. There are also several senior, head office roles held by a men.

Gender pay gap distribution 2025

HSBC Continental Europe					Fixed pay		Total compensation
Global Career Band[6]	**Total**	**Male**	**Female**	**Mean**	**Median**	**Mean**	**Median**
MD	**118**	**94**	**24**	**19 %**	**15 %**	**19 %**	**17 %**
3	**491**	**342**	**149**	**9 %**	**9 %**	**16 %**	**14 %**
4	**1,706**	**1,048**	**658**	**10 %**	**10 %**	**13 %**	**12 %**
5	**2,031**	**1,055**	**976**	**9 %**	**10 %**	**8 %**	**11 %**
6	**1,366**	**532**	**834**	**9 %**	**13 %**	**10 %**	**10 %**
7	**722**	**180**	**542**	**— %**	**1 %**	**— %**	**2 %**
8	**182**	**59**	**123**	**(6)%**	**(5)%**	**(6)%**	**(6)%**
Overall gap	**6,616**	**3,310**	**3,306**	**29 %**	**26 %**	**37 %**	**28 %**

Gender pay gap distribution 2024

HSBC Continental Europe					Fixed pay		Total compensation
Global Career Band	Total	Male	Female	Mean	Median	Mean	Median
GM	2	2	—				
MD	122	97	25	20 %	11 %	19 %	11 %
3	520	361	159	10 %	9 %	15 %	16 %
4	1,804	1,119	685	12 %	10 %	14 %	13 %
5	2,236	1,177	1,059	8 %	9 %	8 %	8 %
6	1,531	633	898	9 %	12 %	10 %	9 %
7	867	233	634	(1)%	3 %	(2)%	3 %
8	210	73	137	(9)%	(16)%	(9)%	(15)%
Overall gap	7,292	3,695	3,597	29 %	25 %	36 %	27 %

All the employees on permanent or temporary contracts eligible to the 2025 pay review (cut off as at 30 September 2025) were considered in the gender pay gap and total compensation ratio calculations. It excludes apprentices and interns as pay review is driven by specific local rules and only includes employees who had disclosed their gender by this date. The annual remuneration ratio of the highest compensation package to the median annual remuneration of all employees is 15 at fixed pay (2024: 14) and 27 at total compensation level (2024: 30).

Developing skills and creating opportunities

HSBC Continental Europe is dedicated to equipping employees with the skills needed to perform well in their roles, advance their careers, and achieve their professional goals. This focus on continuous learning is fundamental to building a high-performing, motivated workforce and supporting the Bank's long-term success. Employees benefit from a range of high-quality training and development programmes, governed by the People Management Policy (see page 87).

Mandatory Training

Mandatory training ensures that all employees, consultants, contractors, and service providers meet the minimum standards for safe and efficient operations of the Bank and its stakeholders. The Procedure for Managing and Completing Mandated Learning Activities guides the implementation of this training and relating processes. Completion rates are closely monitored through a dedicated dashboard which is accessible to managers - which are responsible for ensuring their team have performed the training on an annual basis and escalate non-compliance cases. The HSBC Group Chief People & Governance Officer has oversight of mandatory training, and local accountability is held by the HSBC Continental Europe Head of People.

Learning platforms

HSBC Continental Europe's workforce has access to a number of learning platforms and tools that enable them to manage their own professional development and career progression. These include, HSBC University, Degreed, and the HSBC Talent Marketplace.

HSBC Continental Europe's employees are encouraged to use the integrated Degreed training platform and to regularly take time to explore these learning opportunities to support their self-development.

Future Skills and Management Programmes

The Future Skills curriculum is designed to equip employees with essential capabilities, emphasising the development of soft skills and cross-functional competencies.

HSBC Continental Europe has rolled out two management programmes designed to strengthen the adaptability and agility of its workforce:

- The People Manager Excellence Programme provides tailored support to managers at all levels to develop managerial skills and foster growth and inclusive leadership.
- The How we Lead Programme, launched in 2025 for top leaders, is the new HSBC Group-wide leadership framework. This initiative plays a pivotal role in advancing HSBC commitment to a culture that balances high performance with high care, centred on HSBC clients.

Mentoring Platform

Since 2020, HSBC Continental Europe has offered a dedicated mentoring platform designed to facilitate connections among employees across the network. This initiative enables participants to engage with senior leaders, based on their stated learning or development objectives.

The relationships developed as part of this programme increase employee engagement and support employees' career prospects, which may improve employee retention. In addition, dedicated mentoring programmes are launched to develop and engage targeted population across Businesses and Functions.

In 2025, HSBC Continental Europe introduced the Care Ambassador Network initiative, bringing together trained volunteers who support

6 The Global Career Band ('GCB') framework defines the Bank's leadership structure. Senior leadership consists of colleagues at GCB3 and above, which includes the Managing Directors ('MD'). Middle management is represented by GCB4, while junior management covers GCB5 and GCB6.

and listen to their peers on professional matters such as stress management and reintegration following long-term absences. These volunteers can also help to identify potential cases of psychological risk and refer individuals to appropriate professionals when necessary.

Navigating business transformation

HSBC Continental Europe makes strategic decisions, including resource allocation, to align its business model with customer needs and long-term strategy, recognising that such changes can impact employees' wellbeing. Several of these strategic decisions have been implemented in 2025 (see 'Characteristics of HSBC Continental Europe's workforce' section on page 84).

The Bank follows the HSBC Group's Employment Practices and Relations Policy and all local employment requirements to minimise adverse effects (see 'Fostering social dialogue' section on page 87 for information on how HSBC Continental Europe accounts for employee concerns). In line with the European Union's regulatory framework (namely Directive 98/59/EC and Directive 2001/23/EC), HSBC Continental Europe consults with staff representatives before making decisions on redundancies. To support employees through transformations, the Bank has strengthened its communication initiatives and implemented measures to help employees deal with the challenges associated with these transformations, including:

- Proactive communication about upcoming changes to foster trust and transparency.
- Resources and support provided to employee, developed in collaboration with employee representatives and managers to navigate potential transformation and mitigate the impact.
- Comprehensive support from both the People function, management, and additional resources to explore internal redeployment and external career opportunities - with a focus on France and Germany in 2025.

Promoting work-life balance

HSBC Continental Europe recognises the challenges of balancing workload and personal time in the financial services industry and seeks to mitigate the potential negative physical and mental health effects of insufficient personal time and recovery for employees. HSBC Continental Europe prioritises supporting employee wellbeing by embedding hybrid working and flexible leave policies, which often exceed local regulatory requirements. Policies relating to working models - including family-focused benefits, parental leave, and flexible working arrangements can be found on the internal website.

Policies to support work-life balance

Parental leave

The HSBC Group's Employment Practices and Relations Policy guarantee all employees access to maternity and paternity leave, reflecting the Bank's priority to family support. HSBC Continental Europe fully complies with, and in some cases exceeds, the requirements of the Directive on Work-Life Balance for Parents and Carers (Directive 2019/1158), offering a minimum of four months' parental leave per employee, and additional benefits in certain jurisdictions. As an illustration, in 2025, the French Family Friendly Leave Policy was updated, providing employees with salary maintenance - the gap between national social security payments and full salary being covered by HSBC - for second parents during parental leave, and an inclusive terminology for diverse family structures. HSBC Continental Europe Head of People is responsible for implementing these policies across the Bank.

Flexible working and Employee Assistance Programme

HSBC Continental Europe actively promotes a healthy balance between professional and personal life through flexible working hours, family and caregiver support, and leave for special life events such as exams or moving house. HSBC Continental Europe is committed to employee wellbeing, offering hybrid working arrangements to help manage workloads, reduce stress, and support mental health. Key initiatives include:

- Learning programmes on the Degreed platform to help employees and managers thrive in flexible work environments and foster a collaborative culture.
- The "Feel Good at Work" initiative, which encourages open dialogue and mutual support between employees and leaders.
- Annual communications reminding employees of their core leave entitlements - such as the 10 consecutive days in France - and encouraging regular breaks for rest and recovery.

HSBC Continental Europe Head of People oversees the implementation of flexible working arrangements across the Bank.

Work-life balance initiatives

HSBC Continental Europe continues to enhance work-life balance through targeted initiatives, including the Care Ambassador Network (see section 'Mentoring Platform' section on page 90) and flexible, remote working options that often exceed industry standards. HSBC Continental Europe offers a comprehensive range of leave options, such as family-focused benefits for employees with dependents, extended caregiving leave, and expanded bereavement leave.

Additionally, in some countries such as France, HSBC Continental Europe offers employees a paid Volunteering Day, allowing them to get involved with a charitable or partner association supported by the Bank, or to engage in initiatives organised by the Sustainable Development Department.

Furthermore, HSBC in France signed an agreement with the Ministry of the Armed Forces in 2018 to support employees' involvement in the operational reserve, to help employees balance their professional responsibilities with their military commitments.

HSBC Continental Europe currently does not have dedicated measures to support engagement in local democratic activities. However, the Bank takes into consideration the challenges associated with reconciling civic commitments with professional activity.

Employee working hours are overseen locally, in line with applicable regulations. Based on that monitoring, specific actions can be taken to ensure employees' working time are in line with applicable requirements.

Protecting customer and employee data

In order to deliver its full suite of products and services to its customers and clients, the Bank handles vast amounts of personal and business data. Protecting this data is fundamental to the Bank's duties to its customers and clients, ensuring both their privacy and the integrity of its operations. This responsibility reflects a broader challenge across the industry, where data protection has become crucial to maintaining trust and resilience across an increasingly complex regulatory and technological environment.

Each person has a fundamental right to privacy, and HSBC Continental Europe recognises that any unauthorised access to personal information - whether of employees or customers - could lead to serious consequences such as identity theft, financial losses, and reputational damage. Similarly, the unauthorised disclosure of business data could negatively affect the Bank's clients, undermining their competitive position and increasing the risk of fraud. Managing these risks are central to the Bank's approach, and data protection measures are designed specifically to mitigate such negative impacts.

The Bank's commitment to data privacy is not only a matter of ethical responsibility but also a legal obligation. Improper handling of data and lack of robust security measures may result in breaches of regulations such as the GDPR. Such breaches can lead to significant fines, penalties, reputational damage, and loss of client trust, which is crucial to the Bank's business model. By embedding strong data governance and compliance frameworks, HSBC Continental Europe actively mitigates these risks and protects the interests of all stakeholders.

Data privacy for employees

Data privacy is not a matter limited to customer relationships, but one that also impacts the Bank's workforce. Improper data protection or data management risks the exposure of personal or private information, which could affect an employee's psychological, emotional, and even financial wellbeing. HSBC Continental Europe proactively integrates data privacy considerations into its initiatives, projects, and processing activities, formalised through Data Privacy Impact Assessments which evaluate potential risks and identify appropriate safeguards to mitigate any negative impacts on individuals. By embedding data privacy principles across core operations, the Bank ensures that the protection of personal information and responsible data management remain central to its long-term business strategy.

Employees are required to complete data privacy and cybersecurity related training under the Global Mandatory Training programme (see 'Business Conduct' section on page 94 for more information on trainings, including the completion rates in the reporting year).

Data privacy for customers

HSBC Continental Europe acknowledges the potential impact on its customers and clients that could arise from data privacy breaches. This could be in the form of identity theft, financial loss, reputational damage, security threats, and possible discrimination from a breach of customers' personal data, as well as affecting customers' competitive position and increasing the risk of fraud from leaked data. HSBC Continental Europe serves a large number of customers and clients across the European Union and other regions, requiring the processing of large amounts of personal information, and recognises the responsibility that comes with this.

To ensure transparency and build trust, HSBC Continental Europe provides privacy notices and statements directly to data subjects, including individual customers, external staff, and job candidates, before they share any information with the Bank. These notices may be in the form of pop-up notifications, banners, links to the full privacy policy, or written privacy statements. HSBC Continental Europe's commitments to data privacy are also publicly available through its website. These statements contain valuable information about how the Bank collects, uses, and protects personal data, its processing standards, and how individuals can control their information and exercise their data privacy rights. As a matter of compliance, both Legal and the Data Protection Officer are ensuring that these statements are up to date and visible to all data subjects.

Governance of data risk management

Given the vital importance of careful data management and protection to the entire organisation, the management of data privacy matters is governed centrally by the HSBC Group. HSBC Continental Europe adheres to the stringent data protection policies and guidelines set by the HSBC Group, as well as complying with all applicable EU and local regulations and laws on privacy and protection across its entities. This includes the GDPR. All data protection policies are designed to equally safeguard the interests of employees and customers.

All business must be conducted in compliance with the HSBC Data Privacy Principles, which are outlined in the HSBC Group Code of Conduct (see 'Corporate culture' section for more details, page 95). The Principles define the fundamental standards of transparency, fairness, and lawfulness which must be upheld when handling and using any data collected, generated, held, and processed by the Bank. This includes information about any and all transactions in which the Bank is involved, including but not limited to information relating to customer accounts and matters relating to business or personal affairs, and also extends to its dealings, procedures, policies, decisions, systems, and other confidential matters. Any breaches, including unauthorised 'browsing' of accounts, can lead to disciplinary action, including dismissal.

HSBC Continental Europe has three lines of defence that work together to manage risks related to data privacy: firstly, the Data and Architecture Office, followed by the Data Protection Officers and the Data Privacy Risk Stewards, and finally the Internal Audit Function.

Group Data Risk Policy

HSBC Continental Europe adheres to the HSBC Group Data Risk Policy in order to mitigate the risk of a data processing failure or any breach of these principles, on either the part of the Bank or an engaged third-party. The policy sets out key data processes and controls that all markets, lines of business, functions, and legal entities must put in place to reduce the likelihood and impact of risk events. This mitigates the risk of potential legal and financial repercussions and ultimately reinforces the trust that customers, employees, and remaining stakeholders place in HSBC Continental Europe.

The HSBC Group Head of Regulatory Data Enhancement is responsible for this policy at a global level. In addition, each local line of business within HSBC Continental Europe has identified an individual responsible for its effective implementation.

Data privacy risk is one of the four data risks covered by the Data Risk Policy. The Control Framework, specific to data privacy, covers six key areas: records of processing, internal and external data transfers, privacy impact assessments, consent and choice, privacy notices, and the rights of individuals. It details requirements for risk assessments which apply to all high-risk processing activities, in adherence to the GDPR requirements, as well as the Bank's approach to regular audits and testing.

Electronic Communications Policy

The HSBC Group Electronic Communications Policy, which applies to all employees, requires all written electronic business communications to be sent through approved channels or applications which have an appropriate level of security. This policy sets the minimum standards for all devices regardless of device type or ownership, the location of the device, or the method of network connection used to access the platform on which the electronic communication is transmitted.

Details of what is permitted by employees when undertaking written electronic business communications on approved business platforms, whether internal, with a customer, or with a third party, are outlined in the policy. All HSBC Continental Europe lines of business and functions have a responsibility to implement and maintain relevant procedures and controls to identify, monitor, and manage the risk associated with electronic communications. This includes the exclusive use of secure platforms to undertake business communications, to lower the risk of data being compromised and decrease the likelihood of a privacy breach.

These policies are also designed to fulfil the Bank's legal requirements to record, retain, and produce electronic communications and, where necessary, enable it to disclose them to regulators, law enforcement, courts, and/or other third parties.

The HSBC Group Head of Regulatory Compliance is responsible for both policies within the HSBC Group, while the HSBC Continental Europe's Chief Compliance Officer is in charge of its implementation across the Bank.

Unless otherwise stated, the global policies and procedures are contained in Global Function and Global Business Functional Instruction Manuals available on the intranet to all HSBC Continental Europe's employees and on all its websites for accessibility to its customers.

Handling data related incidents

HSBC Continental Europe strives to prevent data-related incidents but recognises that the risk cannot fully be eliminated. Therefore, in case of a data breach or violation, HSBC Continental Europe has a process in place to evaluate the severity of the incident, in line with its legal and regulatory requirements, and where necessary, to notify data protection authorities. This involves an assessment of the severity of the breach, which determines whether regulators and individuals need to be notified, the communication of the breach to senior internal stakeholders, and the definition, implementation, and oversight of a remedial action plan.

The number of data subject requests which miss the response Service Level Agreement and the number of regulatory personal data breaches notifications that miss the Service Level Agreement with zero appetite threshold are continuously monitored to assess the effectiveness of the Bank's actions.

HSBC Continental Europe engages with individuals who want to exercise their GDPR-related rights, to ensure they receive the correct information in a timely manner. To raise a request or specific concern, individuals can contact the HSBC Continental Europe Data Protection Office directly, by post or through a dedicated email address, the details of which are shared in all public privacy notices and statements. Clients are also able to contact any relationship manager with their concerns or queries.

The Bank must respond to data subject's requests within 30 days. Failure to do so will breach the response timeline imposed by the GDPR and may lead to regulatory actions. HSBC Continental Europe's compliance with the 30-day timeline is closely monitored by its Data Protection Officer. To ensure these requirements are met, and that HSBC Continental Europe is complying with data subject's requests, every line of business has assigned a control owner who is in charge of monitoring and reporting the number of requests received and confirming whether all of them were addressed effectively and in a timely manner, as required by law.

Governance

HSBC Continental Europe's success relies on good business conduct, including a culture of doing the right thing, high standards of accountability, integrity in financial markets, and resilience across its digital, physical, and operational footprint. Good business conduct is about collectively taking responsibility and individually being accountable and recognising the real impact the Bank's actions have on customers and the financial markets in which it operates.

HSBC Continental Europe requires that its employees act with the utmost integrity and honesty in all professional interactions with colleagues, customers, regulators, and vendors in the work environment, at social or corporate events, or when using electronic communications, technology or social media platforms.

The Bank asks its employees and associated persons to speak-up about breaches of its code of conduct or any unethical or illegal behaviour where it is lawful to do so. Directors and employees must act to deter, detect, and protect against such behaviours and report all instances where they know or have a reasonable concern that an offence has been committed.

HSBC Continental Europe has identified nine material business conduct related IROs through its DMA, which are connected to its own operations and its downstream value chain. Strong corporate governance is essential, it builds trust, ensures transparency, and supports sustainable long-term success. The following subsections address these material IROs as well as how the Bank is acting to promote a high standard of governance.

Governance impacts, risks and opportunities

Impact / Risk / Opportunity	Description	Time Horizon	Value Chain Segment or Own operations
Positive Impact	**Responsible corporate culture** HSBC Continental Europe is focused on operating a strong and sustainable business that puts the customer first, values good governance, and gives its stakeholders confidence in how the HSBC Group does what it does. This in turn has a positive impact on customers, employees and society.	Short / Medium/ Long Term	Own operations
Risk	**Conduct risk** Ineffective conduct risk management may result in financial, regulatory and reputational risks.	Short/Medium/ Long Term	Own operations
Opportunity	**Speak-up culture** HSBC encourages a speak-up culture where individuals can raise any concerns about wrongdoing or unethical practices. This approach underscores the importance of integrity and responsible business conduct.	Short/Medium/ Long Term	Own operations
Negative Impact	**Anti-bribery and corruption** Preventing corruption and bribery is essential. Failure to do so may negatively affect staff, economic growth, customers ,shareholder's trust , standards of living, and undermine long-term sustainable development and social equality.	Long term	Own operations
Negative Impact	**Sanctions compliance (Entity Specific)** Compliance with international sanctions and export controls is critical to the role that HSBC Continental Europe plays in the financial system. Failure to do so may exacerbate human rights violations or conflicts, and enable oppressive regimes at a human cost.	Medium/Long Term	Own operations
Negative Impact	**Anti-money laundering (Entity Specific)** As a financial institution, implementing robust anti-money laundering policies and procedures is essential. Without such measures, the broader economic and political landscape may be compromised, allowing illicit activities to thrive.	Medium/Long Term	Own operations
Risk	**Regulatory and reputational risk from financial crime (Entity Specific)** HSBC Continental Europe operates in a complex regulatory framework, necessitating strict adherence to numerous laws and regulations designed to prevent financial crime. Failure to achieve effective compliance may result in adverse regulatory, financial, and reputational consequences.	Medium/Long Term	Own operations
Negative Impact	**Cybersecurity (Entity Specific)** Insufficient cyber defences at the Bank or its critical third parties may lead to service disruptions, financial losses, and inconvenience for customers, while undermining local economic stability. Inadequate data protection can result in breaches of personal information, identity theft, and loss of trust in the Bank.	Short/Medium/ Long Term	Downstream
Risk	**Cybersecurity failures (Entity Specific)** Failure to maintain robust cybersecurity controls or comply with evolving regulations may result in operational disruptions, financial penalties, and reputational harm for the Bank. Reliance on third-party providers further heightens the risk of data breaches and service interruptions in the Bank.	Short/Medium/ Long Term	Own operations

With regards to business conduct matters, HSBC Continental Europe followed a qualitative approach to assessing its material topics and IROs, in line with that described in 'The double materiality assessment process', page 51. This involved SME input from various business functions, Risk Stewards and the First Line of Defence.

Unless otherwise stated, the business conduct assessment process and its outcomes apply to all the markets in which HSBC Continental Europe operates, and all activities undertaken by the Bank in the reporting period. Where possible, HSBC Continental Europe evaluates potential future risks and opportunities over short, medium and long-term time horizons.

Business conduct

HSBC Continental Europe aims to promote good business conduct in all that it does. In order to establish good governance across all its activities, policies and actions are largely centralised at HSBC Group level and implemented by HSBC Continental Europe. Where applicable, HSBC Group policies are supplemented by country-specific policies and initiatives to address local requirements. The Bank takes action with respect to corporate culture, whistleblowing, financial crime and cybersecurity in line with the material topics identified.

All HSBC Continental Europe employees are required to complete Global Mandatory Training on corporate culture, business conduct, whistleblowing, financial crime, regulatory compliance, risk, and cybersecurity on an annual basis. The Global Mandatory Trainings are designed to support the company's risk culture and reinforce the expected risk behaviours of all employees as described in the Bank's risk policies. Employees are additionally required to complete region- or country-specific training where required by local legal requirements. Managers must ensure that their direct reports complete all assigned learning before the due date, as well as monitor team completion rates and follow the manager guidance on extenuating circumstances for late or non-completed training.

The Global Mandatory Training programme is delivered in three 'Trimesters' throughout the year:

- Trimester One focuses on the theme of protecting the Bank, the staff and the customers. It covers topics related to protective security, health and safety, wellbeing, and the promotion of appropriate workplace behaviours — including the prevention of bullying, harassment, and discrimination. The completion rate for Trimester One training was 99.74 per cent as of 2025.
- Trimester Two focuses on financial crime risk. This involves the risk that products and services will be exploited by criminals outside HSBC Group, as well as by colleagues who may use their knowledge and access to commit crimes or assist others in doing so. The completion rate for Trimester Two training was 99.52 per cent as of 2025 (2024: 96.8 per cent).
- Trimester Three focuses on why good conduct matters and the critical role of conduct in shaping trust, protecting data, and ensuring fair outcomes for customers, colleagues, and communities. It covers business conduct-related topics, including cybersecurity, data protection, competition law, conflicts of interest, AI, social media, e-communication, and speak-up channels, including whistleblowing. The completion rate for Trimester Three was 98.28 per cent as of 2025.

The Global Mandatory Training is a key element of the Bank's Financial Crime Framework and contributes to promoting a strong risk management culture. This training provides awareness of the key financial crimes HSBC Continental Europe may encounter, including money laundering, tax evasion, fraud, sanctions, bribery and corruption, proliferation, and terrorist financing.

Additionally, HSBC Continental Europe's staff identified as being in High-Risk Roles ('HRR staff') receive targeted financial crime risk training. HRR staff includes, but is not limited to, the CEO, the CRO, senior managers who are members of relevant governance committees like RMM, relevant functional staff within Financial Crime, Legal staff involved in the provision of AB&C and AML-related legal advice, and relationship managers. To comply with AFA (Agence Française Anticorruption, the French agency on anti-corruption) requirements, a dedicated training curriculum, 'AB&C HRR Training', has been designed and deployed to all HRR staff across the Bank, with a completion rate of 93.32 per cent as of 2025 (2024: 91.76 per cent).

In addition to Global Mandatory Training, HSBC Continental Europe provides quarterly mandatory training dedicated to the countries' CEOs. It comprises a 60-minute virtual training, covering a deep dive into Financial Crime risks topics.

Corporate culture

HSBC Continental Europe's business is shaped by the Bank's purpose and values and a desire to create sustainable long-term value for stakeholders. Together with more formal policies and tools, the Bank's values provide a clear path to achieving its purpose and delivering its strategy.

Framework for acting responsibly

The Framework for acting responsibly is a set of values that represents strong foundations for the HSBC Group to deliver fair outcomes for customers and to maintain order, and transparency on financial markets. It guides the HSBC Group to do the right thing and to recognise the real impact it has for customers and the financial markets in which it operates. It is part of HSBC's purpose and values and good decision-making, governing the outcomes to be achieved for customers and markets. It recognises cultural and behavioural drivers of good outcomes and applies across all risk disciplines, operational processes and technologies. The business conduct principles are available on the HSBC Group website and implemented in the internal HSBC framework based on the HSBC Book and the Risk Management Framework.

Acting responsibly helps to focus on the impact HSBC Continental Europe has on its customers and on financial markets. The Bank is focused on operating a strong and sustainable business that puts the customer first, values good governance, and gives its stakeholders confidence in what the Bank does.

The HSBC Group's approach to Customer and Market Conduct (Our Conduct Approach) sets the standard for all parts of the Bank to ensure strategic aims are safely met by focusing on customers and financial markets. In practice, there are five positive statements that the HSBC Group is committed to delivering through its behaviour and way of operating. The five outcomes shape the way HSBC thinks and acts:

- Understanding customers' needs
- Providing products and services that offer a fair exchange of value
- Serving customers' ongoing needs, and put it right in case of mistake
- Acting with integrity in the financial markets HSBC Continental Europe operates in, and
- Operating with resilience and security to avoid harm to customers and markets

The key factors in creating the right environment to enable the customer and market outcomes to be achieved are:

- Culture and behaviour
- Strategy and decision-making, and
- Governance and reporting

The approach is embedded into the way HSBC Continental Europe develops, distributes, structures and executes products and services. The approach to product design and development – including how products are advertised – is set out in HSBC Continental Europe policies and provides a clear basis from which strategic product and service decisions can be made.

HSBC Continental Europe businesses take the following approach:

– Carrying out robust testing and risk assessment during the design and development of a product to establish whether there is an identifiable need in the market.
– Considering the complexity of products and the possible financial risks to customers when determining the target market.
– Offering a carefully selected range of products that are managed as product offerings, thus helping to ensure that they continue to meet customers' needs and deliver fair value for money.
– Regularly reviewing products to help ensure they remain relevant and perform in line with expectations.

The Framework for acting responsibly is a key area of focus for HSBC Continental Europe to ensure that behavioural expectations and good conduct outcomes are being achieved with multiple initiatives. Conduct-related performance is covered by the quarterly HSBC Continental Europe's Conduct and Values Committee ('CVC'), chaired by the HSBC Continental Europe CEO and attended by Operating Committee members. It is responsible for carrying out decisions and for ensuring that the issues linked to acting responsibly are appropriately tracked within the quarterly CVC structure. The quarterly HSBC Continental Europe Conduct and Values Committee provide decision-making and guidance in respect of the Bank's framework and regulatory compliance risk and takes responsibility for the tracking of escalated issues.

Code of Conduct

All employees are required to abide by the HSBC Group Code of Conduct ('the Group Code'). Regional and country codes must be aligned to the Group Code to the extent permitted by local law and regulation. In France, employees are required to abide by the local Code of Conduct (HSBC Continental Europe internal regulation), in compliance with country-level regulatory requirements.

The Group Code outlines HSBC Group values, minimum ethical standards, and business principles that govern how the Bank operates. The Group Code is made accessible to all employees internally, and staff additionally receive communications on compliance with the Group Code from senior leadership and the People function. The HSBC Continental Europe CEO is responsible for ensuring compliance with the Group Code across the Bank. The HSBC Continental Europe People function oversees the day-to-day implementation of the Group Code and monitors its compliance.

All of the policies and procedures that govern corporate culture are continually reviewed and improved, with consideration given to stakeholder feedback. In 2025, the HSBC Group refreshed the Purpose-led Conduct Approach with Our Conduct Approach.

Acting to ensure fair outcomes

Investigating business conduct complaints

Complaints related to business conduct process involves a structured review of concerns raised by employees, clients, or other stakeholders regarding behaviours, practices, or decisions that may not align with the organisation's established standards, policies, or ethical guidelines. For employee concerns, HSBC Continental Europe's People function handles internal employee complaints and personal conduct cases where breaches in policy and procedures have been alleged or have materialised.

All employees at HSBC Continental Europe have access to appropriate channels to raise concerns relating to themselves or others.

Ensuring appropriate behaviours

HSBC Continental Europe sets standards designed to encourage speak-up, establish responsible corporate culture, and ensure all employees reflect HSBC's values in their behaviour and in business conduct. The objectives are to deliver fair outcomes for employees, manage and resolve employee concerns and poor conduct fairly, transparently, and consistently, and to protect HSBC from financial, regulatory, and reputational risks. The code of conduct supplements the global standards allowing all employees to understand their responsibilities and the potential consequences of non-compliance. The People function ensures that adjustments to variable pay and ratings due to poor behaviour are captured in the compensation systems, and that the adjustment is fair, consistent, and proportionate to the conduct framework. Through the speak-up channels, the People function may be involved in investigations resulting from complaints and appeals including the whistleblowing channel. The People function may also be involved in investigations resulting from HSBC whistleblowing complaints and appeals. The People function abides by the Raising employee concerns and managing poor personal conduct policy to ensure that investigations related to people risks are conducted fairly and thoroughly. The Raising Employee Concerns and Managing Poor Personal Conduct Policy applies to all employees, and is designed with the interests of key stakeholders in mind. Employees are empowered to raise concerns safely through the speak up channel including whistleblowing channel in a confidential way, provided with clear guidance and support for handling personal conduct cases by line managers. The HSBC Group Chief People and Governance Officer, together with the HSBC Continental Europe Head of People Solutions and Advice are responsible for the implementation of the policy. The policy is available to all employees in the intranet.

Whistleblowing and 'Speak-up' culture

HSBC Continental Europe is committed to fostering a speak-up culture. Ensuring that all feel able to raise concerns is vital to creating the right culture and to HSBC's long-term success. Speaking up helps HSBC take action to address issues and wrongdoing, with a range of speak up channels available to make it as easy as possible. The HSBC Group recognises that in certain situations using these channels may not always be appropriate. That is why HSBC also offer HSBC Confidential, the global whistleblowing channel, which allows concerns to be raised about actions and behaviours that go against Bank's values, break the law, or breach regulations or policies. By speaking up, all staff are helping to protect HSBC, HSBC customers, stakeholders and people.

One of the biggest advantages of open communication and a speak-up culture is the ability to reduce risks and prevent potential breaches of the Bank's code of conduct. When employees feel empowered to raise concerns, organisations can act on them before a problem becomes a greater threat. HSBC Continental Europe provides regular awareness sessions and communication related to the speak-up channels including whistleblowing channel to all employees. Insights gathered help to ensure that employees feel comfortable raising concerns or sharing ideas, confident that their needs will be addressed without fear of reprisal. In addition, the annual snapshot survey provides measure on employees' confidence in using whistleblowing channel without fear of reprisals or retaliation.

Speak-up Channels

The Bank has established speak-up channels to implement its speak-up culture. These channels are available to all employees via an internal web portal and through escalations to line managers. Senior leadership promotes the speak-up culture and awareness of reporting channels through regular communication and awareness initiatives aimed at employees. Alerts and reports received through speak-up channels are actioned promptly by independent teams from Compliance, Financial Crime or the People function.

HSBC Confidential

Where concerns cannot be handled through other speak-up channels, the Bank ensures that all employees and people in relationship with HSBC, including subcontractors and suppliers, have access to the Bank's global whistleblowing channel, 'HSBC Confidential'. HSBC Confidential is accessible at all times through independent third-party hotlines and a web portal available in multiple languages. Independent teams within the Compliance function handle reports at either the local or the HSBC Group level depending on countries. Concerns are investigated proportionately and independently, with action taken where appropriate. HSBC Continental Europe is committed to ensuring investigations are carried out within a reasonable timeframe and that feedback is provided to the reporter promptly.

Whistleblowing Policy

HSBC Continental Europe follows the HSBC Group Whistleblowing Policy which aims to prevent and correct all instances of unethical and illegal behaviours by:

- Establishing minimum risk management and control requirements to report unethical and illegal activities.
- Setting out procedures to ensure that reporting channels are operated in a secure manner that ensure the identity of the reporter and any third-party mentioned in the report is protected, and prevents access thereto by non-authorised staff members.
- Defining procedures to investigate whistleblowing reports and, if necessary, report the whistleblowing alerts to competent authorities.

All whistleblowing investigators who are in charge of whistleblowing cases must complete training provided by the Whistleblowing Oversight Team ('WOT') or other agreed training. The training must cover the requirements set out in the Whistleblowing Policy, applicable laws and regulations and areas covered by the investigations manuals. Records that training has been completed by relevant parties must be kept by the Investigation Functions.

HSBC Continental Europe's Chief Compliance Officer ('CCO') has ultimate authority over the implementation of the Whistleblowing Policy and a dedicated, independent team attached to the Compliance department has oversight of its implementation. Key information relating to whistleblowing at the Bank and the outcomes of investigations into whistleblowing reports are escalated to the aforementioned team in Compliance and the CCO. The Global Whistleblowing Policy is available to all employees via the HSBC Group's intranet.

HSBC Continental Europe ensures that any failure to comply with regulatory requirements related to whistleblowing is managed appropriately, and strives to protect whistleblowers from any form of retaliation. It does this by ensuring the confidentiality of these channels, the personal data's protection and the anonymity of those who use them, thereby protecting reporters from adverse repercussions. The Bank safeguards the rights of reporters by prohibiting any suspensions, lay-offs, demotions or withholding of promotions, transfer of duties, withholding of training, and any other administrative or punitive measure from the Bank directly in response to whistleblowing.

Investigations

Independent risk teams carry out independent investigations to verify all reports related to unethical or illegal allegations. These investigations are fair and in-depth, and carried out within reasonable or regulatory timeframes.

HSBC Continental Europe tracks the efficiency of its policies and actions with respect to corporate culture, conduct risk and speak-up channels (including protection of whistleblowers):

- The volume of cases received and the anonymity rate
- The number of alerts fully processed using existing reporting channels
- The number of open cases under investigation and the associated level of risk
- The allegation and substantiation risk themes

The quarterly Whistleblowing Oversight Committee reports on the effectiveness of whistleblowing arrangements across HSBC Continental Europe, including branches and subsidiaries.

The HSBC Continental Europe Audit Committee is responsible for overseeing the local implementation of the procedures to ensure confidentiality, protection and fair treatment of whistleblowers. The HSBC Continental Europe Chief Compliance Officer provides a bi-annual report to the HSBC Continental Europe Audit Committee.

Preventing financial crime

Financial crime risk is the risk of knowingly or unknowingly helping parties to commit or to further engage in illegal activity through HSBC, notably money laundering, terrorist and proliferation financing, tax evasion, bribery and corruption, non-respect of international sanctions, fraud and market abuse. Financial crime risk arises from day-to-day banking operations involving customers, third parties and employees.

HSBC Continental Europe is committed to acting with integrity and conducting its global business activities in compliance with financial crime laws, regulations and regulatory guidance everywhere it operates. Compliance with financial crime laws and regulations, as well as the Bank's internal policies and procedures, allows HSBC Continental Europe to fulfil its obligations to all its stakeholders, safeguard its reputation, and safeguard the global financial system.

Global Financial Crime Policy

The Global Financial Crime ('FC') Policy is the policy established by the HSBC Group to manage financial crime-related risks, including bribery and corruption , fraud, tax evasion, money laundering, terrorist financing, proliferation financing, sanctions and export control compliance.

The FC Policy is driven by the requirements in the Bank's home markets, all of which are signatories of the UN Convention on Corruption and have therefore undertaken to have relevant laws in place. In addition to the Global FC Policy, HSBC Continental Europe has adopted several local FC Policies across its branches and subsidiaries, including the entity-wide HSBC Continental Europe FC Policy, and country-specific FC policies where this is required to meet local legal requirements.

The FC Policy requires all employees in the HSBC Group's wholly-or majority-owned or controlled legal entities to adhere to minimum risk management and control requirements to detect, analyse, investigate and mitigate the risk of the HSBC Group facilitating or being used to facilitate financial crime, including but not limited to:

- The HSBC Group-wide minimum due diligence requirements and enhanced due diligence on customers and third parties assessed as higher risk, and processes designed to monitor customer transactions for the purpose of identifying suspicious activity.
- The use of specific tools to minimise the risk of financial crime, e.g. all staff are required to use the HSBC Group-approved gifts and entertainment register tool, prior to exchanging gifts with customers, third parties or public officials where the gift value surpasses thresholds defined in the Bank's financial crime policy.
- Controls to verify that minimum due diligence procedures have been followed, specifically by requiring that checks are recorded in HSBC Group's internal system.
- Rejecting transactions, freezing assets or refusing to provide services under circumstances defined by local legal requirements.
- Screening of customers and third parties to identify designated persons, politically exposed people and material negative news on different risks, including but not limited to, bribery and corruption, human rights violation, environmental crime and organised crimes.
- Identification of potential sanctions exposure, sanctions or export controls evasion attempts, through screening of transactions, customers and third parties against sanctions lists.
- Identification of tax evasion facilitation and bribery and corruption risk HSBC may be exposed to through third party relationships, and the application of additional due diligence and monitoring to address higher risk.
- Identify and authenticate the customer across all delivery channels (e.g., branch, cards, digital and telephone) to protect against fraud or loss of personal data.
- Managing card fraud by establishing appropriate processes, systems, and controls to detect, deter, and disrupt unauthorised requests for new cards, interception of cards/card authentication methods, skimming or cloning of cards, unauthorised 'card not present transactions', and limit losses from unauthorised card transactions.

The FC Policy is published in the Compliance Functional Instruction Manual, which is available to all HSBC employees. Furthermore, an external Financial Crime Policy Statement has been published on the HSBC Group's public website.

HSBC Continental Europe's Head of Financial Crime is responsible for the implementation of financial crime policies across the Bank. This is overseen by the HSBC Group Head of Financial Crime, the HSBC Group Money Laundering Reporting Officer and the HSBC Group Chief Risk and Compliance Officer. HSBC Continental Europe performs an Enterprise-Wide Risk Assessment ('EWRA') to assess bribery and corruption, sanctions,fraud, tax-evasion and money laundering risks every year, in addition to contributing to the HSBC Group-wide EWRA.

Approach to mitigating financial crime

Preventative measures and controls against financial crime

During 2025, HSBC Continental Europe has continued its efforts to combat financial crime and reduce the impact of such crimes on the organisation, customers, and communities. HSBC Continental Europe continues to invest in its capabilities and system to fight financial crime. Examples include the application of advanced analytics and AI, improvements in the Bank's transaction screening capabilities, and enhancements in the Bank's digital assets and currencies capabilities.

All staff are required to comply with financial crime-related controls and risk management procedures at all times. HSBC Continental Europe manages financial crime using a three line of defense model.

- The Bank's First Line of Defence reviews and records FC risk through approved systems in partnership with Risk Stewards within the Second Line of Defence.
- The Second Line of Defence then reviews and challenges controls recorded in HSBC Risk system (Helios).
- The Third Line of Defence undertakes independent reviews of existing policies and procedures to ensure that HSBC Continental Europe is compliant with relevant regulations, and that inefficiencies in governance are addressed by the first and second lines of defence.

The effectiveness of the controls are regularly monitored via the Risk and Control Assessments that are updated frequently, and at least annually.

HSBC Continental Europe's staff in high-risk roles receive targeted financial crime training. See the 'Business Conduct' section on page 94 for the full detail of financial crime-related trainings, coverage and completion rates.

Financial crime-related controls are assessed through key performance indicators using automated management information and analytics.

The governance meetings (e.g. RMM) are held regularly with the attendance of HSBC Continental Europe OpCo members, Risk and Compliance and stakeholders from business lines and functions where the key metrics, emerging risk and issues on financial crime are reported and monitored.

Investigating credible incidents

Independent teams from Compliance, Financial Crime, Audit and the People function conduct investigations into all credible allegations of bribery and corruption, money laundering, tax evasion, fraud, sanctions violations and any other kind of financial crime.

The outcomes of these investigations are escalated to HSBC Continental Europe's Head of Financial Crime, and where necessary relevant cases are reported to relevant authorities.

Compliance may pursue different actions depending on the severity of the incident and can vary from sending a policy reminder to staff, to issuing a breach notification to the employee's line manager, which is recorded in the performance evaluation. Policy breaches are recorded as management information and must be subject to a corrective action plan. Policy breaches are tracked and reported on until corrective actions have been completed and in rare instances, severe breaches can contribute to the termination of employment. During 2025, there was no instance of a conviction or fine for violation of anti-corruption and anti-bribery laws (2024: no fines or convictions).

Subject to regulatory exceptions, all Directors, employees and contractors and consultants' workers are required to co-operate with any legitimate lawful government, regulatory or internal investigation. They are expected to provide the maximum level of cooperation by, among other things, being available to those conducting the investigation and by providing any materials requested in a timely manner.

Safeguarding data - Cybersecurity

HSBC Continental Europe operates in an extensive and complex technology landscape. Cyberattacks may be directed at the Bank or at its suppliers and contractors. The Bank follows internal policies and procedures, as well as applicable data protection, electronic communications and confidentiality laws and regulations to ensure a consistent global approach to cybersecurity.

Cybersecurity Framework

All employees are required to abide by the Cybersecurity Framework, which defines the minimum standards and controls to safeguard customers, colleagues, and connected persons, including: the HSBC Group-wide 'defence in depth' approach involving multiple security layers; minimum business and technical controls to help prevent, detect and mitigate cyber threats; procedures for the prompt assessment of the severity of data breaches where such breaches occur, with rapid notification of the impacted individuals and competent authorities in compliance with all applicable law; and the procedures for cybersecurity incident response.

HSBC Continental Europe's Chief Information Officer and Chief Information Security Officer ('CISO') are responsible for making sure the HSBC Group Cybersecurity Framework is properly implemented across the Bank. The Cybersecurity Framework is available to all employees on HSBC Group's intranet.

Key performance indicators, control effectiveness, and other matters related to cybersecurity, including cyber incidents, are presented on a monthly basis to the Bank's Cybersecurity Steering Committee as well as the IT Risk and Control Management Meeting to facilitate ongoing awareness of the cybersecurity control framework.

Preventative measures and monitoring processes

HSBC Continental Europe has adopted preventative measures to minimise cybersecurity risks, with which all staff are expected to comply, in particular staff in the three lines of defence.

HSBC Continental Europe continuously upgrades relevant IT systems and invests in mitigating the potential threats of emerging technologies. The Bank regularly updates and improves its software solutions, including cloud security, identity and access management, metrics and data analytics, and third-party security reviews. The Bank's cyber intelligence and threat analysis team continually evaluates threat levels for the most prevalent cyber-attack types and their potential outcomes, and tests controls to help reduce the likelihood and impact of advanced malware, data leakage, exposure through third parties and security vulnerabilities. In addition, HSBC Continental Europe proactively collaborates with regulators to participate in regular testing activities.

HSBC Continental Europe hosts an annual Cyber Awareness Month for all colleagues covering topics such as online safety at home, social media safety, safe hybrid working, and cyber incidents and response. HSBC Group's dedicated cybersecurity training and awareness team provides a wide range of education and guidance to both customers and HSBC Continental Europe staff about how to identify and prevent online fraud. HSBC Continental Europe has developed metrics to manage its compliance objectives and to measure its cybersecurity controls' performance. As in 2024, no significant[7] cybersecurity incidents were recorded in 2025.

Where performance on key metrics is unsatisfactory or would put the Bank at risk of non-compliance with regulatory obligations, the issue is escalated to HSBC Continental Europe RMM, Risk Committee and Board of Directors, as appropriate. In addition, HSBC Continental Europe reports and reviews cyber risk and control effectiveness at the HSBC Continental Europe OpCo and Board level to help ensure there is appropriate visibility and governance of the risk and its mitigating actions.

Response to cyber threats

Dedicated teams at HSBC Continental Europe, led by the HSBC Continental Europe's CISO, take swift action in case of serious identity theft, misappropriation of funds, damage to personal or professional reputation, threats to personal security and discrimination resulting from cyber-attacks. In the event of incidents, the Bank's CISO and relevant local CISOs are informed by the security operations team and engage in cybersecurity incident response protocols. To date, none of these attacks have had a material impact on the Bank's business or operations.

[7] Significant cybersecurity incidents are the ones classified as moderate, major or extreme according to the HSBC Continental Europe Risk Prioritisation Matrix.

Report on the certification of sustainability information and verification of the disclosure requirements under article 8 of Regulation (EU) 2020/852

(For the year ended 31 December 2025)

HSBC Continental Europe

38, avenue Kléber

75116 Paris

To the Shareholders,

This report is issued in our capacity as Statutory Auditor of HSBC Continental Europe. It covers the sustainability information and the information required by article 8 of Regulation (EU) 2020/852, relating to the financial year ended 31 December 2025 and included in the Sustainability Statement in the Group's management report.

Our work relating to this information was carried out in a changing environment characterised by uncertainties over the interpretation of the legal texts and the development of market practices.

Pursuant to article L.233-28-4 of the French Commercial Code (Code de commerce), HSBC Continental Europe is required to include the abovementioned information in a separate section of the Group's management report.

This information provides an understanding of the impact of the Group's activity on sustainability matters, as well as the way in which these matters influence the development of its business, performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to II of article L.821-54 of the aforementioned Code, our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the requirements of sustainability reporting standards adopted by the European Commission pursuant to article 29 ter of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (hereafter European Sustainability Reporting Standards or ESRS), of the process implemented by HSBC Continental Europe to determine the information reported, including, where applicable to the entity, the obligation to consult with the social and economic committee provided for in the sixth paragraph of article L.2312-17 of the French Labour Code (Code du travail);
- compliance of the sustainability information included in the "Sustainability Statement" section of the Group management report with the provisions of article L.233-28-4 of the French Commercial Code, including with the ESRS; and
- compliance with the requirements set out in article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including those on independence, and quality control, prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on limited assurance engagements on the certification of sustainability information and verification of disclosure requirements set out in article 8 of Regulation (EU) 2020/852.

In the three separate parts of the report that follow, we present, for each of the parts covered by our engagement, the nature of the procedures we carried out, the conclusions we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures we carried out with regards to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken in isolation and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three parts of our engagement.

Finally, where it was deemed necessary to draw your attention to one or more items of sustainability information provided by HSBC Continental Europe in the Group management report, we have included an emphasis of matter paragraph hereafter.

The limits of our engagement

As the purpose of our engagement is to provide limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

This engagement does not provide a guarantee regarding the viability or the quality of the management of HSBC Continental Europe, in particular it does not provide an assessment of the relevance of the choices made by HSBC Continental Europe in terms of action plans, targets, policies, scenario analyses and transition plans, that extends beyond compliance with the ESRS reporting requirements.

Furthermore, in relation to forward-looking information, as forecasts are by definition uncertain, actual results may sometimes differ significantly from the forecasts presented in the Group management report.

Our engagement does, however, allow us to express conclusions regarding the process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

The sustainability information and the information required by article 8 of Regulation (EU) 2020/852 may be subject to inherent uncertainty because of incomplete scientific knowledge and due to the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare it, which are presented in the Group management report.

Compliance with the ESRS requirements of the process implemented by HSBC Continental Europe to determine the information reported, including the requirement to consult the social and economic committee provided for in the sixth paragraph of article L.2312-17 of the French Labour Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by HSBC Continental Europe, including the obligation to consult with the social and economic committee provided for in the sixth paragraph of article L.2312-17 of the French Labour Code, has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities that are disclosed in the "Sustainability Statement" section of the Group management report; and
- the information provided on this process also complies with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by HSBC Continental Europe with the ESRS.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance with the ESRS of the process implemented by HSBC Continental Europe to determine the information reported are presented below.

Information on how the Group has updated its double materiality analysis can be found in the "Double materiality assessment process" paragraph under "Material impacts, risks and opportunities" in Section 4 "Sustainability Statement" in the Group management report.

We obtained an understanding of the analyses performed by the Group through discussions with management and the persons we deemed appropriate and by inspecting available documentation, and in particular through the assessment of the internal and external factors considered in updating the double materiality assessment. These include changes in the scope of reporting, organisational changes and changes in stakeholder interests and views.

Based on our professional judgement, our procedures mainly consisted in:

- critically assessing the documentation on the analyses carried out by the Group and on the approach used to identify the internal and external factors to be taken into account;
- assessing the appropriateness of these internal and external factors in light of our knowledge of the Group and its circumstances;
- assessing the appropriateness of the impact and financial materiality assessment process used by the Group to determine the material information reported in light of our knowledge of the Group and its circumstances, including any changes in assessment following the end of the previous financial year;
- assessing the appropriateness of the description given in the Group management report.

Compliance of the sustainability information included in the Sustainability Statement in the Group management report with the provisions of article L.233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided provide an understanding of the general basis for the preparation and governance of the sustainability information included in the "Sustainability Statement" section of the Group management report, including the general basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by HSBC Continental Europe for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e., that are likely to influence the judgement or decisions of the users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the "Sustainability Statement" section of the Group management report with the provisions of article L.233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the "Greenhouse Gas Emissions" section of the Group's Sustainability Statement, which sets out the scope used to calculate financed emissions relating to the value chain (category 15 of Scope 3 under the GHG Protocol), as well as the changes and limitations relating to the methodology used for the estimates made and the availability of data.

Elements that received particular attention

The elements to which we paid particular attention concerning the compliance of the sustainability information included in the "Sustainability Statement" section of the Group management report with the provisions of article L.233-28-4 of the French Commercial Code, including the ESRS, are presented below.

Information provided in application of environmental standards (ESRS E1 to E5)

Information disclosed relating to climate change (ESRS E1) can be found in the "Greenhouse gas emissions" section of the Group's Sustainability Statement.

The elements to which we paid particular attention concerning the compliance of this information with the ESRS are presented below.

With regard to greenhouse gas emissions, in particular financed emissions (Scope 3, category 15 of the GHG Protocol), our procedures mainly consisted in:

- asking what internal control and risk management procedures the Group has put in place to ensure the compliance of the disclosed information;
- reviewing the methodology used to calculate the estimated data and the sources of information on which these estimates are based;
- gaining an understanding of the scope covered by the greenhouse gas inventory and assessing its justification in terms of the reference framework applied (as mentioned in the Sustainability Statement) and the Group's activities, in particular the scope of the assets covered for the calculation of financed emissions;
- verifying that the basis for calculating financed emissions corresponds to the scope of assets covered as described in the Sustainability Statement and reconciling it with the consolidated balance sheet;
- assessing the appropriateness of the sectoral proxies and emissions factors used by the Group and verifying, on the basis of samples, that they are correctly used;
- verifying the mathematical accuracy of the calculation of financed emissions and the conversion calculations on own operations, on the basis of samples;
- assessing whether the information given in respect of the revision of comparative data complies with the presentation requirements of the ESRS.

Compliance with the reporting requirements set out in article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by HSBC Continental Europe to determine the eligible and aligned nature of the activities of the entities included in the scope of consolidation.

They also involved verifying the information reported pursuant to article 8 of Regulation (EU) 2020/852, which involves checking:

- compliance with the rules governing the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e., information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies in relation to compliance with the requirements of article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We established that there were no such elements to address in our report.

Neuilly-sur-Seine, 25 February 2026

The Statutory Auditor

PricewaterhouseCoopers Audit

PricewaterhouseCoopers Audit

Amel Hardy-Ben Bdira
Partner

Appendix

Assets for the calculation of GAR (Template 1)

This table presents assets used in the calculation of the GAR analysed by counterparty type and asset class. Total assets are further categorised between covered assets in both numerator and denominator, and assets excluded from the GAR calculation, with aligned covered assets presented by environmental objective. This table is provided in Annex VI to the Disclosures Delegated Act.

The table has been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties, with each of these being replicated for stock and flow respectively.

As a proportion of total taxonomy eligible exposures, taxonomy aligned enabling activities represents 3.85 per cent based on counterparty turnover KPI and 4.94 per cent based on counterparty CapEx KPI.

The gross carrying amount reported excludes impairment allowances for all banking exposures. As a result, Total Assets reported in this table is not comparable to Total Assets reported in the Bank's balance sheet with the difference due to impairment allowances on banking exposures.

Financial guarantees represent financial guarantees granted by the Bank to support an underlying loan or debt security. The assessment of eligibility and alignment is based on the reported KPIs of the obligor in relation to the underlying loan since information on specific use of proceeds for these loans is not available.

Template 1. Assets for the calculation of GAR - Based on Counterparty Turnover – (Stock)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Stock Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Breakdown per environmental objective: Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**18,939**	**5,331**	**728**	**675**	**25**	**—**	**28**	**—**	**—**	**—**	**91**	**205**				
3	**Financial undertakings**	**12,866**	**2,095**	**284**	**261**	**23**	**—**	**—**	**—**	**—**	**—**	**4**	**33**				
4	Loans and advances	**12,140**	**1,804**	**265**	**248**	**17**	**—**	**—**	**—**	**—**	**—**	**3**	**25**				
5	Debt securities, including UoP	**718**	**291**	**19**	**13**	**6**	**—**	**—**	**—**	**—**	**—**	**1**	**8**				
6	Equity instruments	**8**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
7	**Non-financial undertakings**	**3,832**	**1,122**	**440**	**410**	**2**	**—**	**28**	**—**	**—**	**—**	**85**	**172**				
8	Loans and advances	**3,747**	**1,106**	**434**	**407**	**—**	**—**	**27**	**—**	**—**	**—**	**85**	**169**				
9	Debt securities, including UoP	**46**	**5**	**4**	**3**	**—**	**—**	**1**	**—**	**—**	**—**	**—**	**1**				
10	Equity instruments	**39**	**11**	**2**	**—**	**2**	**—**	**—**	**—**	**—**		**—**	**2**				

Template 1. Assets for the calculation of GAR - Based on Counterparty Turnover – (Stock) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Stock Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Breakdown per environmental objective						of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
					Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)							
11	**Households**	**1,897**	**1,896**	—	—	—		—			—	—	—				
12	– of which loans collateralised by residential immovable property	**1,893**	**1,893**	—	—	—		—			—	—	—				
13	– of which building renovation loans	—	—	—	—	—		—			—	—	—				
14	– of which motor vehicle loans	**4**	**3**	—	—						—	—	—				
15	**Local governments financing**	**194**	**194**	—	—	—	—	—	—	—	—	—	—				
16	Housing financing	—	—	—	—	—		—			—	—	—				
17	Other local government financing	**194**	**194**	—	—	—	—	—	—	—	—	—	—				
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	**2**	**2**	—	—	—		—			—	—	—				
19	**Exposures included on a voluntary basis**	**148**	**22**	**4**	**4**	—	—	—	—	—	—	**2**	—				
20	**Total GAR assets**	**18,939**															
21	**Assets not covered for GAR calculation**	**232,256**															
22	**Central governments and Supranational issuers**	**22,481**															
23	**Central banks exposure**	**65,007**															
24	**Trading book**	**71,300**															
25	**Undertakings and entities not subject to CSRD**	**55,821**															

Template 1. Assets for the calculation of GAR - Based on Counterparty Turnover – (Stock) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Stock Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	**40,104**															
27	Loans and advances	**38,112**															
28	– of which loans collateralised by commercial immovable property	**4,450**															
29	– of which building renovation loans	**—**															
30	Debt securities	**1,758**															
31	Equity instruments	**234**															
32	Non-EU country counterparties not subject to CSRD disclosure obligations	**15,717**															
33	Loans and advances	**14,637**															
34	Debt securities	**1,080**															
35	Equity instruments	**—**															
36	**Derivatives**	**81**															
37	**On demand interbank loans**	**2,119**															
38	**Cash and cash-related assets**	**50**															
39	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**15,397**															
40	**Total assets**	**251,195**															
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	**343**	**219**	**97**	**90**	**—**	**—**	**7**	**—**	**—**	**—**	**6**	**84**				
42	Assets under management[1]	**13,315**	**6,827**	**1,452**	**1,395**	**13**	**4**	**37**	**3**	**—**	**—**	**45**	**813**				
43	– of which debt securities	**7,131**	**2,708**	**1,083**	**1,038**	**10**	**4**	**29**	**2**	**—**	**—**	**31**	**567**				
44	– of which equity	**3,384**	**1,319**	**369**	**357**	**3**	**—**	**8**	**1**	**—**	**—**	**14**	**246**				

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale totalling EUR 48,407 million, of which EUR 18,789 million were assessed as taxonomy-eligible and EUR 488 million as taxonomy-aligned based on counterparties' Turnover KPIs.

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Stock)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Stock Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Breakdown per environmental objective: Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**18,939**	**6,125**	**998**	**974**	**1**	**—**	**23**	**—**	**—**	**—**	**119**	**303**				
3	**Financial undertakings**	**12,866**	**2,351**	**248**	**247**	**1**	**—**	**—**	**—**	**—**	**—**	**5**	**13**				
4	Loans and advances	**12,140**	**2,065**	**233**	**232**	**1**	**—**	**—**	**—**	**—**	**—**	**4**	**10**				
5	Debt securities, including UoP	**718**	**285**	**15**	**15**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**3**				
6	Equity instruments	**8**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
7	**Non-financial undertakings**	**3,832**	**1,663**	**745**	**722**	**—**	**—**	**23**	**—**	**—**	**—**	**111**	**289**				
8	Loans and advances	**3,747**	**1,645**	**738**	**716**	**—**	**—**	**22**	**—**	**—**	**—**	**110**	**285**				
9	Debt securities, including UoP	**46**	**10**	**7**	**6**	**—**	**—**	**1**	**—**	**—**	**—**	**1**	**4**				
10	Equity instruments	**39**	**8**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
11	**Households**	**1,897**	**1,896**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
12	loans collateralised by residential immovable property	**1,893**	**1,893**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
13	– of which building renovation loans	**—**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
14	– of which motor vehicle loans	**4**	**3**	**—**	**—**						**—**	**—**	**—**				
15	**Local governments financing**	**194**	**194**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				
16	Housing financing	**—**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Stock) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Stock Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Breakdown per environmental objective: Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
17	Other local government financing	194	194	—	—	—	—	—	—	—	—	—	—				
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	2	2	—	—	—		—			—	—	—				
19	**Exposures included on a voluntary**	148	19	5	5	—	—	—	—	—	—	3	1				
20	**Total GAR assets**	18,939															
21	**Assets not covered for GAR calculation**	232,256															
22	**Central governments and Supranational issuers**	22,481															
23	**Central banks exposure**	65,007															
24	**Trading book**	71,300															
25	**Undertakings and entities not subject to CSRD**	55,821															
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	40,104															
27	Loans and advances	38,112															
28	– of which loans collateralised by commercial immovable property	4,450															
29	– of which building renovation loans	—															
30	Debt securities	1,758															
31	Equity instruments	234															
32	Non-EU country counterparties not subject to CSRD disclosure obligations	15,717															

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Stock) (continued)

	Stock Mn EUR	31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
		Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
33	Loans and advances	**14,637**															
34	Debt securities	**1,080**															
35	Equity instruments	**—**															
36	**Derivatives**	**81**															
37	**On demand interbank loans**	**2,119**															
38	**Cash and cash-related assets**	**50**															
39	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**15,397**															
40	**Total assets**	**251,195**															
Off-balance sheet exposures (stock) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	**343**	**236**	**106**	**102**	**—**	**—**	**4**	**—**	**—**	**—**	**12**	**77**				
42	Assets under management [1]	**13,315**	**7,732**	**2,168**	**2,126**	**11**	**1**	**25**	**5**	**—**	**—**	**105**	**1,092**				
43	– of which debt securities	**7,131**	**3,325**	**1,576**	**1,540**	**10**	**1**	**21**	**4**	**—**	**—**	**75**	**744**				
44	– of which equity instruments	**3,384**	**1,607**	**592**	**586**	**1**	**—**	**4**	**1**	**—**	**—**	**30**	**348**				

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale totalling EUR 48,407 million, of which EUR 21,356 million were assessed as taxonomy-eligible and EUR 7,503 million as taxonomy-aligned based on counterparties' CapEx KPIs.

Template 1. Assets for the calculation of GAR – Based on Counterparty Turnover – (Flow)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**8,878**	**1,952**	**352**	**341**	**3**	**—**	**8**	**—**	**—**	**—**	**67**	**69**				
3	**Financial undertakings**	**7,176**	**1,455**	**164**	**163**	**1**	**—**	**—**	**—**	**—**	**—**	**1**	**5**				
4	Loans and advances	**7,000**	**1,358**	**161**	**160**	**1**	**—**	**—**	**—**	**—**	**—**	**1**	**4**				
5	Debt securities, including UoP	**176**	**97**	**3**	**3**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**				
6	Equity instruments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
7	**Non-financial undertakings**	**1,500**	**320**	**188**	**178**	**2**	**—**	**8**	**—**	**—**	**—**	**66**	**64**				
8	Loans and advances	**1,469**	**316**	**186**	**178**	**—**	**—**	**8**	**—**	**—**	**—**	**66**	**62**				
9	Debt securities, including UoP	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				
10	Equity instruments	**31**	**4**	**2**	**—**	**2**	**—**	**—**	**—**	**—**		**—**	**2**				
11	**Households**	**108**	**108**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
12	– of which loans collateralised by residential immovable property	**107**	**107**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
13	– of which building renovation loans	**—**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
14	– of which motor vehicle loans	**1**	**1**	**—**	**—**						**—**	**—**	**—**				
15	**Local governments financing**	**84**	**67**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				

Template 1. Assets for the calculation of GAR – Based on Counterparty Turnover – (Flow) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
16	Housing financing	—	—	—	—	—		—			—	—	—				
17	Other local government financing	84	67	—	—	—	—	—	—	—	—	—	—				
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	—	—	—	—	—		—			—	—	—				
19	**Exposures included on a voluntary basis**	10	2	—	—	—	—	—	—	—	—	—	—				
20	**Total GAR assets**	8,878															
21	**Assets not covered for GAR calculation**	45,573															
22	**Central governments and Supranational issuers**	8,114															
23	**Central banks exposure**	12,553															
24	**Trading book**	5,294															
25	**Undertakings and entities not subject to CSRD**	19,349															
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	13,888															
27	Loans and advances	13,147															
28	– of which loans collateralised by commercial immovable property	879															
29	– of which building renovation loans	—															
30	Debt securities	701															
31	Equity instruments	40															

Template 1. Assets for the calculation of GAR – Based on Counterparty Turnover – (Flow) (continued)

		31 Dec 2025														
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
32	Non-EU country counterparties not subject to CSRD disclosure obligations	**5,461**															
33	Loans and advances	**5,047**															
34	Debt securities	**414**															
35	Equity instruments	**—**															
36	**Derivatives**	**—**															
37	**On demand interbank loans**	**263**															
38	**Cash and cash-related assets**	**—**															
39	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**—**															
40	**Total assets**	**54,451**															
Off-balance sheet exposures (Flow) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	**222**	**92**	**23**	**22**	**—**	**—**	**1**	**—**	**—**	**—**	**4**	**15**				
42	Assets under management [1]	**4,573**	**1,599**	**415**	**387**	**7**	**1**	**19**	**1**	**—**	**—**	**16**	**224**				
43	– of which debt securities	**2,494**	**830**	**241**	**233**	**1**	**1**	**6**	**—**	**—**	**—**	**6**	**121**				
44	– of which equity instruments	**2,079**	**769**	**174**	**154**	**6**	**—**	**13**	**1**	**—**	**—**	**10**	**103**				

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale with respective flow totalling EUR 28,938 million, of which EUR 10,627 million of flow was assessed as taxonomy-eligible and EUR 289 million of flow as taxonomy-aligned based on counterparties' Turnover KPIs.

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Flow)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**8,878**	**2,367**	**351**	**347**	**—**	**—**	**4**	**—**	**—**	**—**	**60**	**88**				
3	**Financial undertakings**	**7,176**	**1,553**	**135**	**135**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**8**				
4	Loans and advances	**7,000**	**1,455**	**131**	**131**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**7**				
5	Debt securities, including UoP	**176**	**98**	**4**	**4**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**				
6	Equity instruments	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
7	**Non-financial undertakings**	**1,500**	**622**	**216**	**212**	**—**	**—**	**4**	**—**	**—**	**—**	**59**	**80**				
8	Loans and advances	**1,469**	**621**	**216**	**212**	**—**	**—**	**4**	**—**	**—**	**—**	**59**	**80**				
9	Debt securities, including UoP	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				
10	Equity instruments	**31**	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**—**		**—**	**—**				
11	**Households**	**108**	**108**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
12	– of which loans collateralised by residential immovable property	**107**	**107**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
13	– of which building renovation loans	**—**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
14	– of which motor vehicle loans	**1**	**1**	**—**	**—**						**—**	**—**	**—**				
15	**Local governments financing**	**84**	**84**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				
16	Housing financing	**—**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**				
17	Other local government financing	**84**	**84**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**				

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Flow) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	**Total [gross] carrying amount**	**of which Taxonomy-eligible**	**of which Taxonomy-aligned**	**Climate Change Mitigation (CCM)**	**Climate Change Adaptation (CCA)**	**Water and marine resources (WTR)**	**Circular economy (CE)**	**Pollution (PPC)**	**Biodiversity and Ecosystems (BIO)**	**of which Use of Proceeds**	**of which transitional**	**of which enabling**	**Non-assessed exposures**	**of which financing non-material activities of counterparties**	**of which exposures financing counterparties reporting in accordance with Article 7(9)**	**of which not assessed considered non-material by the credit institution**
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	—	—	—	—	—		—			—	—	—				
19	**Exposures included on a voluntary basis**	10	—	—	—	—	—	—	—	—	—	—	—				
20	**Total GAR assets**	8,878															
21	**Assets not covered for GAR calculation**	45,573															
22	**Central governments and Supranational issuers**	8,114															
23	**Central banks exposure**	12,553															
24	**Trading book**	5,294															
25	**Undertakings and entities not subject to CSRD**	19,349															
26	SMEs and undertakings (other than SMEs) not subject to CSRD disclosure obligations	13,888															
27	Loans and advances	13,147															
28	– of which loans collateralised by commercial immovable property	879															
29	– of which building renovation loans	—															
30	Debt securities	701															
31	Equity instruments	40															
32	Non-EU country counterparties not subject to CSRD disclosure obligations	5,461															
33	Loans and advances	5,047															
34	Debt securities	414															
35	Equity instruments	—															

Template 1. Assets for the calculation of GAR – Based on Counterparty CapEx – (Flow) (continued)

		31 Dec 2025															
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
					Breakdown per environmental objective												
	Flow Mn EUR	Total [gross] carrying amount	of which Taxonomy-eligible	of which Taxonomy-aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Non-assessed exposures	of which financing non-material activities of counterparties	of which exposures financing counterparties reporting in accordance with Article 7(9)	of which not assessed considered non-material by the credit institution
36	**Derivatives**	—															
37	**On demand interbank loans**	**263**															
38	**Cash and cash-related assets**	—															
39	**Other categories of assets (e.g. Goodwill, commodities etc.)**	—															
40	**Total assets**	**54,451**															
Off-balance sheet exposures (Flow) to Undertakings subject to CSRD disclosure obligations and local governments																	
41	Financial guarantees	**222**	**108**	**35**	**34**	**—**	**—**	**1**	**—**	**—**	**—**	**5**	**23**				
42	Assets under management [1]	**4,573**	**1,812**	**600**	**580**	**3**	**1**	**14**	**2**	**—**	**—**	**42**	**277**				
43	– Of which debt securities	**2,494**	**886**	**328**	**319**	**2**	**1**	**5**	**1**	**—**	**—**	**22**	**153**				
44	– Of which equity instruments	**2,079**	**926**	**272**	**261**	**1**	**—**	**9**	**1**	**—**	**—**	**20**	**124**				

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale with respective flow totalling EUR 28,938 million, of which EUR 12,397 million of flow was assessed as taxonomy-eligible and EUR 4,326 million of flow as taxonomy-aligned based on counterparties' CapEx KPIs.

GAR Sector information (Template 2)

This table provides sectoral information on the Bank's taxonomy-eligible and taxonomy-aligned on-balance sheet exposures in the banking book, covering both financial and non-financial counterparties.

Rows 1 to 10 present a breakdown of eligible and aligned exposures by sector of economic activity, based on NACE codes reflecting the principal activity of the immediate counterparty. These rows show the top ten sectors with the highest levels of taxonomy eligibility.

In line with the amended reporting framework introduced by the Omnibus Delegated Act, nuclear and gas activities are reported within the main table as dedicated rows 11 and 12, replacing the standalone nuclear and gas templates that applied under the previous framework. These rows present on-balance sheet exposures related to nuclear and gas activities, respectively.

The table has been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 2. GAR sector information - Based on Counterparty Turnover

	31 Dec 2025									
	a	b	c	d	e	f	g	h	i	j
	Breakdown by sector – NACE 4 digits level (code and label) (Million EUR)	**Total [Gross] carrying amount**	**of which Taxonomy eligible**	**of which Taxonomy aligned**	**Climate Change Mitigation (CCM)**	**Climate Change Adaptation (CCA)**	**Water and marine resources (WTR)**	**Circular economy (CE)**	**Pollution (PPC)**	**Biodiversity and Ecosystems (BIO)**
1	K64.19 – Other monetary intermediation	**8,722**	**1,658**	**194**	**187**	**7**	**—**	**—**	**—**	**—**
2	K65.11 – Life insurance	**2,248**	**195**	**31**	**15**	**16**	**—**	**—**	**—**	**—**
3	L68.20 – Renting and operating of own or leased real estate	**190**	**180**	**78**	**78**	**—**	**—**	**—**	**—**	**—**
4	U99.00 – Activities of extraterritorial organisations and bodies	**144**	**144**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
5	N82.99 – Other business support service activities n.e.c.	**197**	**125**	**72**	**71**	**—**	**—**	**1**	**—**	**—**
6	O84.13 – Regulation of and contribution to more efficient operation of businesses	**121**	**121**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
7	D35.11 – Production of electricity	**227**	**102**	**84**	**84**	**—**	**—**	**—**	**—**	**—**
8	O84.11 – General public administration activities	**129**	**80**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
9	C21.20 – Manufacture of pharmaceutical preparations	**424**	**79**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	G46.62 – Wholesale of machine tools	**117**	**75**	**25**	**25**	**—**	**—**	**—**	**—**	**—**
11	Nuclear activities	**37**	**32**	**32**						
12	Fossil gas activities	**24**	**24**	**—**						
13	Of which non-assessed exposures									

Template 2. GAR sector information -Based on Counterparty CapEx

	31 Dec 2025									
	a	b	c	d	e	f	g	h	i	j
	Breakdown by sector - NACE 4 digits level (code and label) (Million EUR)	Total [Gross] carrying amount	of which Taxonomy eligible	of which Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)
1	K64.19 – Other monetary intermediation	**8,722**	**1,716**	**201**	**201**	**—**	**—**	**—**	**—**	**—**
2	M70.10 – Activities of head offices	**577**	**213**	**20**	**9**	**—**	**—**	**11**	**—**	**—**
3	L68.20 – Renting and operating of own or leased real estate	**190**	**188**	**154**	**154**	**—**	**—**	**—**	**—**	**—**
4	K66.19 – Other activities auxiliary to financial services, except insurance and pension funding	**414**	**184**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
5	D35.11 – Production of electricity	**227**	**156**	**145**	**145**	**—**	**—**	**—**	**—**	**—**
6	U99.00 – Activities of extraterritorial organisations and bodies	**144**	**144**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
7	H52.29 – Other transportation support activities	**176**	**133**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
8	N82.99 – Other business support service activities n.e.c.	**197**	**130**	**65**	**65**	**—**	**—**	**—**	**—**	**—**
9	O84.13 – Regulation of and contribution to more efficient operation of businesses	**121**	**121**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	K65.11 – Life insurance	**2,248**	**99**	**20**	**20**	**—**	**—**	**—**	**—**	**—**
11	Nuclear activities	**66**	**30**	**30**						
12	Fossil gas activities	**18**	**18**	**1**						
13	Of which non-assessed exposures									

GAR KPI stock (Template 3)

This table presents eligible and aligned exposures as a proportion of total covered assets by Taxonomy environmental objective. The table has been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 3. GAR KPI stock – Based on Counterparty Turnover

	% (compared to corresponding total covered assets in the denominator)	31 Dec 2025												
		a	b	c	d	e	f	g	h	i	j	k	l	m
				Breakdown per environmental objective										
		Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
		%	%	%	%	%	%	%	%	%	%	%	%	%
1	**GAR - Covered assets in both numerator and denominator**													
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**28.15**	**3.84**	**3.56**	**0.13**	**—**	**0.15**	**—**	**—**	**—**	**0.48**	**1.08**	**13.66**	
3	**Financial undertakings**	**16.28**	**2.21**	**2.03**	**0.18**	**—**	**—**	**—**	**—**	**—**	**0.03**	**0.25**	**13.56**	
4	Loans and advances	**14.86**	**2.18**	**2.04**	**0.14**	**—**	**—**	**—**	**—**	**—**	**0.03**	**0.20**	**14.70**	
5	Debt securities, including UoP	**40.45**	**2.62**	**1.72**	**0.89**	**—**	**0.01**	**—**	**—**	**—**	**0.07**	**1.14**	**6.48**	
6	Equity instruments	**5.39**	**1.02**	**1.00**	**0.01**	**—**	**—**	**0.01**	**—**		**0.01**	**0.92**	**19.01**	
7	**Non-financial undertakings**	**29.29**	**11.49**	**10.71**	**0.05**	**—**	**0.72**	**0.01**	**—**	**—**	**2.20**	**4.50**	**39.24**	
8	Loans and advances	**29.54**	**11.61**	**10.87**	**0.01**	**—**	**0.72**	**0.01**	**—**	**—**	**2.24**	**4.54**	**39.29**	
9	Debt securities, including UoP	**10.19**	**8.68**	**7.21**	**0.05**	**—**	**1.42**	**—**	**—**	**—**	**1.02**	**2.08**	**85.11**	
10	Equity instruments	**27.72**	**3.98**	**—**	**3.98**	**—**	**—**	**—**	**—**		**—**	**3.98**	**14.34**	
11	**Households**	**99.98**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
12	– of which loans collateralised by residential immovable property	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
13	– of which building renovation loans	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
14	– of which motor vehicle loans	**90.93**	**—**	**—**						**—**	**—**	**—**	**—**	
15	**Local governments financing**	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
16	Housing financing	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
17	Other local government financing	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
19	**Exposures included on a voluntary basis**	**14.61**	**2.50**	**2.46**	**0.01**	**—**	**0.03**	**—**	**—**	**—**	**1.49**	**0.06**	**17.12**	
20	**GAR - Total GAR assets**	**28.15**	**3.84**	**3.56**	**0.13**	**—**	**0.15**	**—**	**—**	**—**	**0.48**	**1.08**	**13.66**	

Template 3. GAR KPI stock – Based on Counterparty CapEx

	% (compared to corresponding total covered assets in the denominator)	31 Dec 2025												
		a	b	c	d	e	f	g	h	i	j	k	l	m
				Breakdown per environmental objective										
		Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1	**GAR - Covered assets in both numerator and denominator**													
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**32.34**	**5.27**	**5.15**	**—**	**—**	**0.12**	**—**	**—**	**—**	**0.63**	**1.60**	**16.30**	
3	**Financial undertakings**	**18.27**	**1.92**	**1.92**	**—**	**—**	**—**	**—**	**—**	**—**	**0.04**	**0.10**	**10.52**	
4	Loans and advances	**17.02**	**1.92**	**1.92**	**—**	**—**	**—**	**—**	**—**	**—**	**0.04**	**0.09**	**11.26**	
5	Debt securities, including UoP	**39.64**	**2.02**	**1.99**	**0.01**	**—**	**0.02**	**—**	**—**	**—**	**0.08**	**0.37**	**5.10**	
6	Equity instruments	**6.72**	**2.14**	**2.12**	**0.02**	**—**	**—**	**—**	**—**		**0.02**	**1.68**	**31.89**	
7	**Non-financial undertakings**	**43.39**	**19.48**	**18.87**	**—**	**—**	**0.60**	**0.01**	**—**	**—**	**2.89**	**7.53**	**44.89**	
8	Loans and advances	**43.90**	**19.73**	**19.12**	**—**	**—**	**0.60**	**0.01**	**—**	**—**	**2.94**	**7.61**	**44.93**	
9	Debt securities, including UoP	**22.48**	**16.02**	**14.55**	**0.01**	**—**	**1.46**	**—**	**—**	**—**	**1.21**	**7.62**	**71.26**	
10	Equity instruments	**19.25**	**0.05**	**0.05**	**—**	**—**	**—**	**—**	**—**		**0.04**	**—**	**0.24**	
11	**Households**	**99.98**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
12	– of which loans collateralised by residential immovable property	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
13	– of which building renovation loans	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
14	– of which motor vehicle loans	**90.93**	**—**	**—**						**—**	**—**	**—**	**—**	
15	**Local governments financing**	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
16	Housing financing	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
17	Other local government financing	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	

Template 3. GAR KPI stock – Based on Counterparty CapEx

	% (compared to corresponding total covered assets in the denominator)	31 Dec 2025												
		a	b	c	d	e	f	g	h	i	j	k	l	m
		Taxonomy-eligible	Taxonomy aligned	Breakdown per environmental objective						of which Use of Proceeds	of which transitional	of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
				Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)					
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
19	**Exposures included on a voluntary basis**	**12.58**	**2.95**	**2.87**	**0.02**	**—**	**0.06**	**—**	**—**	**—**	**2.07**	**0.48**	**23.48**	
20	**GAR - Total GAR assets**	**32.34**	**5.27**	**5.15**	**—**	**—**	**0.12**	**—**	**—**	**—**	**0.63**	**1.60**	**16.30**	

GAR KPI flow (Template 4)

This table presents the flow of eligible and aligned exposures as a proportion of total new covered assets by Taxonomy environmental objective.

In accordance with the regulatory guidance, flow is defined as the gross carrying amount of newly incurred exposures (i.e. new loans and advances, debt securities, equity instruments) that have been incurred during the year, without deducting the amounts of loan repayments or disposals of debt securities or equity instruments that have occurred during the year. Institutions should therefore not compute the numerator and the denominator of the flow KPI as exposures on the disclosure reference date (T) minus exposures on the disclosure reference date (T-1).

Due to data challenges for certain asset classes, the approach set out below was followed. Firstly, where loan signature dates and origination amounts are available, the gross carrying amount of newly incurred exposures by transaction or customer is calculated without deducting repayments or disposals. As the starting point to identify new loans granted during the year is the stock of loans at 31 December 2025, it is possible that some loans both granted and repaid during 2025 have not been accounted for in the flow. To identify the date that loans have been granted, the signature date currently available is used. Some renegotiated loans may have a different signature date than the original loan.

Where signature dates and origination amounts are not available, flow is calculated as the exposure at date (T) minus the exposure at date (T-1) by individual transaction or customer or internal sub-classification level, defaulting to zero where the result is negative. This approach is also used for overdrafts and other revolving credit facilities, as multiple drawings and repayments in the period could result in a disproportionately high gross flow which is a multiple of that of the stock, and in any case, it is not practicable or possible to identify every individual drawing through the year.

For certain categories of assets, such as settlement accounts and items in the course of collection from other banks, the flow calculation is not considered relevant and as such, these exposures are excluded from the flow calculation. These exposures do not finance taxonomy eligible or aligned activities.

Template 4. GAR KPI flow – Based on Counterparty Turnover

	31 Dec 2025												
	a	b	c	d	e	f	g	h	i	j	k	l	m
			Breakdown per environmental objective										
% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Polluti-on (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
	%	%	%	%	%	%	%	%	%	%	%	%	%
1 **GAR - Covered assets in both numerator and denominator**													
2 **Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**21.98**	**3.96**	**3.84**	**0.03**	**—**	**0.09**	**—**	**—**	**—**	**0.75**	**0.77**	**18.03**	
3 **Financial undertakings**	**20.27**	**2.29**	**2.28**	**0.01**	**—**	**—**	**—**	**—**	**—**	**0.02**	**0.07**	**11.29**	
4 Loans and advances	**19.39**	**2.29**	**2.28**	**0.01**	**—**	**—**	**—**	**—**	**—**	**0.01**	**0.06**	**11.86**	
5 Debt securities, including UoP	**55.18**	**1.87**	**1.83**	**0.01**	**—**	**0.03**	**—**	**—**	**—**	**0.15**	**0.43**	**3.38**	
6 Equity instruments	**5.39**	**1.02**	**1.00**	**0.01**	**—**	**—**	**0.01**	**—**		**0.01**	**0.92**	**19.01**	
7 **Non-financial undertakings**	**21.36**	**12.52**	**11.91**	**0.10**	**—**	**0.50**	**0.01**	**—**	**—**	**4.39**	**4.23**	**58.62**	
8 Loans and advances	**21.53**	**12.68**	**12.16**	**—**	**—**	**0.51**	**0.01**	**—**	**—**	**4.48**	**4.21**	**58.89**	
9 Debt securities, including UoP	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
10 Equity instruments	**13.38**	**5.06**	**—**	**5.06**	**—**	**—**	**—**	**—**		**—**	**5.06**	**37.84**	
11 **Households**	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
12 – of which loans collateralised by residential immovable property	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
13 – of which building renovation loans	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
14 – of which motor vehicle loans	**100.00**	**—**	**—**						**—**	**—**	**—**	**—**	
15 **Local governments financing**	**79.46**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
16 Housing financing	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
17 Other local government financing	**79.46**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
18 **Collateral obtained by taking possession: residential and commercial immovable properties**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
19 **Exposures included on a voluntary basis**	**20.16**	**0.46**	**0.26**	**0.20**	**—**	**—**	**—**	**—**	**—**	**0.10**	**0.32**	**2.27**	
20 **GAR – Total GAR assets**	**21.98**	**3.96**	**3.84**	**0.03**	**—**	**0.09**	**—**	**—**	**—**	**0.75**	**0.77**	**18.03**	

Template 4. GAR KPI flow – Based on Counterparty CapEx

		31 Dec 2025												
		a	b	c	d	e	f	g	h	i	j	k	l	m
				Breakdown per environmental objective										
	% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	of which Use of Proceeds	of which transitional	of which enabling	Proportion of Taxonomy aligned in Taxonomy eligible	Non-assessed exposures
		%	%	%	%	%	%	%	%	%	%	%	%	%
1	**GAR - Covered assets in both numerator and denominator**													
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**26.66**	**3.95**	**3.90**	**—**	**—**	**0.05**	**—**	**—**	**—**	**0.67**	**1.00**	**14.82**	
3	**Financial undertakings**	**21.64**	**1.88**	**1.88**	**—**	**—**	**—**	**—**	**—**	**—**	**0.02**	**0.10**	**8.70**	
4	Loans and advances	**20.78**	**1.87**	**1.87**	**—**	**—**	**—**	**—**	**—**	**—**	**0.02**	**0.09**	**9.01**	
5	Debt securities, including UoP	**55.62**	**2.33**	**2.28**	**0.02**	**0.01**	**0.01**	**0.01**	**—**	**—**	**0.17**	**0.56**	**4.18**	
6	Equity instruments	**6.72**	**2.14**	**2.12**	**0.02**	**—**	**—**	**—**	**—**		**0.02**	**1.68**	**31.89**	
7	**Non-financial undertakings**	**41.48**	**14.39**	**14.10**	**—**	**—**	**0.29**	**—**	**—**	**—**	**3.87**	**5.39**	**34.69**	
8	Loans and advances	**42.26**	**14.69**	**14.39**	**—**	**—**	**0.30**	**—**	**—**	**—**	**3.95**	**5.51**	**34.76**	
9	Debt securities, including UoP	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
10	Equity instruments	**4.58**	**0.01**	**0.01**	**—**	**—**	**—**	**—**	**—**		**0.01**	**—**	**0.24**	
11	**Households**	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
12	– of which loans collateralised by residential immovable property	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
13	– of which building renovation loans	**100.00**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
14	– of which motor vehicle loans	**100.00**	**—**	**—**						**—**	**—**	**—**	**—**	
15	**Local governments financing**	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
16	Housing financing	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
17	Other local government financing	**100.00**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	
18	**Collateral obtained by taking possession: residential and commercial immovable properties**	**—**	**—**	**—**	**—**		**—**			**—**	**—**	**—**	**—**	
19	**Exposures included on a voluntary basis**	**0.65**	**0.65**	**0.37**	**0.28**	**—**	**—**	**—**	**—**	**—**	**0.14**	**0.45**	**100.00**	
20	**GAR – Total GAR assets**	**26.66**	**3.95**	**3.90**	**—**	**—**	**0.05**	**—**	**—**	**—**	**0.67**	**1.00**	**14.82**	

KPI off-balance sheet exposures (Template 5)

This table presents eligible and aligned off-balance sheet exposures as a proportion of all financial guarantees or total assets under management as applicable.

For these funds managed by HSBC Continental Europe, a look through to the underlying investments has been undertaken to identify those investments that are subject to CSRD[6] where eligibility and alignment can be assessed. Where the underlying investments are themselves funds and where information regarding these funds has not been made available, these funds are treated as non-CSRD[6].

For the managed funds where possible, the proportion of debt and equity has been calculated, and the eligibility and alignment assessment performed, based on the underlying investments as at 31 December 2025. However, for some funds where this information is not yet available, the latest available 2025 data from November 2025 has been used.

The KPI for assets under management includes assets where HSBC Continental Europe has delegated portfolio management of the assets to another financial undertaking. For these portfolios, limited data is available regarding the underlying instruments making up the funds. Assets for which the portfolio management has been delegated to the Bank by another financial undertaking are not included.

The table has been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

This table has also been duplicated to present the information separately based on the flow of financial guarantees and assets under management.

As for the on-balance sheet flow presented in Template 4, the methodology to calculate flow for assets under management aims to calculate new exposures by gross carrying amount, and not compute the flow as exposures on the disclosure reference date (T) minus exposures on the disclosure reference date (T-1). The methodology applied is dependent on data availability across the funds being managed by HSBC Continental Europe. For the majority of funds, where data availability allows, flow has been calculated as units purchased through the year by individual ISIN or legal entity identifier, multiplied by actual purchase price for each respective unit. Where this is not possible, the next approach applied is to calculate flow as total units purchased through the year by individual ISIN or legal entity identifier multiplied by a proxy price based on the year end market value. For a small number of funds, where the previous two approaches were not possible, flow has been calculated as number of units at (T) minus number of units at (T-1), multiplied by a proxy price based on the year end market value.

Template 5. KPI off-balance sheet exposures – Based on Counterparty Turnover – (Stock)

		31 Dec 2025											
		a	b	c	d	e	f	g	h	i	j	k	l
				Breakdown per environmental objective									
% (compared to corresponding total off-balance sheet assets)		Taxonomy eligible	Taxonomy aligned	Climate Change Mitigat-ion (CCM)	Climate Change Adaptat-ion (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosyst-ems (BIO)	of which Use of Proceeds	of which transit-ional	of which enabling	Non-assessed exposures
		%	%	%	%	%	%	%	%	%	%	%	%
1	Financial guarantees (FinGuar KPI)	63.92	28.16	26.09	—	0.01	2.04	0.02	—	—	1.68	24.42	
2	Assets under management (AuM KPI) [1]	51.27	10.90	10.47	0.10	0.03	0.28	0.02	—	—	0.34	6.10	

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale totalling EUR 48,407 million. If these exposures had been included in the calculation, the AuM KPI based on counterparties' Turnover, would have been 41.50% for Taxonomy-eligible and 3.14% for Taxonomy-aligned.

Template 5. KPI off-balance sheet exposures – Based on Counterparty CapEx – (Stock)

		31 Dec 2025											
		a	b	c	d	e	f	g	h	i	j	k	l
				Breakdown per environmental objective									
% (compared to corresponding total off-balance sheet assets)		Taxonomy eligible	Taxonomy aligned	Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	Water and marine resour-ces (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and Ecosyst-ems (BIO)	of which Use of Proceeds	of which transit-ional	of which enabling	Non-assessed exposu-res
		%	%	%	%	%	%	%	%	%	%	%	%
1	Financial guarantees (FinGuar KPI)	68.75	30.85	29.65	—	0.07	1.06	0.07	—	—	3.36	22.32	
2	Assets under management (AuM KPI) [1]	58.07	16.28	15.97	0.08	0.01	0.19	0.03	—	—	0.79	8.20	

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale totalling EUR 48,407 million. If these exposures had been included in the calculation, the AuM KPI based on counterparties' CapEx, would have been 47.13% for Taxonomy-eligible and 15.67% for Taxonomy-aligned.

Template 5. KPI off-balance sheet exposures – Based on Counterparty Turnover – (Flow)

	31 Dec 2025											
	a	b	c	d	e	f	g	h	i	j	k	l
			Breakdown per environmental objective									
% (compared to corresponding total off-balance sheet assets)	**Taxon-omy eligible**	**Taxon-omy aligned**	**Climate Change Mitigat-ion (CCM)**	**Climate Change Adaptat-ion (CCA)**	**Water and marine resour-ces (WTR)**	**Circular economy (CE)**	**Pollution (PPC)**	**Biodiversity and Ecosyst-ems (BIO)**	**of which Use of Proceeds**	**of which transit-ional**	**of which enabling**	**Non-assessed exposures**
	%	%	%	%	%	%	%	%	%	%	%	%
1 Financial guarantees (FinGuar KPI)	**41.16**	**10.36**	**9.96**	**—**	**—**	**0.39**	**0.01**	**—**	**—**	**1.59**	**6.88**	
2 Assets under management (AuM KPI) [1]	**34.96**	**9.07**	**8.46**	**0.14**	**0.03**	**0.41**	**0.03**	**—**	**—**	**0.34**	**4.89**	

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale with respective flow totalling EUR 28,938 million. If these exposures had been included in the calculation, the AuM flow KPI based on counterparties' Turnover, would have been 36.48% for Taxonomy-eligible and 2.10% for Taxonomy-aligned.

Template 5. KPI off-balance sheet exposures – Based on Counterparty CapEx – (Flow)

	31 Dec 2025											
	a	b	c	d	e	f	g	h	i	j	k	l
			Breakdown per environmental objective									
% (compared to corresponding total off-balance sheet assets)	**Taxonomy eligible**	**Taxonomy aligned**	**Climate Change Mitigation (CCM)**	**Climate Change Adaptation (CCA)**	**Water and marine resources (WTR)**	**Circular economy (CE)**	**Pollut-ion (PPC)**	**Biodive-rsity and Ecosys-tems (BIO)**	**of which Use of Procee-ds**	**of which transit-ional**	**of which enabli-ng**	**Non-assess-ed exposures**
	%	%	%	%	%	%	%	%	%	%	%	%
1 Financial guarantees (FinGuar KPI)	**48.52**	**15.94**	**15.66**	**0.01**	**—**	**0.27**	**—**	**—**	**—**	**2.22**	**10.23**	
2 Assets under management (AuM KPI) [1]	**39.63**	**13.12**	**12.69**	**0.07**	**0.01**	**0.31**	**0.04**	**—**	**—**	**0.91**	**6.05**	

1 For the 2025 financial year, the gross carrying amount of assets under management excludes exposures held for sale with respective flow totalling EUR 28,938 million. If these exposures had been included in the calculation, the AuM flow KPI based on counterparties' CapEx, would have been 42.40% for Taxonomy-eligible and 14.70% for Taxonomy-aligned.

Risk review

Contents

All Pillar 3 and regulatory documentation is available on the Internet.

Key highlights

Principal Regulatory Ratios (non audited)

	At	
	31 Dec 2025	31 Dec 2024
	%	%
Capital Ratios		
Common equity tier 1	**16.4**	18.8
Total tier 1	**18.4**	21.1
Total capital	**21.6**	23.5
Leverage Ratio	**4.3**	5.4
Liquidity Ratios[1]		
Liquidity Coverage Ratio ("LCR")[1,2]	**147**	150
Net Stable Funding Ratio ("NSFR")[1,2]	**164**	137

1 In line with CRR requirements, LCR is disclosed as an average of 12 months and NSFR at reporting date.
2 The components of the LCR and NSFR calculation have been represented to comply with EBA reporting requirements.

Risk-Weighted Assets – by Risk Type (non audited)

	RWAs		Capital required	
	31 Dec 2025	31 Dec 2024	**31 Dec 2025**	31 Dec 2024
	€m	€m	**€m**	€m
Credit Risk	**43,259**	46,008	**3,461**	3,680
Counterparty Credit Risk	**5,472**	6,815	**438**	545
Market Risk	**3,948**	3,786	**316**	302
Operational Risk	**7,624**	6,688	**610**	535
Total Risk-Weighted Assets	**60,303**	63,297	**4,825**	5,049

Loan Impairment Charges/Impaired Loans

	At	
	31 Dec 2025	31 Dec 2024
(in million of euros/%)	**€m**	€m
Total Gross loans	**49,120**	57,479
Total Impaired loans (B)[1]	**1,361**	1,613
Impaired loans %	**2.77%**	2.81%
Total loan impairment charge at 31 December	**(166)**	(91)
Impairment allowances (A)[1]	**(454)**	(362)
Impairment ratio: A/B	**33.36%**	22.44%

1 Including only stage 3 and POCI.

Approach to managing risk

HSBC Continental Europe's risk appetite

HSBC Continental Europe’s risk appetite defines the level and types of risk that we are willing to take to achieve its strategic objectives.

The Board reviews and approves the risk appetite regularly to make sure it remains fit for purpose.

HSBC Continental Europe's enterprise-wide risk appetite is expressed holistically through various risk management mechanisms and activities, in both quantitative and qualitative terms and is formally articulated through its Risk Appetite Statement (‘RAS’).
The risk appetite is considered, developed and enhanced through the following principles:

- alignment with our strategy, purpose, values, external risk
- environment, reputational and customer needs;
- compliance with applicable laws, regulations and regulatory priorities;
- forward looking insights into future risk exposure;
- sufficiency of available capital, liquidity and balance sheet leverage to absorb the risks;
- capacity and capabilities of people to manage the landscape;
- functionality, capacity and resilience of available systems to manage the risk landscape;
- effectiveness of the applicable control environment to mitigate risk; and
- internally and externally disclosed commitments.

Performance against the RAS is reported to the Risk Management Meeting ('RMM') to support targeted insight and discussion on breaches of risk appetite and any associated mitigating actions. This reporting allows risks to be promptly identified and mitigated, and informs risk-adjusted remuneration to drive a strong risk culture.

Risk management

HSBC Continental Europe recognises that the primary role of risk management is to protect its customers, business, colleagues, shareholders and the communities that it serves, while ensuring that the Bank is able to support its strategy and provide sustainable growth.

In addition, HSBC Continental Europe recognises the importance of a strong risk culture, which refers to its shared attitudes, values and standards that shape behaviours including those related to risk awareness, risk taking and risk management. All HSBC Continental Europe's people are responsible for the management of risk, with ultimate supervisory oversight residing with the Board.

The Risk function is led by the Chief Risk Officer, who is responsible for the risk management framework ('RMF') of HSBC Continental Europe.

This responsibility includes establishing risk policy, monitoring risk profiles, and forward-looking risk identification and management. Risk is made up of sub-functions covering all risks of HSBC Continental Europe activities. The Risk function is part of the Second Line of Defence, and is independent from commercial activities.

Stress testing

HSBC Continental Europe operates a comprehensive stress testing program that supports its risk management and capital planning. It includes execution of stress tests mandated by its regulators to assess vulnerabilities in individual banks and/or the financial banking sector under hypothetical adverse scenarios. The stress testing program is supported by dedicated teams and infrastructure and is overseen at the most senior levels of the bank, as stress test outcomes are presented to the HSBC Continental Europe Risk Committee and Board.

Stress testing assesses the capital and liquidity strength of the bank through a rigorous examination of its resilience to external shocks. It also helps it understand and mitigate risks, inform its decisions about capital and liquidity levels (including the risk appetite statement) and confirm the strength of its strategic and financial plans. As well as undertaking regulatory-driven stress tests, HSBC Continental Europe conducts its own internal stress tests, such as macroeconomic and event-driven stress tests, concentration risk stress tests on specific portfolios, market risk stress tests or reverse stress tests implying potential extreme conditions that would make the business model of the bank non-viable. Some of these internal stress tests are included in the Recovery Plan that helps understand the likely outcomes of adverse business or economic conditions and in the identification of appropriate risk mitigating actions.

In 2025, HSBC Continental Europe performed a range of stress tests within the stress testing program and reported the results of these stress tests to senior management. The macroeconomic internal stress tests, conducted throughout 2025, considered combinations of various potential impacts, in particular geopolitical tensions, financial instability, interest rate shocks, FX volatility, deep recession, supply chain disruption, climate and nature risk and operational risk.

Stress testing scenarios are usually centrally coordinated by HSBC Risk and Finance teams, and broken down into regional and country scenarios to ensure global consistency.

To have an appropriate coverage of the specific risks faced by HSBC Continental Europe, scenarios specific to Continental Europe are also developed by HSBC Continental Europe’s Risk and Finance teams, with the support of expert panels.

Regulatory stress tests

Stress testing is also an important regulatory tool to assess the resilience of the banking sector and of individual banks to adverse economic or financial developments.

The results inform regulators of the capital adequacy of individual institutions and can have an effect on minimum capital requirements, and therefore the payment of dividends, going forward.

HSBC Continental Europe is subject to regulatory stress testing, including the EU-wide stress test coordinated by the European Banking Authority.

Risk management framework

HSBC Continental Europe aims to use a comprehensive risk management approach across the organisation and across all risk types, underpinned by its culture and values. This is outlined in the RMF, including the key principles and practices that HSBC Continental Europe's employs in managing material risks, both financial and non-financial.

The RMF sets out in a consistent way how HSBC Continental Europe identifies, assesses and manages the risks that matter the most with respect to its ability to operate, grow, and meet external commitments. It translates the strategy, values and commitments into practical actions and risk-based decisions.

The Group Risk and Compliance function is responsible for the Group's RMF. Independent from the business segments, including its sales and trading functions, it provides challenge, oversight and appropriate balance of risk and reward in decision-making. Their responsibility includes establishing global policy, monitoring risk profiles, and identifying and managing forward-looking risk.

Responsibility for managing both financial and non-financial risk, including regulatory compliance and financial crime, lies with HSBC Continental Europe employees. They are required to manage the risks of the business and operational activities for which they are responsible. HSBC Continental Europe maintains oversight of its risks through the various Risk Stewards, as well as the accountability held by the chief risk and compliance officers.

HSBC Continental Europe maintains an effective and sound control environment and regularly tests and monitors the effectiveness of its controls, which aim to prevent risks from materialising, detect when they do, and recover and learn from issues in a timely manner within its risk appetite.

HSBC Continental Europe's ongoing focus is on helping to ensure more effective oversight and better end-to-end identification and management of financial and non-financial risks. This is overseen by the Enterprise Risk Management function.

Non-financial risk includes some of the most material risks HSBC Continental Europe faces, such as Technology, Cyber and Security Risks, Data Risk, Model Risk and geopolitical risks.

All of HSBC Continental Europe's activities are monitored and managed to be compliant with local regulations and Group standards and procedures.

Risk governance

The Board has ultimate supervisory responsibility for the effective management of risk.

The Chief Risk Officer ('CRO'), supported by members of the risk management meeting ('RMM'), holds executive accountability for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the risk management framework.

The CRO is also responsible for the oversight of reputational risk, with the support of the Reputational Risk Committee.

Day-to-day responsibility for risk management is delegated to senior managers with individual accountability for decision making.

HSBC Continental Europe uses a defined executive risk governance structure to help enable appropriate oversight and accountability of risk, which facilitates reporting and escalation to the Risk Management Meeting.

The HSBC Continental Europe Risk Committee focuses on risk governance and seeks to ensure a forward-looking view of risks and their mitigation.

The Risk Committee is a committee of the Board and has responsibility for oversight and advice to the Board in its supervision of, amongst other things, the Bank's risk appetite, tolerance and strategy, systems of risk management, internal control and compliance. Additionally, members of the Risk Committee attend meetings of the bank's Nomination, Remuneration and Governance Committee at which the alignment of the reward structures to risk appetite is considered.

In carrying out its responsibilities, the Risk Committee is closely supported by the Chief Risk Officer, the Chief Financial Officer, the Head of Internal Audit and the Chief Compliance Officer with other business/functions for risks within their respective areas of responsibility.

In addition to the role of the non-executive Risk Committee, the HSBC Continental Europe Risk Management Meeting, is the overarching executive management committee of both financial and non-financial risk management.

Chaired by the Chief Risk Officer, the Risk Management Meeting met 5 times in 2025 in order to examine the major risks faced by HSBC Continental Europe.

It reviews financial and non-financial risks for the HSBC Continental Europe perimeter and the evolution of action plans put in place in order to mitigate identified risks. The HSBC Continental Europe Risk Management Meeting reports functionally to its European equivalent in the HSBC Group and to the HSBC Continental Europe Risk Committee and OpCo.

This framework is completed by dedicated risk forums and working groups for specific risks in businesses and functions combining the various levels of internal control, in order to manage, monitor and control HSBC activities within HSBC Continental Europe.

The control framework

In compliance with the requirements of the French Order of 3 November 2014 modified on 25 February 2021 and the HSBC Group requirements, a permanent control and risk management framework has been established in HSBC Continental Europe.

The Chief Risk Officer and the Chief Compliance Officer of HSBC Continental Europe are responsible for the permanent control within HSBC Continental Europe's perimeter.

The key responsibility for control falls to the managers of the various businesses and functions who must ensure that primary controls are conducted in a proper manner.

Operational activities need to be covered by a second-level of permanent control.

The HSBC Group risk taxonomy

To help ensure consistency and comparability in risk categorisation across the Group, HSBC Continental Europe uses a standardised set of risk types known as the HSBC risk taxonomy.

These are categorised as financial risks and non-financial risks. Non-financial risk includes, but is not limited to, those risks captured under the Basel definition for Operational Risk.

HSBC Continental Europe has five level 1 financial risk types and seven level 1 non-financial risk types, as listed below:

Financial Risks	**Non- Financial Risks**
Treasury Risk	Financial Reporting and Tax Risk
Retail Credit Risk	Resilience Risk
Wholesale Credit Risk	Financial Crime Risk
Traded Risk	People Risk
Strategic Risk	Regulatory Compliance Risk
	Legal Risk
	Model Risk

Tools

In compliance with the French Order of 3 November 2014, modified on 25 February 2021, referring to bank's permanent control system, a framework is set up in each entity to monitor its risks.

Inherent and residual risks are assessed for each line of business, activities and functions and are documented in an RCA (Risk and Control Assessment) recorded in the HSBC Risk system (Helios). Assessments are undertaken on an ongoing basis and whenever a trigger event occurs requiring a reassessment of the risk and the related control coverage.

The risk profile of all HSBC Continental Europe's activities is presented formally at least annually by the First Line of Defence to the Chief Risk Officer in attendance of the concerned Risk Stewards, the Head of Operational and Resilience Risk function and Internal Audit.

The objective of the exercise is to ensure that assessment and management of non-financial risks is consistent across Businesses and Functions and in line with the HSBC risk management framework as well as European and French regulation.

Three lines of defence

All of HSBC Continental Europe's people are responsible for identifying and managing risk within the scope of their roles. Roles are defined using the three lines of defence model, which takes into account our business and functional structures as described below.

To create a robust control environment to manage risks, HSBC Continental Europe uses an activity-based three lines of defence model, whereby the activity a member of staff undertakes drives which line they reside within. This model delineates management accountabilities and responsibilities for risk management and the control environment.

The model underpins the bank's approach to manage risk by clarifying responsibility, encouraging collaboration and enabling efficient coordination of risk and control activities.

The three lines are summarised below:

– The First Line of Defence ('1LoD') owns the risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite, and ensuring that the right controls and assessments are in place to mitigate them.
– The Second Line of Defence ('2LoD') challenges the First Line of Defence on effective risk management, and provides advice and guidance and assurance of the First Line of Defence to ensure it is managing risk effectively.The 2LoD is independent of the risk-taking activities undertaken by the 1LoD as defined by the Article 14 of the French Order of 3 November 2014 modified on 25 February 2021. The 2LoD includes Assurance teams which are dedicated to second level of permanent control activities for all risks.
– the Third Line of Defence ('3LoD') is the Internal Audit function, which provides independent assessment to senior management and to the Audit Committee as to whether HSBC Continental Europe's management, governance and internal control processes are designed and operated effectively.

Permanent Control Activities

The permanent control activities are primarily based on first-level controls carried out by the 1LoD composed by the Businesses, Functions, and Global Infrastructure, which are responsible for their day-today activities and processes, the management of the resulting non-financial risks, and the first-level controls to mitigate those risks.

The purpose of these first-level controls is to ensure that all activities are conducted in accordance with all internal, external and regulatory requirements.

An independent control framework owned by the 2LoD completes this set of first-level controls. Key roles in the independent control framework include:

– Risk Stewards, acting as subject matter expert who set policies and control objectives/expectations to manage risks, providing advice and guidance to support these policies, and providing challenge and oversight to the First LOD to ensure it is managing risk effectively. They regularly review the Risk and Control Assessment ('RCA') through the "Review and Challenge" module documented in the Helios Risk Management Tool. They develop a proportionate, risk-based assurance approach for their risk type, to independently assess whether controls within the 1LOD are being managed effectively and within risk appetite, and either conduct themselves independent assurance in line with the risk-based approach or outsource the execution of assurance to a separate assurance provider, and provide oversight of any outsourced Assurance.
– Assurance teams acting as separate Assurance Providers, implement and maintain an effective second level of permanent control environment over 1LoD risks related activities. They are responsible for developing in coordination with Risks Stewards an annual assurance (permanent control) plan across all HSBC Continental Europe risk types, to assess design and operating effectiveness of key controls, to assess the completeness, accuracy and reliability of the 1LoD RCAs, to perform independent deep dive reviews into key risk areas aiming to assess compliance with Group procedures and applicable regulations, to make recommendations for process improvement, to follow up and assess the effectiveness of corrective actions, and to report and escalate key concerns to governance forums.
– Enterprise Risk Management in HSBC Continental Europe is a combined risk stewardship and oversight function, which ensures governance and management of operational risk, resilience risk and operational resilience through the delivery and embedding of effective frameworks, and continuous oversight and assurance of end-to-end processes, risks and controls. The effectiveness of 1LoD risk and control owners, and 2LoD Risk Stewards in managing non-financial risk processes and practices is reported through Risk Management Meeting.
– number of committees, forums and working groups that examine the results of controls and the main deficiencies.

To comply with the American Sarbanes-Oxley law ('SOX'), the HSBC Group has implemented since 2006 a framework for documenting and assessing internal controls, with regard to the processes and operations involved in drawing up financial statements.

HSBC Continental Europe's Finance Department is responsible for coordinating all SOX measures and summarising their results.

Twice a year, the 'SOX 4 Way Meeting', chaired by the Chief Financial Officer, reviews:

– any SOX deficiencies revealed by the three lines of defence;
– the results of tests run by the Statutory Auditors; and
– action plans progress and status.

On a regular basis, HSBC Continental Europe's Audit Committee and the Risk Committee are informed about the results of controls carried out for SOX compliance purposes and of progress made in the action plans.

Risk culture

HSBC Continental Europe's risk culture sets the values, behaviours, and attitudes that shape risk awareness, decision-making, and accountability across the bank. It is an extension of its organisational culture, guiding how the bank identifies, assesses, escalates, mitigates, and learns from risks in line with its values: we value difference; we succeed together; we take responsibility; and we get it done.

Risk culture is a practical expression of the risk management framework, embedding the shared behaviours and values into how HSBC Continental Europe manages risks. A positive risk culture is one that enables and rewards informed risk-taking, helping its people take the right risks the right way. This ensures HSBC Continental Europe's risk management approach is not only structurally sound, but also value-aligned and culturally embedded.

The Risk Culture Framework sets out the risk behaviours aligned to HSBC Continental Europe's values that describe what good looks like. It also outlines how HSBC Continental Europe assesses, monitors and strengthens risk culture to support long-term performance and deliver its strategy in a responsible and sustainable way.

The Conduct Approach sets out the Conduct outcomes which represent the positive results HSBC Continental Europe is committed to delivering for its customers and the financial markets in which it operates. These Conduct Outcomes shape the way the bank thinks and acts, especially when it faces uncertainty, risk trade-offs, or ethical dilemmas. The Conduct Approach requires that achievement of the Conduct outcomes is factored into all risk management processes. This helps ensure that the actions are not only within appetite, but also fair, transparent, and aligned with the expectations of HSBC Continental Europe's customers, regulators, and stakeholders.

HSBC uses clear and consistent employee communication on risk to convey strategic messages and set the tone from senior management and the Board. Mandatory training is also deployed on risk and compliance topics, including conduct, to embed skills and understanding in order to strengthen the company's risk culture and reinforce the expected attitude to risk expected of all employees as described in HSBC's risk policies.

Everyone involved in business with or on behalf of HSBC is required to act with high standards of personal integrity at all times.

In 2025, HSBC Continental Europe employees continued to deepen their knowledge and expertise on risk management through training programmes, awareness sessions and dedicated communications. These actions are key to ensure that all HSBC Continental Europe teams are able to identify and understand the current challenges against actual and emerging risks more globally such as ESG risks.

HSBC developed and implemented a Risk Culture dashboard in 2024. It includes the most important "Culture" metrics in one dashboard and is sourced from a variety of underlying dashboards and reports. The metrics are aligned to particular HSBC Values and there is a focus on "good customer outcomes" so that the impact to customers can be considered.

The Risk Culture dashboard is reported to each Risk Management meeting.

Key developments and risk profile

In 2025, HSBC Continental Europe continued to manage its risks related to macroeconomic and geopolitical uncertainties and develop risk management capabilities through the continued enhancement of its risk management framework.

HSBC Continental Europe works to maintain and build stronger relationships with regulators and other external stakeholders to support its business and customer objectives.

HSBC Continental Europe retained its focus on risk transformation and financial crime and continued to assess its operational resilience capability while prioritising the most significant enterprise risks.

More specifically, HSBC Continental Europe sought to enhance its risk management in the following areas:

- HSBC Continental Europe advanced its comprehensive initiative aimed at strengthening its regulatory reporting processes and making them more sustainable, including enhancements to data, consistency and controls across the process. This programme is ongoing.
- Strengthened its control environment through the continued embedding of the Global Control Oversight function which established a centralised approach to controls oversight across the first line of defence business and process owners, including a globally consistent approach to control standards, aggregated reporting and testing.
- Enhanced its technology and cybersecurity controls to help improve the resilience and security of its technology services in response to the heightened external threat environment.
- Responded to new innovations in the financial system, including the evolving use of AI through reviewing and enhancing controls across risk areas to help us and its customers safely benefit from innovation.
- Enhanced its processes, framework and controls to improve the oversight of its third parties. HSBC Continental Europe has strengthened its due diligence and monitoring capabilities, with respect to the financial stability of its third parties to better manage its supply chain and continues to assess and seek to manage its operational resilience.
- The way HSBC Continental Europe identifies and manages its climate and nature-related risks has been further enhanced. The embeddedness across the organisation has been achieved through risk policies and guideline updates, including the refinement of climate and nature risk approach documents. Additionally, further developments of risk metrics and assessment have been undertaken to help monitor and manage exposures. A number of climate models, as well as the nature-related model, have been reviewed and internal climate and nature scenario analysis capabilities have been enhanced.
- Continued to promote the whistleblowing service, HSBC Confidential, ensuring it is fully embedded in HSBC Continental Europe's speak-up culture. Continual enhancement is being undertaken to ensure optimum effectiveness of the operations, while maintaining adherence to regulation and legislation.
- Refreshed the conduct approach to ensure it remains clear, accessible and aligned with how HSBC Continental Europe works today, while maintaining the same strong standards and enhancing its capability to drive positive outcomes for its customers and protect the integrity of financial markets.

Risk factors

HSBC Continental Europe has identified a series of risk factors that cover the broad range of risks its businesses are exposed to. A number of the risk factors have the potential to have a material adverse effect on its business, prospects, financial condition, capital position, reputation, results of operations and/or its customers. A summary of these are presented below:

1 – Macroeconomic and geopolitical risks	**2 – Prudential, regulatory and legal risks to the business model of HSBC Continental Europe**	**3 – Risks related to HSBC Continental Europe's operations**	**4 – Risks related to HSBC Continental Europe's governance and internal control**	**5 – Risks related to HSBC Continental Europe's business**	**6 – Risks related to HSBC Continental Europe's financial statements**
1.1 Current macroeconomic environment risk	2.1 Changing regulatory and legal landscape risk	3.1 Model risk	4.1 Data management risk	5.1 Credit quality risk	6.1 Financial reporting risk
1.2 Liquidity risk	2.2 Tax risk	3.2 Information technology systems risk	4.2 Strategy risk	5.2 Counterparty credit risk	
1.3 Market risk		3.3 Cyber-security risk	4.3 Data Privacy risk	5.3 Insurance risk	
1.4 Environmental, Social and Governance risk		3.4 Third party risk	4.4 Financial crime risk	5.4 People risk	
			4.5 Risk management		

1 Macroeconomic and geopolitical risks

1.1 Economic and market conditions may adversely affect HSBC Continental Europe's results.

Probability: Very Likely/Impact: High (unchanged from 1H25).

HSBC Continental Europe's earnings are affected by global and local economic, financial and geopolitical changes. Uncertain economic conditions and volatile markets can create a challenging operating environment for its business operations.

HSBC Continental Europe has past experience of financial and operational losses sustained as a consequence of the economic cycle, financial crises and wars. Its earnings, operations and operating model have been and could in future be affected 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 lower customer and client activity. Rapid changes to the economic environment can also create challenging operating conditions for financial institutions such as HSBC and may affect our earnings and profits. The volatility of US trade and tariff policies remains a key source of uncertainty. Changes to tariff rates, including sector-specific levies, could further disrupt trade growth and supply chains and impose additional costs on business and households. Such policy uncertainty may also deter businesses from hiring. During 2025, unemployment rose across many markets, and there remains a risk of further increases if layoffs begin to increase more significantly, employment growth continues to be constrained by uncertainty, or if investment in artificial intelligence ('AI') starts to yield productivity gains that reduce demand for labour. Slowing growth in China over the second half of 2025 also suggests that additional economic policy support may be needed to stimulate the domestic economy and reorientate growth. Economic uncertainty for HSBC Continental Europe could also be driven by the economic situations in France and Germany.
- Inflation and monetary policy: The combined pressure of tariffs, persistent inflation and restrictive interest rates can have material impacts on HSBC Continental Europe's customers as these factors could erode real purchasing power and increase debt service costs. High interest rates may affect the credit rating of its customers and their ability to repay debt. This could negatively impact HSBC Continental Europe's risk weighted assets ('RWAs') and capital position, resulting in increases in expected credit losses and other impairment charges ('ECL') and potential liquidity stresses due to, amongst other factors, increased customer drawdowns. There could be further adverse impacts on HSBC Continental Europe's income if high rates were to result in lower lending volumes and weaker wealth and insurance revenue. Alternatively, lowering interest rates, while stimulating demand for new lending, may reduce revenue from net interest margins. Major central banks, including the US Federal Reserve, the European Central Bank and the Bank of England ('BoE'), eased monetary policy during 2025 as higher inflation risks were seen to diminish as unemployment rose. Further monetary policy easing is expected to continue.
- Financial stability: Changing economic conditions and shifting policy create a more uncertain and volatile environment for asset markets. Financial markets have seen significant gains over 2025, supported by the decline in short-term interest rates, and significant investment in the AI and the technology sectors. AI related investment may lead to future gains to productivity and growth, and high equity market valuations may create a tailwind to growth by generating positive wealth effects. However, current high valuations raise a risk of disruptive correction, where a high valuation is later corrected by a material reduction in such valuation. This could adversely affect HSBC's risk profile and earnings by increasing the financial vulnerability of customers and decreasing the value of collateral and other claims.
- Fiscal policy and high levels of government debt: In developed markets, government debt levels are rising due to higher social welfare costs and increased expenditures on defense and climate transition. Against the backdrop of weaker global growth, a high level of public debt issuance and only limited fiscal tightening,

borrowing costs for certain countries could increase further. This could adversely impact the fiscal capacity and debt sustainability of highly-indebted sovereign issuers. Emerging markets with higher levels of US dollar-denominated debt and weaker public finances could be further impacted by persistently high US interest rates which could result in higher repayment costs and refinancing risks and the possibility of sovereign rating downgrades. Where HSBC Continental Europe has exposure to such sovereigns or related parties, it could incur losses. At the same time, external sovereign rating downgrades and/or a disorderly increase in long-term government funding costs, could increase the cost of funding for HSBC and/or limit access to market funding, resulting in an adverse impact on interest margins and liquidity.

- Geopolitical Risk : Geopolitical risks remain high.

▶ For further details – see section 'Key risk management processes'on page 162.

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: 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 HSBC Continental Europe estimates;
- Sector-wide impairment: Changing economic conditions, policies and funding costs may give rise to a deterioration in specific industries and sectors. Certain sectors in various countries may be targeted by material increases in trade tariffs, with industry wide implications;
- 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: HSBC Continental Europe'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 expected credit losses ('ECL'), which uses forward looking scenarios that incorporate the economic and financial risks detailed above.

▶ For further details concerning HSBC Continental Europe's economic scenarios including the Central Scenario – see section 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 148.

Forecasts remain uncertain, and changing economic conditions and the materialisation of key risks could reduce the accuracy of the Central scenario. Forecasts in recent years have been sensitive to changing economic and financial policy, changing supply chain conditions, monetary policy expectations and the inflation outlook.

There is also uncertainty regarding the adequacy of HSBC Continental Europe's models to reflect credit losses under emerging risks which are not captured under the historical loss experience of our models, or to adequately distinguish risks for specific sectors or portfolios. The financial model outputs continue to be monitored and management judgemental adjustments are used where modelled ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late-breaking events. Nevertheless, model outputs may fail to accurately capture the effects of complex economic, financial and geopolitical risks.

▶ For further details – see also Risk Factor 3.1 – 'HSBC Continental Europe could incur losses or be required to hold additional capital as a result of model limitations or weaknesses' for additional details on how models have been impacted by higher inflation and interest rates.

HSBC Continental Europe continually assesses the impact of geopolitical and macroeconomic events.

▶ For further details – see also sections 'Economic background' on page 8 and 'Economic outlook' on page 8.

Significant uncertainties remain in assessing the duration and impact of the current macroeconomic environment.

1.2 Liquidity, or ready access to funds, is essential to its businesses.

Probability: Unlikely/Impact: High (unchanged from 1H25).

HSBC Continental Europe'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 wider HSBC Group, HSBC Continental Europe specifically or the banking sector, including our perceived or actual creditworthiness.

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

Deposits have historically been a stable source of funding, even in times of economic crisis, but under an extreme scenario this may not be the case.

HSBC Continental Europe also accesses wholesale markets in order to secure funding to align asset and liability balances, maturities and currencies, and to contribute to the financing of its lending and market activities.

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 our liquidity.

Non-favourable macroeconomic developments, market disruptions or regulatory developments may increase the funding costs or challenge the ability of HSBC Continental Europe to raise funds to support or expand its businesses.

If the Bank were unable to raise funds through deposits and/or in the capital markets, its liquidity position could be adversely affected. In such an extreme scenario, it could be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay maturing debt, or to meet its obligations under committed financing facilities and insurance contracts or to fund new loans or investments. The Bank may need to liquidate unencumbered assets to meet its liabilities.

In a time of reduced liquidity, HSBC Continental Europe may be unable to sell some of its assets, or it may need to sell assets at reduced prices, which in either case could materially adversely affect its business, prospects, financial condition, capital position and results of operations. It is difficult to predict with any degree of accuracy changes in access to funds, and the extent of the potential consequences.

Nevertheless, a number of mitigating actions and procedures – including business actions and participation in the central bank refinancing operations are in place in HSBC Continental Europe, through its Recovery Plan in order to address a potential liquidity crisis.

HSBC Continental Europe undertakes internal liquidity stress testing to supplement the regulatory Liquidity Coverage Ratio scenario to test if its risk appetite is adequate, and to validate that it can continue to operate under various stress scenarios that involve an analysis of the relevant probable or severe area of risk to HSBC Continental Europe.

HSBC Continental Europe continues to rely on its daily internal liquidity stress test metrics, complementing the regulatory Liquidity Coverage Ratio ('LCR'), for the operational day-to-day management of the Bank's liquidity position. The assumptions and results of these internal stress tests are reviewed by the Asset, Liability, and Capital Management Committee ('ALCO') and presented through the Internal Liquidity Adequacy Assessment Process to the Board.

1.3 Market fluctuations may reduce HSBC Continental Europe's income or the value of its portfolios.
Probability: Likely/Impact: Medium (unchanged from 1H25).

HSBC Continental Europe 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, equity and bond prices, and the risk that customers act inconsistently with HSBC Continental Europe's business, pricing, and hedging assumptions.

Market pricing can be volatile and ongoing market movements could significantly affect 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 risks of market volatility or changes in margin levels remain high.

Competitive pressures on fixed rates or product terms for existing loans and deposits may restrict HSBC Continental Europe's ability to change interest rates to its customers in response to changes in wholesale market rates.

HSBC Continental Europe's insurance business in Malta is 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 its insurance products in a number of ways depending upon the product and 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 business, with their excess capital invested in the markets. Moreover, some insurance contracts involve guarantees and options that increase in value in adverse investment markets. There is a risk that the insurance business 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 its operating results, financial condition and prospects.

▶ For further details – see also section 'Market risk in 2025' on page 162.

As at 31 December 2025, Market Risk RWAs were EUR 3.95 billion.

▶ For further details – see Market Risk tables in the HSBC Continental Europe Pillar 3 document.

1.4 HSBC Continental Europe is subject to financial and non-financial risks associated with Environmental, Social and Governance ('ESG') related matters, such as climate change, nature-related risk, and human rights issues.
Probability: Likely/Impact: Medium (unchanged from 1H25).

ESG related matters such as climate change, society's impact on nature and human rights issues bring risks to HSBC Continental Europe's business and customers in addition to the wider society.

HSBC Continental Europe is subject to financial and non-financial risks associated with ESG-related matters, such as climate change, nature-related and human rights issues. These matters can impact the Bank both directly and indirectly through its business activities and relationships.

Credit risk and trading losses, liquidity impacts and/or impacts to real estate portfolio may be faced if climate and environmental -related regulatory, legislative or technological developments impact customers' business models or if extreme weather events disrupt or interrupt operations, resulting in financial difficulty for customers and/or stranded assets, and impacting their ability to repay their debt or secure insurance 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 or ecosystem services degradation.

Operational risk may also increase if extreme weather events impact critical operations and premises.

Regulatory compliance, legal, conduct and reputational risks may result from the increasing pace, breadth and depth of climate and nature-related regulatory expectations, including on the management of climate and nature risks, and variations in external ESG-related reporting standards and taxonomies, requiring implementation in short timeframes.

Such risks may also arise from how the Bank decides to support its customers in high-emitting sectors in their transition to net zero, the preferences of different stakeholders in relation to the HSBC Group approach to the transition to net zero, and if insufficient progresses is made in achieving HSBC Group ESG-related ambitions, targets and commitments.

Additional risks may be faced if the Bank knowingly or unknowingly makes inaccurate, unclear, misleading, or unsubstantiated claims regarding sustainability to its stakeholders.

Financial reporting risks concerning HSBC Continental Europe climate and ESG disclosures may be encountered due to model limitations and the limited quality and consistency of available data. This situation 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 Bank ability to collect and process required data may be challenged, exposing HSBC Continental Europe to financial reporting risk in relation to its ESG disclosures. Such developments could also necessitate revisions to its internal measurement frameworks and reported data, including on financed emissions, making year-on-year comparisons difficult. This could result in the 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.

Beyond climate change and nature-related risks, human rights risk is identified as one of the primary drivers of social risk. 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 HSBC Continental Europe.

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

2 Prudential, regulatory and legal risks to the business model of HSBC Continental Europe

2.1 HSBC Continental Europe is subject to numerous new and existing legislative and regulatory requirements, and the risk of failure to comply with applicable regulations at least temporarily.

Probability: Very Likely/Impact: High (unchanged from 1H25).

HSBC Continental Europe's businesses are subject to ongoing regulation, policies, voluntary codes of practice and interpretations in the various markets in which it operates.

A number of regulatory changes affecting the HSBC Group have effects beyond the country in which they are enacted. Increased fragmentation in regulatory requirements may limit the 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 HSBC Continental Europe's 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:

- 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, and the application of an RWA output floor;
- Increased supervisory expectations arising from expanding and increasingly complex regulatory reporting obligations, including expectations on data integrity and associated governance and controls. To address these expectations, HSBC Continental Europe has advanced a programme aimed at strengthening its regulatory reporting processes and making them more sustainable. This programme includes enhancing data, consistency and controls;
- 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 concerns regarding the growth of private markets and their interconnection with banks.

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. HSBC Continental Europe also continues to focus on employee culture and behaviour, whistleblowing, and inclusion;
- 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, including those arising out of the application of the EU's Digital Operational Resilience Act ('DORA'), which came into effect in January 2025;
- Regulatory expectations and requirements around the use of AI, including in connection with the implementation of the EU's AI Act;
- The supervisory and regulatory focus on technology adoption and digital delivery, underpinned by customer protection, including in respect of the use of digital assets and currencies and wider financial technology risks.
- Compliance with existing and future ESG-related risk management and disclosure requirements applicable to banks and businesses more generally, particularly those relating to climate change, transition plans, greenwashing and supply chain due diligence (such as the proposed amendments to the EU's Sustainable Finance Disclosure Regulation ('SFDR') and proposed changes to the Corporate Sustainability Reporting Directive ('CSRD') and the Corporate Sustainability Due Diligence Directive ('CSDD') in the EU.
- Continuing supervisory and regulatory change globally on payment services and related infrastructure, including future changes in the EU as a result of the EU's Third Payment Services Directive ('PSD3') and an accompanying Payment Services Regulation, which are expected to come into force in 2026; 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 increasingly complex sanctions and trade restrictions.

2.2 HSBC Continental Europe, its branches and its subsidiaries are subject to tax-related risks in the countries in which they are established.

Probability: Likely/Impact: Medium (unchanged from 1H25).

HSBC Continental Europe, its branches and its subsidiaries are subject to the substance and interpretation of tax laws in all countries in which they are established and therefore are subject to routine reviews and audits by tax authorities in relation thereto.

The Bank's interpretation or application of these tax laws may differ from those of the relevant tax authorities. HSBC Continental Europe, its branches and its subsidiaries record provisions for potential tax liabilities that may arise based on the amounts expected to be paid to the tax authorities. The amounts ultimately paid may differ materially from the amounts set aside in such provisions depending on the ultimate resolution of such matters.

Due to major restructuring and notably business reorganisation over recent years, transfer pricing risk has increased for the bank. In that respect, HSBC Continental Europe ensures compliance with the relevant transfer pricing rules in each location to mitigate the tax risk. However, transfer pricing remains a subject of particular focus by the tax authorities highlighted by the recent reforms which will further strengthen the tax authorities' powers. This requires monitoring in view of the practice of the tax authorities to systematically verify the principles applied by international groups carrying out intra-group transactions.

Since 2023, the French National Financial Prosecutor ('PNF') had been investigating HSBC Continental Europe and the Paris branch of HSBC Bank plc, in connection with alleged tax fraud related to the dividend withholding tax treatment of certain trading activities. In January 2026, HSBC Bank plc reached an agreement with the PNF to resolve its investigation. HSBC Bank plc paid a total of €302m and this matter is now closed. The investigation into HSBC Continental Europe was closed with no further action.

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

▶ For further details – see Note 33 (section Tax-related investigations) on page 253.

HSBC Continental Europe continues to monitor recent developments in the French tax law to ensure it remains compliant and has continued to strengthen its internal controls.

It is also worth noting that tax rules are becoming increasingly complex and continue to evolve. Changes to international tax rules potentially create additional risks for all banks including HSBC Continental Europe.

On 20 June 2023, legislation was substantively enacted in the UK, the jurisdiction of HSBC Continental Europe's ultimate parent entity, HSBC Holdings plc, to introduce the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit Shifting ('BEPS'), with effect from 1 January 2024. At the year-end 2023, legislation was also enacted in France to implement the model rules, as well as a qualified domestic minimum top-up tax, with effect from 1 January 2024. Similar rules have been also enacted across Continental Europe, and notably in the locations where HSBC Continental Europe operates.

Under these rules, a top-up tax liability arises where the effective tax rate of the Group's operations in France, calculated based on principles set out in the OECD's Pillar Two model rules, is below 15 per cent.

Based on the outlook for 31 December 2025, HSBC Continental Europe in France is loss-making and should meet the transitional safe harbour test, as such no top-up tax is expected. Ireland has an effective tax rate below the minimum level of taxation of 15 per cent and the forecasted tax impact is EUR 2.9 million (USD 3.3 million).

3 Risks related to HSBC Continental Europe's operations

3.1 HSBC Continental Europe could incur losses or be required to hold additional capital as a result of model limitations or weaknesses.

Probability: Very Likely/Impact: High (unchanged from 1H25).

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

HSBC 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 such information for purposes for which it was not designed or by limitations arising from the uncertainty inherent in predicting or estimating future outcomes.

Risks arising from the use of models could have a material adverse effect on HSBC Continental Europe's business, financial condition, results of operations, prospects, capital position and reputation.

Regulatory scrutiny and supervisory concerns over banks' use of models are considerable, particularly the internal models used in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner or if those models are subject to negative feedback from regulators, HSBC Continental Europe could be required to hold additional capital.

Model risk remains a key area of focus given the regulatory scrutiny in this area.

IFRS 9 models may generate outputs that do not accurately assess the actual level of credit quality in all cases. In order to calculate more realistic valuation of assets, compensating controls, such as post model management adjustments based on expert judgement may be required. Such compensating controls require a significant degree of management judgment and assumptions. There is a risk that future actual results may differ from such judgments and assumptions. Longer term, the models are likely to require redevelopment to consider the effects of changes in rates and financial markets.

▶ For further details concerning risk weighted assets as at 31 December 2025, refer to 'Overview of risk weighted exposure amounts' in the HSBC Continental Europe Pillar 3 document. These numbers are for a large part computed using internal models.

Likewise, models are used to infer the fair value of some financial instruments, such as over-the-counter derivatives ('OTC'), whose price cannot be directly observed on trading platforms: in these cases, models compute a fair value by leveraging the prices of similar observable financial instruments.

These may be based on observable inputs only ('Level 2' fair value accounting) or, in some cases, on some unobservable inputs that have to be prudently estimated ('Level 3' fair value accounting).

▶ For further details concerning fair values of financial instruments carried at fair value as at 31 December 2025, refer to Note 13 on page 229.

The adoption of more sophisticated modelling approaches including artificial intelligence by both HSBC Continental Europe and the financial services industry could also lead to increased model risk that will have to be managed in compliance with the EU AI Act.

HSBC Continental Europe's commitment to changes to business activities due to climate and sustainability challenges have an impact on model risk. Models play an important role in risk management and financial reporting of climate related risks. Climate risk modelling poses specific challenges, such as uncertainty of the long-dated impacts of climate change and lack of robust and high-quality climate related data.

3.2 HSBC Continental Europe's operations are highly dependent on its information technology systems.
Probability: Likely/Impact: High (unchanged from 1H25).

HSBC Continental Europe operates in an extensive and complex technology landscape, which must remain resilient in order to support customers, the Group and markets globally. Risks arise where technology is not understood, maintained, or developed appropriately.

The reliability and security of HSBC Continental Europe's information technology infrastructure is crucial to the bank's operations and the provision of financial services to its customers and protecting the HSBC brand.

The effective functioning of HSBC Continental Europe'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 with the main data processing centres, are important to HSBC Continental Europe's operations.

Critical system failure, extended service unavailability or a material breach of data security, particularly of confidential customer data, could compromise HSBC Continental Europe's ability to serve its customers. This could lead to breaches of regulations and could cause long-term damage to its business and brand that could have a material adverse effect on its business, financial condition, results of operations, prospects and reputation.

In 2025, 6 IT incidents (including incidents with third parties) were reported to local regulators following the revised incident management process aligned to the DORA requirements which came into effect in January 2025.

▶ For further details – see also Risk Factor: HSBC Continental Europe's operations use third party and intra-Group suppliers and service providers.

HSBC is continuing to invest in strengthening the resilience of its technology infrastructure and the further alignment of IT systems across HSBC Continental Europe, ensuring an appropriate and consistent control environment across the IT landscape.

There was a net operational loss of EUR0.14 million related to information technology in 2025 (EUR 0.0 million in 2024).

3.3 HSBC Continental Europe remains susceptible to a wide range of cyber security risks that impact and/or are facilitated by technology.
Probability: Likely/Impact: High (unchanged from 1H25).

The threat of cyber incidents remains a concern for HSBC Continental Europe, as it does across the financial sector and other industries. As cyber-threats continue to evolve, failure to protect HSBC Continental Europe's operations may result in disruption for its customers, and its business, cause financial loss or loss of sensitive data. This could have a negative impact on the bank's customers, and its own reputation, among other risks.

Adversaries attempt to achieve their objectives by compromising HSBC and related third party systems. They use techniques that include malware (including ransomware), exploitation of both known and unpublished (zero-day) vulnerabilities in software, phishing emails, distributed denial of service, as well as potentially physical compromise of premises, or coercion of staff. Customers may also be subject to these constantly evolving cyber-attack techniques. HSBC Continental Europe, like other financial institutions, experiences numerous attempts to compromise its cyber security.

Cyber security risks will continue to increase, due to continued increase of services delivered over the internet; increasing reliance on internet-based products, applications and data storage; and an increased use of hybrid working models by HSBC's employees, contractors, third party service providers and their sub-contractors.

A failure in HSBC's adherence to its cyber security policies, procedures or controls, employee wrongdoing, or human, governance or technological error could also compromise HSBC Continental Europe's ability to defend against cyber-attacks. Should any of these cyber security risks materialise, they could have a material adverse effect on its customers, business, financial condition, results of operations, prospects and reputation.

There have been no material cyber-related breaches that impacted HSBC Continental Europe customers or operations in 2025 due to controls in place despite numerous attacks being observed on a daily basis. However, the risk remains that future cyber-related attacks, either directly or via one of its suppliers, could have a material adverse effect on HSBC Continental Europe's business, financial condition, results of operations, prospects and reputation.

3.4 HSBC Continental Europe's operations use third party and intra-Group suppliers and service providers.
Probability: Likely/Impact: Medium (unchanged from 1H25).

In line with HSBC Continental Europe's outsourcing and Information and Communication Technology ('ICT') Third Party risk strategy, there is reliance on external and intra-Group third parties to supply goods and services. The activities outsourced are diverse and relate, for example, to reporting, risk management and securities custody. The CIB COO organisation is supporting the Global Businesses and Global Functions' operations and technology infrastructure and has the highest number of material outsourced services, mainly intra-Group services. Internal service providers are located on different continents which helps ensure business continuity between the different locations. Among the branches and subsidiaries of HSBC Continental Europe, France (including the French subsidiaries) is the country that outsources the most material services, followed by Malta and Luxembourg.

The use of third-party suppliers and service providers by financial institutions is a particular focus of the regulators. This includes how outsourcing decisions are made, how key relationships are managed and our understanding of third-party dependencies and their impact on service provision.

Risks arising from the use of third parties and from supply chains, such as risks related to operational incidents, financial stability, cyber-attacks and geopolitical tension are particularly important and challenging to manage. The threat of cyber-attacks on our providers and supply chain remains a concern for HSBC Continental Europe, as it does across the entire financial sector as cyber events may result in disruption for customers or impact the data shared.

The inadequate management of third party risk could impact HSBC Continental Europe's ability to meet strategic, regulatory and client expectations. This may lead to a range of impacts, including regulatory censure, penalties or damage both to shareholder value and to HSBC Continental Europe's reputation. Any outsourcing of a material service needs to be validated in the HSBC Continental Europe Risk Management Meeting and then notified to regulators.

In 2025, HSBC Continental Europe continued to enhance its Third-Party Management and Global Register systems.

In terms of regulatory change, HSBC Continental Europe successfully implemented the Digital Operational Resilience Act ('DORA')covering the Register of Information ('ROI'), ICT determination, Important Business Service Mapping ('IBS'), materiality and risk assessments.

HSBC Continental Europe also enhanced its processes, framework and controls to improve the oversight of its third parties and has strengthened its due diligence and monitoring capabilities, with respect to the financial stability of its third parties to better manage its supply chain. HSBC Continental Europe continues to assess and seek to manage its operational resilience.

4 Risks related to HSBC Continental Europe's governance and internal control

4.1 HSBC data management may not be robust enough to support the increasing data volume and evolving regulations.

Probability: Very Likely/Impact: High (unchanged from 1H25).

As HSBC Continental Europe has become more data-driven and its business processes moved to digital channels, the volume of data that the bank relies on has increased.

As a result, management of data (including data retention 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. This could have a material adverse effect on the Bank's business, prospects, financial results and reputation.

HSBC Continental Europe did not suffer any significant data-related incidents linked to increasing data volumes or evolving regulations in 2025.

Over recent years, the regulatory expectations related to data management and data architecture have increased considerably, primarily driven by by BCBS 239. The objective of BCBS 239 is to enhance the risk management and decision-making processes at banks for effective risk data aggregation and reporting.

4.2 The delivery of HSBC Continental Europe's strategy is subject to execution risk.

Probability: Likely/Impact: High (unchanged from 1H25).

Effective management of transformation projects is required to deliver the Group's strategic priorities; both externally driven programmes and key business initiatives to deliver growth, operational resilience and efficiency outcomes.

The scale, complexity and, at times, concurrent demands of the projects required to meet these can result in heightened execution risk.

HSBC Continental Europe has a clear and focused strategy that is consistent with the HSBC Group's strategy.

▶ For further details – see 'HSBC strategy implemented in Continental Europe' on page 6.

Within this framework, the strategy in Continental Europe is to focus on customers that value the HSBC network, leveraging its strengths in transaction banking, trade, capital markets and financing and increasing the cross-business and synergies between the HSBC Group's different entities across the globe, while ensuring an efficient operating model across HSBC Continental Europe's operations.

HSBC Continental Europe continues to adapt its operating model, implementing a number of programmes in support of the activities of HSBC Continental Europe while ensuring compliance with regulatory requirements.

The development and implementation of HSBC Continental Europe's strategy requires difficult, subjective and complex judgements, including forecasts of economic conditions in Continental Europe but also in other parts of the world. HSBC Continental Europe may fail to correctly identify the relevant factors in making decisions as to capital deployment and cost reduction.

HSBC Continental Europe may also encounter unpredictable changes in the external environment that are unfavourable to its strategy. The bank's ability to execute strategic change may be limited by its operational capacity, effectiveness of its change management controls and instituting and maintaining appropriate transitional arrangements and the potential for unforeseen changes in the market and/or regulatory environment in which it operates.

Robust management of critical time-sensitive and resource intensive projects is required to effectively deliver HSBC Continental Europe's strategic priorities. The cumulative impact of the collective change initiatives in progress within HSBC Continental Europe has been significant and has had a direct impact on HSBC Continental Europe's employees.

The global economic outlook also continues to remain uncertain. Therefore, there remains a risk that, in the absence of an improvement in economic conditions, HSBC Continental Europe's cost and investment actions may not be sufficient to achieve the expected benefits.

The failure to successfully deliver or achieve the expected benefits of the HSBC Continental Europe's key strategic initiatives could have a material adverse effect on its customers, the business it undertakes, financial results and future prospects, operational resilience and reputation.

Execution risk linked to ongoing projects is being managed and tracked by a dedicated committee.

4.3 The increasing volume of personal data processing activities and of cross-border data transfers may lead to significant data privacy breaches.
Probability: Likely/Impact: Medium (unchanged from 1H25).

HSBC Continental Europe's businesses and functions rely on the processing of a large volume of personal data. These data are increasingly processed in non-EU jurisdictions so as to fulfil operational requirements.

Whilst the offshoring of personal data processing activities has notable benefits, it also considerably increases the risk that the personal data in question will be processed in a manner which is incompatible with the high standards imposed by GDPR and the Schrems II ruling.

Whilst no significant incident relating to cross-border personal data processing activities occurred in 2025, the Schrems II and GDPR risks remain topical in 2026.

Failure to comply with data privacy laws and other legislation in the jurisdictions in which HSBC Continental Europe operates may result in regulatory sanctions. Any of these failures could have a material adverse effect on its business, financial condition, results of operations, prospects, and reputation.

4.4 HSBC Continental Europe is subject to the risk of financial crime and third parties may use the bank as a conduit for illegal activities without its knowledge
Probability: Likely/Impact: Medium (unchanged from 1H25).

Financial crime risk is the risk that HSBC's products and services will be exploited for criminal activity. This includes fraud, bribery and corruption, tax evasion, sanctions and export control violations, money laundering, terrorist financing and proliferation financing. Financial crime risk arises from day-to-day banking operations involving customers, third parties and employees.

Financial institutions remain under considerable regulatory scrutiny regarding their ability to detect and prevent financial crime as we operate in an ever-changing environment due to increasingly complex geopolitical tensions and macroeconomic factors as well as, evolving international financial crime regulations. Within the European Union, HSBC is actively monitoring the Regulatory changes with the implementation of the EU AML Regulation in 2027. In addition, the accessibility and increasing sophistication of generative AI brings financial crime risks. While there is potential for the technology to support financial crime detection, there is also a risk that criminals use generative AI to perpetrate fraud, particularly scams.

HSBC Continental Europe's ability to manage financial crime risk is dependent on the use and effectiveness of its financial crime risk assessments, systems and controls. Weak or ineffective financial crime processes and controls may risk HSBC inadvertently facilitating financial crime which may result in regulatory investigation, sanction, litigation, fines and reputational damage.

HSBC Continental Europe is required to comply with applicable financial crime laws and regulations, and has adopted various Financial Crime policies, procedures and controls aimed at preventing the exploitation of HSBC's products and services for criminal activity.

Furthermore, annual Global financial crime mandatory training is provided to all colleagues in HSBC Continental Europe, with additional targeted training tailored to certain individuals.

HSBC Continental Europe continues to make progress with several key financial crime risk management initiatives such as with the deployment of our intelligence-led, dynamic risk assessment (capability for customer account monitoring replacing rule based monitoring). Over 2024-2025 deployments have been completed for France, Malta, Spain, Ireland and Poland. The Bank is also deploying a next generation capability to increase monitoring coverage of correspondent banking type activity with successful deployments completed in France, Poland, Spain, Ireland, Malta, the Netherlands and Luxembourg.

HSBC Continental Europe remains focused on embedding these new tools and processes to be operationally effective with an ambition to decrease the time to detect potential risks.

Sanctions and trade restrictions are complex. In particular the significant sanctions and trade restrictions against Russia. In December 2023, the US established a new secondary sanctions regime, providing itself broad discretion to impose severe sanctions on non-US banks that are knowingly or even unknowingly engaged in certain transactions or services involving Russia's military-industrial base. This creates challenges associated with the detection or prevention of third-party activities beyond HSBC's control. The imposition of such sanctions against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC. Lastly, in terms of internal control enhancements, HSBC Continental Europe has been making process improvements to list management and alert adjudication as these are integral to managing the rapidly changing Sanctions and trade restrictions environment.

▶ For further details concerning tax related investigations – see Note 33 (section Tax-related investigations).

4.5 HSBC Continental Europe's risk management measures may not be successful.
Probability: Likely/Impact: Medium (unchanged from 1H25).

Risk management is an integral part of HSBC Continental Europe's activities. Risk represents the exposure to uncertainty and the resulting variability of return. Specifically, risk equates to the adverse effect on profitability or financial condition arising from different sources of uncertainty, including but non exhaustively credit risk, market risk, non-traded market risk, operational risk, insurance risk, concentration risk, liquidity and funding risk, litigation risk, reputational risk, strategic risk, pension risk and regulatory risk.

To manage its risks, HSBC Continental Europe uses a range of risk tools amongst which:

– The Risk Map is an integrated risk management tool used to assess, monitor and report the current risk profile, including the qualitative statements, Risk Drivers and Top Risks of the Bank. It provides a point-in-time view of the enterprise-wide risk profile across both financial and non-financial risks against the risk appetite approved by the Board. The qualitative statements set out the top-level description of the Bank's appetite for specific risk types, that define the residual risk the Bank is comfortable or accept taking to achieve strategic aims and the residual risk that cannot be tolerated. A Risk Driver is an issue or event that may cause risk to be outside of appetite and a Top Risk is a Risk Driver that the Bank is managing, which if not managed and mitigated has the potential to have a material impact. Thematic Issues are broad, overarching material matters that are driven by either internal (e.g. internal operating environment) or external; (macroeconomic factors/regulatory demands) events or trends. They typically span multiple Level 1 risk categories; and

– The Risk Appetite Statement.

▶ For further details concerning the Risk Appetite Statement - see section "HSBC Continental Europe's risk appetite" on page 124.

Whilst HSBC Continental Europe employs a broad and diversified set of risk monitoring and mitigation techniques, such methods and the judgements that accompany their application cannot anticipate every unfavourable event or the specifics and timing of every outcome.

Failure to manage risks appropriately could have a material adverse effect on the businesses, financial condition, results of operations, prospects, capital position, strategy and reputation of the bank.

5 Risks related to HSBC Continental Europe's business

5.1 Risks concerning borrower credit quality are inherent in HSBC Continental Europe's businesses.

Probability: Likely/Impact: High (unchanged from 1H25)).

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties (e.g. reinsurers and counterparties in derivative transactions) are inherent in a wide range of HSBC Continental Europe's businesses.

Adverse changes in the credit quality of HSBC Continental Europe's borrowers and counterparties arising from a general deterioration in economic conditions or systemic risks in the financial systems could reduce the recoverability and value of HSBC Continental Europe's assets, and result in increased credit losses.

HSBC Continental Europe estimates and recognises ECLs in its credit exposure. This process, which is critical to HSBC Continental Europe's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how the economic and geopolitical conditions, including the impact of sanctions and tariffs, and sector specific risks, might impair the ability of its 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 Gross Domestic Product estimates) and incorporates this into the ECL estimates to meet the measurement objective of IFRS 9.

As is the case with any such assessments, HSBC Continental Europe may fail to estimate accurately the effect of factors that are identified or fail to identify other relevant factors. Further, the information HSBC Continental Europe uses to assess the creditworthiness of its counterparties may be inaccurate or incorrect.

Any failure by HSBC Continental Europe to accurately estimate the ability of its counterparties to meet their obligations could have a material adverse effect on its business, financial condition, results of operations and prospects.

The level of any material adverse effect will depend on the number of borrowers and the size of the exposures involved.

HSBC Continental Europe also continues to make use of its portfolio management processes, including an early warning system to identify and monitor the most vulnerable customers.

Refinancing risk, liquidity and potential impact of tariffs remain the key points of attention for the wholesale portfolio, in the current slower GDP growth environment. The political/geopolitical context is also challenging. HSBC Continental Europe has undertaken extensive sector deep dives and tariffs reviews to seek to identify any vulnerable counterparties.

A rolling program of sector reviews is in place.

On 1 January 2024, HSBC Continental Europe completed the sale of its French retail banking operations. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of EUR 7.1 billion of home and certain other loans at the time of the sale. During the fourth quarter of 2024 HSBC Continental Europe began to actively market this retained loan portfolio for sale. On 31 October 2025, HSBC Continental Europe completed the sale of its retained portfolio to a consortium comprising Rothesay Life plc and CCF

▶ For further details concerning RWAs as at 31 December 2025 – see table: Overview of risk weighted exposure amounts in the HSBC Continental Europe Pillar 3 document.

Change in expected credit losses and other credit impairment charges was a net charge of EUR 166 million in 2025 compared to a net charge of EUR 91 million in 2024.

5.2 HSBC Continental Europe has significant exposure to counterparty risk.

Probability: Likely/Impact: High (unchanged from 1H25).

HSBC Continental Europe is exposed to counterparties that are involved in virtually all major industries, and HSBC Continental Europe routinely executes transactions with counterparties in financial services, including central clearing counterparties, commercial banks, investment banks, mutual funds, and other institutional clients. Many of these transactions expose HSBC Continental Europe to credit risk in the event of default by a counterparty or client.

HSBC Continental Europe’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. Consequently, 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 OTC derivatives, including under the EU’s European Market Infrastructure Regulation, poses risks to HSBC Continental Europe. As a clearing member, HSBC Continental Europe is required to underwrite losses incurred at a central counterparty by the default of other clearing members and their clients. Increased moves towards central clearing brings with it a further element of interconnectedness between clearing members and clients that HSBC Continental Europe believes may increase rather than reduce its exposure to systemic risk. At the same time, HSBC Continental Europe’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, credit risk for HSBC Continental Europe may remain high if the collateral held cannot be realised or has to be liquidated at prices that are insufficient to recover the full amount of the transaction’s exposure. There is a risk that collateral cannot be realised, including situations where this arises by change of law that may influence HSBC Continental Europe’s ability to foreclose on collateral or otherwise enforce contractual rights.

Liquidity and concentration of the underlying market exposure or collateral along with their potential correlation with the credit quality of the counterparty (wrong way risk) are part of the keystones of counterparty credit risk.

HSBC Continental Europe 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 may have a material adverse effect on the financial condition and results of operations of HSBC Continental Europe.

Market events and their impacts on the portfolio are closely monitored as part of HSBC Continental Europe's counterparty credit risk management.

Stress testing is also a management tool used to review the HSBC Continental Europe portfolio.

As at 31 December 2025, Counterparty Risk RWAs were EUR 5.5 billion compared to EUR 6.8 billion as at 31 December 2024.

▶ For further details – see RWAs as at 31 December 2025 – table: Overview of risk weighted exposure amounts in the HSBC Continental Europe Pillar 3 document.

5.3 HSBC Continental Europe's insurance business now only via HSBC Life Assurance (Malta) Ltd is subject to risks relating to insurance lapse risk and changes in insurance customer behaviour.
Probability: Likely/Impact: Low (changed from 1H25).

HSBC Continental Europe provides various life insurance products via HSBC Life Assurance (Malta) Ltd. The cost of 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. Unfavourable developments in any of these factors could materially adversely affect HSBC Continental Europe's business, financial condition, results of operations and prospects.

HSBC Life Assurance (Malta) Ltd is exposed to lapse risk, particularly to a one-event mass lapse. Lapses on the Protection business could be driven by the economic environment thus impacting HSBC Life Assurance (Malta) Ltd customer's behaviour toward allocating wealth toward insurance. The unit-linked book is more sensitive to the volatility of the market and low return. Mass lapses on this profitable business would reduce the expected profit, however any impact, when considered at an HSBC Continental Europe consolidated level, would not be expected to be significant.

There is also exposure to lower lapses on policies where the premium no longer covers the cost of the risk, in particular for the old policies and those with a long maturity.

On 20 December 2024, HSBC Continental Europe signed a memorandum of understanding for the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The Share Sale Agreement for the transaction was signed on 21 March 2025 following completion of all relevant works council information and consultation processes. The transaction has been completed on 31 October 2025.

5.4 HSBC Continental Europe relies on recruiting, retaining and developing appropriate senior management and skilled personnel.
Probability: Likely/Impact: Medium (unchanged from 1H25).

HSBC Continental Europe businesses, functions and entities may be exposed to risks associated with capacity and capability combined with changing requirements of its workforce skills, as well as the need to comply with employment laws and regulations. Failure to proactively identify and manage potential capacity and / or capability risks may impact the delivery of the strategic objectives or lead to regulatory sanctions or legal claims, it may as well lead to poor customer outcomes. The risks are heightened during the current period of organisational change. While it is understood that this may potentially heighten the overall risk profile, controls are deemed appropriate, and no material challenges have been identified though the risk will continue to be monitored.

Meeting the demand to recruit, retain and develop appropriate senior management and skilled personnel remains subject to several potential challenges. These include rapidly changing skill requirements and ways of working and the evolving regulatory landscape. Ongoing talent shortages in key markets, businesses and capabilities, particularly where those with the scarce capabilities are globally mobile, add to the complexity of the supply challenge. HSBC Continental Europe's continued success and implementation of its growth strategy depends in part on the retention of key members of its management team and wider employee base, the availability of skilled management in each of its businesses and functions, and the ability to continue to attract, train, motivate and retain highly qualified professionals, each of which may depend on factors beyond the Bank's control, including economic, market and regulatory conditions. Furthermore, HSBC Continental Europe has the ambition for greater representation of women in senior leadership roles. If the Bank fails to achieve this ambition, its ability to attract and retain qualified professionals may be affected.

Various initiatives continue to be set to enhance employee engagement, convey a common and positive culture and enable growth in 2025, resulting in some improvements in HSBC Continental Europe's key indicators.

HSBC Continental Europe's attrition rate remained relatively stable in 2025, and remains closely monitored, with focus on certain businesses and/or areas to proactively identify potential capacity and capability challenges. As of 31 December 2025, the overall annualized voluntary attrition rate stood at 5.2 per cent, up 0.6 point year on year.

6 Risks related to HSBC Continental Europe's financial statements

6.1 HSBC Continental Europe's financial statements are based in part on judgements, estimates and assumptions that are subject to uncertainty.
Probability: Unlikely/Impact: Medium (unchanged from 1H25).

The preparation of financial statements requires management to make judgements, 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 those on which management's estimates are based.

Estimates, judgements, 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, impairment of goodwill and non-financial assets, measurement of financial instruments, deferred tax assets, provisions, impairment of interests in associates, or in investments in subsidiaries, as well as held for sale classification and measurement.

The valuation of financial instruments measured at fair value can be subjective, in particular where models are used that include unobservable inputs. Given the uncertainty and subjectivity associated with measuring such instruments, future outcomes may differ materially from those assumed using information available at the reporting date.

The effect of these differences on the future results of operations and the future financial position of HSBC Continental Europe could be material. If the judgement, estimates and assumptions HSBC Continental Europe used in preparing its consolidated financial statements are subsequently found to be materially different from those assumed using information available at the reporting date, this could affect its business, prospects, financial condition and results of operations.

The measurement of expected credit losses 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. In addition, significant judgement is involved in determining what is considered to be significant increases in credit risk.

The assessment of whether goodwill and non-financial assets are impaired, and the measurement of any impairment, involves the application of judgement in determining key assumptions, including discount rates, estimated cash flows for the periods for which detailed cash flows are available and projecting the long-term pattern of sustainable cash flows thereafter.

The recognition and measurement of deferred tax assets involves 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.

The assessment of the held for sale criteria involves significant judgement with regards to classifying a sale as highly probable and the anticipated timing for the sale to complete. The calculation of the fair value less cost to sell as well as any related impairment loss is subject to accounting estimates.

Financial risk

Credit and counterparty credit risk

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit risk arises principally from direct lending, trade finance and leasing business, but also from certain other products, such as guarantees and derivatives.

Credit Risk Management

Key developments in 2025

There were no material changes to the policies and practices for the management of credit risk in 2025. We continued to apply the requirements of IFRS 9 'Financial Instruments' within the Credit Risk sub-function.

We actively managed the risks related to macroeconomic uncertainties, including interest rates, inflation, fiscal and monetary policy, broader geopolitical uncertainties and conflicts.

Governance and structure

We have established HSBC Group-wide credit risk management and related IFRS 9 processes. We continue to assess the impact of economic developments in key markets on specific customers, customer segments or portfolios. As credit conditions change, we take mitigating actions, including the revision of risk appetites or limits and tenors, as appropriate. In addition, we continue to evaluate the terms under which we provide credit facilities within the context of individual customer requirements, the quality of the relationship, local regulatory requirements, market practices and our local market position.

Credit risk sub-function

Credit approval authorities are delegated by the Board to the Chief Executive together with the authority to sub-delegate them. The Credit risk sub-function in Risk is responsible for the key policies and processes for managing credit risk, which include formulating credit policies and risk rating frameworks, guiding the appetite for credit risk exposures, undertaking independent reviews and objective assessment of credit risk, and monitoring performance and management of portfolios.

The principal objectives of HSBC Continental Europe's credit risk management are:

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

Key risk management process

IFRS 9 'Financial Instruments' process

The IFRS 9 process comprises three main areas: modelling, data and forward economic guidance; implementation; and governance.

Modelling, data and forward economic guidance

The HSBC Group has established IFRS 9 modelling and data processes in various geographies, which are subject to internal model risk governance including independent review of significant model developments.

We have a centralised process for generating unbiased and independent global economic scenarios. Scenarios are subject to a process of review and challenge by a dedicated central team, and individually for each region. Each quarter, the scenarios and probability weights are reviewed and checked for consistency with the economic conjuncture and current economic and financial risks. These are subject to final review and approval by senior management in a Forward Economic Guidance Global Business Impairment Committee.

Implementation

A centralised impairment engine performs the expected credit losses calculation using data, which is subject to a number of validation checks and enhancements, from a variety of client, finance and risk systems. Where possible, these checks and processes are performed in a globally consistent and centralised manner.

Governance

Management review forums are established in order to review and approve the impairment results. Regional management review forums have representatives from Credit Risk and Finance. Required members of the forums are the heads of Wholesale Credit, Market Risk, and Wealth and Personal Banking Risk, as well as the global business Chief Financial Officers and the Chief Accounting Officer.

Concentration of credit risk exposure

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

HSBC Continental Europe uses a number of controls and measures to minimise undue concentration of exposure in its portfolios across industry, country and customer groups.

These include portfolio and counterparty limits, approval and review controls, and stress testing.

Credit quality of financial instruments

The HSBC Group's credit risk rating systems facilitates the internal ratings-based approach under the Basel framework adopted by the HSBC Group to support the calculation of our minimum credit regulatory capital requirement.

The five credit quality classifications encompass a range of more granular, internal credit rating grades assigned to wholesale and retail customers, and the external rating, attributed by external agencies to debt securities.

For debt securities and certain other financial instruments, external ratings have been aligned to the five quality classifications based upon the mapping of related Customer Risk Rating ('CRR') to external credit rating.

Wholesale lending

The CRR 10-grade scale summarises a more granular underlying 23-grade scale of obligor probability of default (PD). All corporate customers are rated using the 10- or 23-grade scale, depending on the degree of sophistication of the Basel approach adopted for the exposure.

Each CRR band is associated with an external rating grade by reference to long-run default rates for that grade, represented by the average of issuer-weighted historical default rates. This mapping between internal and external ratings is indicative and may vary over time.

Retail lending

Retail lending credit quality is based on a 12-month point-in-time probability-weighted PD.

Credit quality classification

	Sovereign debt securities and bills	Other debt securities and bills	Wholesale lending and derivatives		Retail lending	
	External credit rating	External credit rating	Internal credit rating[1]	12-month Basel probability of default %	PD Band[2]	12-month probability of default %
Strong	BBB and above	A- and above	CRR 1 to CRR 2	0 – 0.169	band 1 to band 2	0.000 – 0.500
Good	BBB- to BB	BBB+ to BBB-	CRR 3	0.170 – 0.740	band 3	0.501 – 1.500
Satisfactory	BB- to B and unrated	BB+ to B and unrated	CRR 4 to CRR 5	0.741 – 4.914	band 4 to band 5	1.501 – 20.000
Sub-standard	B- to C	B- to C	CRR 6 to CRR 8	4.915 – 99.999	band 6	20.001 – 99.999
Credit-impaired	Default	Default	CRR 9 to CRR 10	100	band 7	100

1 Customer risk rating ('CRR').
2 12-month point-in-time ('PIT') probability weighted probability of default ('PD').

Quality classification definitions

- 'Strong' exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or low levels of expected loss.
- 'Good' exposures require closer monitoring and demonstrate a good capacity to meet financial commitments, with low default risk.
- 'Satisfactory' exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
- 'Sub-standard' exposures require varying degrees of special attention and default risk is of greater concern.
- 'Credit Impaired' exposures have been assessed as described in Note 1.2(j) to the financial statements.

Distribution of financial instruments by credit quality

	Gross carrying/notional amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Provision for ECL	Net
	€m	€m	€m	€m	€m	€m	€m	€m
In-scope for IFRS 9								
Loans and advances to customers held at amortised cost	10,698	10,360	18,311	2,675	1,361	43,405	(570)	42,835
– personal	2,506	60	136	3	65	2,770	(28)	2,742
– corporate and commercial	5,404	8,574	12,606	2,504	1,258	30,346	(516)	29,830
– non-bank financial institutions	2,788	1,726	5,569	168	38	10,289	(26)	10,263
Loans and advances to banks held at amortised cost	5,041	162	512	—	—	5,715	—	5,715
Cash and balances at central banks	58,092	—	—	—	—	58,092	—	58,092
Reverse repurchase agreements – non-trading	23,454	2,576	3,278	—	—	29,308	—	29,308
Financial investments	2,374	—	5,750	—	—	8,124	—	8,124
Assets held for sale[1]	175	109	31	—	—	315	—	315
Prepayments, accrued income and other assets	10,556	707	499	3	8	11,773	—	11,773
– endorsements and acceptances	—	—	—	—	—	—	—	—
– accrued income and other	10,556	707	499	3	8	11,773	—	11,773
Debt instruments measured at fair value through other comprehensive income[2]	19,287	358	58	12	—	19,715	(3)	19,712
Out-of-scope for IFRS 9								
Trading assets	22,677	995	179	48	—	23,899	—	23,899
Other financial assets designated and otherwise mandatorily measured at fair value through profit or loss	164	36	17	—	—	217	—	217
Derivatives	35,825	2,703	2,023	26	2	40,579	—	40,579
Assets held for sale	—	—	—	—	—	—	—	—
Total gross amount on balance sheet	188,343	18,006	30,658	2,764	1,371	241,142	(573)	240,569
Percentage of total credit quality (%)	78.1	7.5	12.7	1.1	0.6	100.0		
Loan and other credit related commitments	69,639	22,401	26,255	3,008	104	121,407	(40)	121,367
– loan and other credit related commitments for loans and advances to customers	22,036	22,321	25,347	3,008	104	72,816	(40)	72,776
– loan and other credit related commitments for loans and advances to banks	47,603	80	908	—	—	48,591	—	48,591
Financial guarantees	1,156	269	349	51	38	1,863	(7)	1,856
In-scope for IFRS 9: Irrecoverable loan commitments and financial guarantees	70,795	22,670	26,604	3,059	142	123,270	(47)	123,223
Loan and other credit related commitments	2,702	2,014	818	32	3	5,569	—	5,569
Performance and other guarantees	8,899	5,264	3,403	367	222	18,155	(25)	18,130

Distribution of financial instruments by credit quality (continued)

	Gross carrying/notional amount							
	Strong	**Good**	**Satisfactory**	**Sub-standard**	**Credit impaired**	**Total**	**Provision for ECL**	**Net**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Out-of-scope for IFRS 9: Revocable loan commitments and non-financial guarantees	**11,601**	**7,278**	**4,221**	**399**	**225**	**23,724**	**(25)**	**23,699**
Total nominal amount off-balance sheet	**82,396**	**29,948**	**30,825**	**3,458**	**367**	**146,994**	**(72)**	**146,922**
At 31 Dec 2025	**270,739**	**47,954**	**61,483**	**6,222**	**1,738**	**388,136**	**(645)**	**387,491**

1 Includes planned sale of custodian business and fund administration services in Germany. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
2 For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.

Distribution of financial instruments by credit quality (continued)

	Gross carrying/notional amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Provision for ECL	Net
	€m	€m	€m	€m	€m	€m	€m	€m
In-scope for IFRS 9								
Loans and advances to customers held at amortised cost	18,103	11,526	18,331	2,202	1,613	51,775	(487)	51,288
– personal[1]	9,374	481	252	23	108	10,238	(45)	10,193
– corporate and commercial	6,624	9,422	14,107	2,088	1,496	33,737	(432)	33,305
– non-bank financial institutions	2,105	1,623	3,972	91	9	7,800	(10)	7,790
Loans and advances to banks held at amortised cost	4,682	127	895	—	—	5,704	(1)	5,703
Cash and balances at central banks	48,907	—	—	—	—	48,907	—	48,907
Reverse repurchase agreements – non-trading	22,742	2,929	93	—	—	25,764	—	25,764
Financial investments	2,141	—	1,197	—	—	3,338	—	3,338
Assets held for sale[2]	2,171	129	175	—	—	2,475	—	2,475
Prepayments, accrued income and other assets	15,570	622	1,019	4	9	17,224	—	17,224
– endorsements and acceptances	—	—	1	—	—	1	—	1
– accrued income and other	15,570	622	1,018	4	9	17,223	—	17,223
Debt instruments measured at fair value through other comprehensive income[3,4]	25,990	80	91	—	—	26,161	(5)	26,156
Out-of-scope for IFRS 9								
Trading assets	15,999	226	322	7	3	16,557	—	16,557
Other financial assets designated and otherwise mandatorily measured at fair value through profit or loss	217	43	30	—	—	290	—	290
Derivatives	41,315	1,046	847	31	12	43,251	—	43,251
Assets held for sale	2,900	—	—	—	—	2,900	—	2,900
Total gross amount on balance sheet	200,737	16,728	23,000	2,244	1,637	244,346	(493)	243,853
Percentage of total credit quality (%)	82.2	6.8	9.4	0.9	0.7	100.0		
Loan and other credit related commitments	61,962	23,486	17,074	2,004	130	104,656	(33)	104,623
– loan and other credit related commitments for loans and advances to customers	27,994	23,416	16,958	1,964	130	70,462	(33)	70,429
– loan and other credit related commitments for loans and advances to banks	33,968	70	116	40	—	34,194	—	34,194
Financial guarantees	1,011	473	384	38	44	1,950	(7)	1,943
In-scope for IFRS 9: Irrecoverable loan commitments and financial guarantees	62,973	23,959	17,458	2,042	174	106,606	(40)	106,566
Loan and other credit related commitments	2,817	2,376	910	53	8	6,164	—	6,164
Performance and other guarantees	7,386	5,274	3,796	287	157	16,900	(30)	16,870
Out-of-scope for IFRS 9: Revocable loan commitments and non-financial guarantees	10,203	7,650	4,706	340	165	23,064	(30)	23,034
Total nominal amount off-balance sheet	73,176	31,609	22,164	2,382	339	129,670	(70)	129,600
At 31 Dec 2024	273,913	48,337	45,164	4,626	1,976	374,016	(563)	373,453

1 Includes retained portfolio of French home and other loans following the sale of retail banking operations in France, with carrying amount of EUR 6.7 billion as at 31 December 2024, of which EUR 6.3 billion guaranteed by Crédit Logement.
2 Includes planned sale of private banking business in Germany and life insurance business in France. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
3 Includes EUR 8.8 billion related to planned sale of the life insurance business in France classified as held for sale in 2024.
4 For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.

Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage allocation

	Gross carrying/notional amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Provision for ECL	Net
	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances to customers at amortised cost	10,698	10,360	18,311	2,675	1,361	43,405	(570)	42,835
– stage 1	10,591	9,848	16,310	1,466	—	38,215	(45)	38,170
– stage 2	107	512	2,001	1,209	—	3,829	(71)	3,758
– stage 3	—	—	—	—	1,360	1,360	(454)	906
– POCI	—	—	—	—	1	1	—	1
Loans and advances to banks at amortised cost	5,041	162	512	—	—	5,715	—	5,715
– stage 1	5,020	159	512	—	—	5,691	—	5,691
– stage 2	21	3	—	—	—	24	—	24
– stage 3	—	—	—	—	—	—	—	—
– POCI	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost[1]	94,651	3,392	9,558	3	8	107,612	—	107,612
– stage 1	94,651	3,381	9,556	—	—	107,588	—	107,588
– stage 2	—	11	2	3	—	16	—	16
– stage 3	—	—	—	—	8	8	—	8
– POCI	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	69,639	22,401	26,255	3,008	104	121,407	(40)	121,367
– stage 1	69,028	22,099	24,960	2,335	—	118,422	(15)	118,407
– stage 2	611	302	1,295	673	—	2,881	(13)	2,868
– stage 3	—	—	—	—	104	104	(12)	92
– POCI	—	—	—	—	—	—	—	—
Financial guarantees[2]	1,156	269	349	51	38	1,863	(7)	1,856
– stage 1	1,154	265	256	19	—	1,694	(1)	1,693
– stage 2	2	4	93	32	—	131	(5)	126
– stage 3	—	—	—	—	38	38	(1)	37
– POCI	—	—	—	—	—	—	—	—
Total on balance sheet and off balance sheet excluding debt instrument at FVOCI	181,185	36,584	54,985	5,737	1,511	280,002	(617)	279,385
Debt instruments at FVOCI[3]	19,287	358	58	12	—	19,715	(3)	19,712
– stage 1	19,239	358	56	3	—	19,656	(3)	19,653
– stage 2	48	—	2	9	—	59	—	59
– stage 3	—	—	—	—	—	—	—	—
– POCI	—	—	—	—	—	—	—	—
At 31 Dec 2025	200,472	36,942	55,043	5,749	1,511	299,717	(620)	299,097

1 Includes planned sale of custodian business and fund administration services in Germany. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
2 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
3 For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.

Distribution of financial instruments to which the impairment requirements in IFRS 9 are applied, by credit quality and stage allocation (continued)

	Gross carrying/notional amount							
	Strong	Good	Satisfactory	Sub-standard	Credit impaired	Total	Provision for ECL	Net
	€m	€m	€m	€m	€m	€m	€m	€m
Loans and advances to customers at amortised cost	18,103	11,526	18,331	2,202	1,613	51,775	(487)	51,288
– stage 1	17,855	11,156	15,665	895	—	45,571	(40)	45,531
– stage 2	248	370	2,666	1,307	—	4,591	(85)	4,506
– stage 3	—	—	—	—	1,612	1,612	(362)	1,250
– POCI	—	—	—	—	1	1	—	1
Loans and advances to banks at amortised cost	4,682	127	895	—	—	5,704	(1)	5,703
– stage 1	4,660	126	893	—	—	5,679	(1)	5,678
– stage 2	22	1	2	—	—	25	—	25
– stage 3	—	—	—	—	—	—	—	—
– POCI	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost[1]	91,531	3,680	2,484	4	9	97,708	—	97,708
– stage 1	91,531	3,656	2,480	—	—	97,667	—	97,667
– stage 2	—	24	4	4	—	32	—	32
– stage 3	—	—	—	—	9	9	—	9
– POCI	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	61,962	23,486	17,074	2,004	130	104,656	(33)	104,623
– stage 1	61,630	22,414	15,480	1,424	—	100,948	(9)	100,939
– stage 2	332	1,072	1,594	580	—	3,578	(14)	3,564
– stage 3	—	—	—	—	130	130	(10)	120
– POCI	—	—	—	—	—	—	—	—
Financial guarantees[2]	1,011	473	384	38	44	1,950	(7)	1,943
– stage 1	1,011	465	374	6	—	1,856	(1)	1,855
– stage 2	—	8	10	32	—	50	(2)	48
– stage 3	—	—	—	—	44	44	(4)	40
– POCI	—	—	—	—	—	—	—	—
Total on balance sheet and off balance sheet excluding debt instrument at FVOCI	177,289	39,292	39,168	4,248	1,796	261,793	(528)	261,265
Debt instruments at FVOCI[3,4]	25,990	80	91	—	—	26,161	(5)	26,156
– stage 1	25,943	80	91	—	—	26,114	(5)	26,109
– stage 2	47	—	—	—	—	47	—	47
– stage 3	—	—	—	—	—	—	—	—
– POCI	—	—	—	—	—	—	—	—
At 31 Dec 2024	203,279	39,372	39,259	4,248	1,796	287,954	(533)	287,421

1 Includes planned sale of private banking business in Germany and life insurance business in France. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
2 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
3 For the purposes of this disclosure gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance. As such the gross carrying amount of debt instruments at FVOCI as presented above will not reconcile to the balance sheet as it excludes fair value gains and losses.
4 Includes EUR 8.8 billion related to planned sale of the life insurance business in France classified as held for sale in 2024.

Impairment assessment

Management regularly evaluates the adequacy of the established allowances for impaired loans by conducting a detailed review of the loan portfolio, comparing performance and delinquency statistics with historical trends and assessing the impact of current economic conditions.

Impaired loans – identification of loss events

The criteria used by HSBC Continental Europe to determine that a loan is impaired includes:

– known cash flow difficulties experienced by the borrower;
– contractual payments of either principal or interest being past due for more than 90 days;
– the probability that the borrower will enter bankruptcy or other financial distress procedure;
– a concession granted to the borrower for economic or legal reasons relating to the borrower's financial difficulty that results in forgiveness or postponement of principal, interest or fees; and
– a deterioration in the financial condition or outlook of the borrower such that its ability to repay is considered doubtful.

Impairment of loans and advances

For details of HSBC Continental Europe's policy concerning impairments of loans and advances, please refer to Note 1.2(j) on the financial statements.

Summary of credit risk

The disclosure below presents the gross carrying/nominal amount of financial instruments to which the impairment requirements in IFRS 9 are applied and the associated allowance for ECL. Due to the forward-looking nature of IFRS 9, the scope of financial instruments on which ECL are recognised is greater than the scope of IAS 39. The following tables show the allocation of loans and ECL allowance according to the kind of loans and nature of counterparties.

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

	At 31 Dec 2025		At 31 Dec 2024	
	Gross carrying/ nominal amount	**Provision for ECL[1]**	Gross carrying/ nominal amount	Provision for ECL[1]
	€m	**€m**	€m	€m
Loans and advances to customers at amortised cost[2]	**43,405**	**(570)**	51,775	(487)
Loans and advances to banks at amortised cost	**5,715**	**—**	5,704	(1)
Other financial assets measured at amortised costs:	**107,297**	**—**	95,233	—
– cash and balances at central banks	**58,092**	**—**	48,907	—
– reverse repurchase agreements – non-trading	**29,308**	**—**	25,764	—
– financial investments[3]	**8,124**	**—**	3,338	—
– prepayments, accrued income and other assets[4]	**11,773**	**—**	17,224	—
Assets held for sale[5]	**315**	**—**	2,475	—
Total gross carrying amount on balance sheet	**156,732**	**(570)**	155,187	(488)
Loans and other credit related commitments:	**121,407**	**(40)**	104,656	(33)
Financial guarantees[6]	**1,863**	**(7)**	1,950	(7)
Total nominal amount off-balance sheet[7]	**123,270**	**(47)**	106,606	(40)
Total nominal amount on balance sheet and off-balance sheet	**280,002**	**(617)**	261,793	(528)

	Fair value	**Memorandum Provision for ECL[8]**	Fair value	Memorandum Provision for ECL[8]
	€m	**€m**	€m	€m
Debt instruments measured at fair value through other comprehensive income (‘FVOCI’)	**19,833**	**(3)**	25,567	(5)

1 The total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision.
2 Loans and advances to customers in the comparative period 2024 include EUR 6.7 billion of home and certain other loans following the sale of retail banking operations in France.
3 Includes only financial investments measured at amortised cost. ‘Financial investments’ as presented within the consolidated balance sheet on page 193 includes financial assets measured at amortised cost and debt and equity instruments measured at fair value through other comprehensive income.
4 Includes only those financial instruments which are subject to the impairment requirements of IFRS 9. ‘Prepayments, accrued income and other assets’ as presented within the consolidated balance sheet on page 193 comprises both financial and non-financial assets, including cash collateral and settlement accounts.
5 Includes planned sale of custodian business and fund administration services in Germany. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see ‘Assets held for sale’ on page 161.
6 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
7 Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.
8 Debt instruments measured at FVOCI continue to be measured at fair value with the allowance for ECL as a memorandum item. Change in ECL is recognised in ‘Change in expected credit losses and other credit impairment charges’ in the income statement.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 December 2025

	Gross carrying/nominal amount[1]					Provision for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%	%
Loans and advances to customers at amortised cost	38,215	3,829	1,360	1	43,405	(45)	(71)	(454)	—	(570)	0.1	1.9	33.4	—	1.3
– personal	2,571	134	65	—	2,770	(4)	(3)	(21)	—	(28)	0.2	2.2	32.3	—	1.0
– corporate and commercial	26,010	3,078	1,257	1	30,346	(36)	(65)	(415)	—	(516)	0.1	2.1	33.0	—	1.7
– non-bank financial institutions	9,634	617	38	—	10,289	(5)	(3)	(18)	—	(26)	0.1	0.5	47.4	—	0.3
Loans and advances to banks at amortised cost	5,691	24	—	—	5,715	—	—	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	107,273	16	8	—	107,297	—	—	—	—	—	—	—	—	—	—
Assets held for sale[2]	315	—	—	—	315	—	—	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	118,422	2,881	104	—	121,407	(15)	(13)	(12)	—	(40)	—	0.5	11.5	—	—
– personal	312	5	—	—	317	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	53,224	2,622	104	—	55,950	(13)	(12)	(12)	—	(37)	—	0.5	11.5	—	0.1
– financial	64,886	254	—	—	65,140	(2)	(1)	—	—	(3)	—	0.4	—	—	—
Financial guarantees[3]	1,694	131	38	—	1,863	(1)	(5)	(1)	—	(7)	0.1	3.8	2.6	—	0.4
– personal	17	—	—	—	17	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	684	127	38	—	849	(1)	(5)	(1)	—	(7)	0.1	3.9	2.6	—	0.8
– financial	993	4	—	—	997	—	—	—	—	—	—	—	—	—	—
At 31 Dec 2025	**271,610**	**6,881**	**1,510**	**1**	**280,002**	**(61)**	**(89)**	**(467)**	**—**	**(617)**	**—**	**1.3**	**30.9**	**—**	**0.2**

1 Represents the maximum amount at risk should the contracts be fully drawn upon and clients default.
2 Includes planned sale of custodian business and fund administration services in Germany. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
3 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due and are transferred from stage 1 to stage 2.

The disclosure below presents the ageing of stage 2 financial assets by those less than 30 and greater than 30 days past due and therefore presents those financial assets classified as stage 2 due to ageing (30 days past due) and those identified at an earlier stage (less than 30 days past due).

Past due financial instruments are those loans where customers have failed to make payments in accordance with the contractual terms of their facilities.

Stage 2 days past due analysis at 31 December 2025

	Gross carrying amount			Provision for ECL			ECL coverage %		
	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]	Stage 2	of which: 1 to 29 DPD[1,2]	of which: 30 and > DPD[1,2]
	€m	€m	€m	€m	€m	€m	%	%	%
Loans and advances to customers at amortised cost	3,829	48	35	(71)	—	—	1.9	—	—
– personal	134	15	3	(3)	—	—	2.2	—	—
– corporate and commercial	3,078	31	22	(65)	—	—	2.1	—	—
– non-bank financial institutions	617	2	10	(3)	—	—	0.5	—	—
Loans and advances to banks at amortised cost	24	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	16	1	1	—	—	—	—	—	—
Assets held for sale	—	—	—	—	—	—	—	—	—

1 Days past due ('DPD'), amounts presented above are on contractual basis.
2 Up-to-date accounts in stage 2 are not shown in amounts presented above.

Summary of credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL coverage by industry sector at 31 December 2024 (continued)

	Gross carrying/nominal amount[1]					Provision for ECL					ECL coverage %				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%	%	%	%
Loans and advances to customers at amortised cost:	45,571	4,591	1,612	1	51,775	(40)	(85)	(362)	—	(487)	0.1	1.9	22.5	—	0.9
– personal[2]	9,840	290	108	—	10,238	(3)	(10)	(32)	—	(45)	—	3.4	29.6	—	0.4
– corporate and commercial	28,015	4,226	1,495	1	33,737	(34)	(74)	(324)	—	(432)	0.1	1.8	21.7	—	1.3
– non-bank financial institutions	7,716	75	9	—	7,800	(3)	(1)	(6)	—	(10)	—	1.3	66.7	—	0.1
Loans and advances to banks at amortised cost	5,679	25	—	—	5,704	(1)	—	—	—	(1)	—	—	—	—	—
Other financial assets measured at amortised cost	95,209	15	9	—	95,233	—	—	—	—	—	—	—	—	—	—
Assets held for sale[3]	2,458	17	—	—	2,475	—	—	—	—	—	—	—	—	—	—
Loan and other credit-related commitments	100,948	3,578	130	—	104,656	(9)	(14)	(10)	—	(33)	—	0.4	7.7	—	—
– personal	308	4	—	—	312	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	50,394	3,545	130	—	54,069	(8)	(14)	(10)	—	(32)	—	0.4	7.7	—	0.1
– financial	50,246	29	—	—	50,275	(1)	—	—	—	(1)	—	—	—	—	—
Financial guarantees[4]	1,856	50	44	—	1,950	(1)	(2)	(4)	—	(7)	0.1	4.0	9.1	—	0.4
– personal	38	—	—	—	38	—	—	—	—	—	—	—	—	—	—
– corporate and commercial	837	46	44	—	927	(1)	(2)	(4)	—	(7)	0.1	4.3	9.1	—	0.8
– financial	981	4	—	—	985	—	—	—	—	—	—	—	—	—	—
At 31 Dec 2024	251,721	8,276	1,795	1	261,793	(51)	(101)	(376)	—	(528)	—	1.2	20.9	—	0.2

1 Represents the maximum amount at risk should the contracts be fully drawn upon and customers default.
2 Includes retained portfolio of French home and other loans following the sale of retail banking operations in France, with carrying amount of EUR 6.7 billion as at 31 December 2024, of which EUR 6.3 billion guaranteed by Crédit Logement.
3 Includes planned sale of private banking business in Germany and life insurance business in France. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
4 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Stage 2 days past due analysis at 31 December 2024 (continued)

	Gross carrying amount			Provision for ECL			ECL coverage %		
	Stage 2	of which: 1 to 29 DPD[1]	of which: 30 and > DPD[1]	Stage 2	of which: 1 to 29 DPD[1]	of which: 30 and > DPD[1]	Stage 2	of which: 1 to 29 DPD[1]	of which: 30 and > DPD[1]
	€m	€m	€m	€m	€m	€m	%	%	%
Loans and advances to customers at amortised cost	4,591	55	42	(85)	(2)	—	1.9	3.6	—
– personal	290	49	7	(10)	(2)	—	3.4	4.1	—
– corporate and commercial	4,226	5	34	(74)	—	—	1.8	—	—
– non-bank financial institutions	75	1	1	(1)	—	—	1.3	—	—
Loans and advances to banks at amortised cost	25	—	—	—	—	—	—	—	—
Other financial assets measured at amortised cost	15	—	—	—	—	—	—	—	—
Assets held for sale[2]	17	—	—	—	—	—	—	—	—

1 Days past due ('DPD'), amounts presented above are on contractual basis.
2 For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.

Stage 2 Decomposition at 31 December 2025

The following disclosure presents the stage 2 decomposition of gross carrying amount and allowances for ECL for loans and advances to customers.

The table below discloses the reason why an exposure moved into stage 2 originally, and is therefore presented as a significant increase in credit risk since origination.

The quantitative classification shows when the relevant reporting date PD measure exceeds defined quantitative thresholds for retail and wholesale exposures, as set out in Note 1.2 'Summary of material accounting policies',on page 199.

The Qualitative classification primarily accounts for CRR deterioration, watch & worry and retail management judgemental adjustments.

▶ For further details on our approach to the assessment of significant increase in credit risk, see Note 1.2 'Summary of material accounting policies' on pages 199.

Stage 2 Decomposition at 31 December 2025

Loans and advances to customers	Gross carrying amount				Provision for ECL				ECL Coverage %
	Personal	Corporate and commercial	Non-bank financial institutions	Total	Personal	Corporate and commercial	Non-bank financial institutions	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%
Quantitative	134	1,449	28	1,611	(3)	(34)	(1)	(38)	2.4
Qualitative	—	1,608	579	2,187	—	(31)	(2)	(33)	1.5
30 days past due backstop	—	21	10	31	—	—	—	—	—
Total Stage 2	**134**	**3,078**	**617**	**3,829**	**(3)**	**(65)**	**(3)**	**(71)**	**1.9**

Stage 2 Decomposition at 31 December 2024

Loans and advances to customers	Gross carrying amount				Provision for ECL				ECL Coverage %
	Personal	Corporate and commercial	Non-bank financial institutions	Total	Personal	Corporate and commercial	Non-bank financial institutions	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	%
Quantitative	281	1,931	20	2,232	(10)	(31)	—	(41)	1.8
Qualitative	4	2,277	54	2,335	—	(43)	(1)	(44)	1.9
30 days past due backstop	5	18	1	24	—	—	—	—	—
Total stage 2	290	4,226	75	4,591	(10)	(74)	(1)	(85)	1.9

Maximum exposure to credit risk

The following table presents our maximum exposure before taking account of any collateral held or other credit enhancements (unless such enhancements meet accounting offsetting requirements). The table excludes financial instruments whose carrying amount best represents the net exposure to credit risk and it excludes equity securities as they are not subject to credit risk. For the financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount; for financial guarantees and other guarantees granted, it is the maximum amount that we would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the committed facilities.

The offset in the table relates to amounts where there is a legally enforceable right of offset in the event of counterparty default and where, as a result, there is a net exposure for credit risk purposes. However, as there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. No offset has been applied to off-balance sheet collateral. In the case of derivatives the offset column also includes collateral received in cash and other financial assets.

Maximum exposure to credit risk

	At 31 Dec 2025		
	Maximum exposure	Offset	Net
	€m	€m	€m
Loans and advances to customers held at amortised cost	**42,835**	**—**	**42,835**
– personal	2,742	—	2,742
– corporate and commercial	29,830	—	29,830
– non-bank financial institutions	10,263	—	10,263
Loans and advances to banks at amortised cost	**5,715**	**—**	**5,715**
Other financial assets held at amortised cost	**107,545**	**(4,480)**	**103,065**
– cash and balances at central banks	58,092	—	58,092
– reverse repurchase agreements – non-trading	29,308	(4,480)	24,828
– financial investments	8,124	—	8,124
– prepayments, accrued income and other assets	12,021	—	12,021
Assets held for sale[1]	**377**	**—**	**377**
Derivatives	**40,579**	**(39,470)**	**1,109**
Total on-balance sheet exposure to credit risk	**197,051**	**(43,950)**	**153,101**
Total off-balance sheet	**146,922**	**—**	**146,922**
– financial and other guarantees[2]	19,986	—	19,986
– loan and other credit-related commitments	126,936	—	126,936
Total on and off-balance sheet amount	**343,973**	**(43,950)**	**300,023**

1 Includes planned sale of custodian business and fund administration services in Germany. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
2 'Financial and other guarantees' represents 'Financial guarantees' and 'Performance and other guarantees' as disclosed in Note 31.

Maximum exposure to credit risk (continued)

	At 31 Dec 2024		
	Maximum exposure	Offset	Net
	€m	€m	€m
Loans and advances to customers held at amortised cost	51,288	—	51,288
– personal[1]	10,193	—	10,193
– corporate and commercial	33,305	—	33,305
– non-bank financial institutions	7,790	—	7,790
Loans and advances to banks at amortised cost	5,703	—	5,703
Other financial assets held at amortised cost	95,437	(3,335)	92,102
– cash and balances at central banks	48,907	—	48,907
– reverse repurchase agreements – non-trading	25,764	(3,335)	22,429
– financial investments	3,338	—	3,338
– prepayments, accrued income and other assets	17,428	—	17,428
Assets held for sale[2]	25,477	—	25,477
Derivatives	43,251	(39,756)	3,495
Total on-balance sheet exposure to credit risk	221,156	(43,091)	178,065
Total off-balance sheet	129,600	—	129,600
– financial and other guarantees[3]	18,813	—	18,813
– loan and other credit-related commitments	110,787	—	110,787
Total on and off-balance sheet amount	350,756	(43,091)	307,665

1 Includes retained portfolio of French home and other loans following the sale of retail banking operations in France, with carrying amount of EUR 6.7 billion as at 31 December 2024, of which EUR 6.3 billion guaranteed by Crédit Logement.
2 Includes planned sale of private banking business in Germany and life insurance business in France. For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see ‘Assets held for sale’ on page 161.
3 'Financial and other guarantees' represents 'Financial guarantees' and 'Performance and other guarantees' as disclosed in Note 31.

Measurement uncertainty and sensitivity analysis of ECL estimates

The recognition and measurement of ECL involves the use of judgement and estimation. HSBC Continental Europe forms multiple economic scenarios, apply these forecasts to credit risk models to estimate future credit losses and probability-weight the results to determine an unbiased ECL estimate.

Management assessed the current economic environment, reviewed the latest forecasts and discussed key risks before selecting the appropriate economic scenarios and their weightings.

Management judgemental adjustments are used where modelled ECL does not fully reflect the identified risks and related uncertainty, or to capture significant late breaking events.

Methodology

At 31 December 2025, four economic scenarios were used to capture the latest economic environment and to articulate management’s view of the range of potential outcomes. Scenarios are created using the latest economic forecasts and distributional estimates each quarter.

Three scenarios, the Upside, Central and Downside, are drawn from external consensus forecasts, market data and distributional estimates of the entire range of economic outcomes. These estimates are used as conditioning assumptions in a modelled expansion of other variables, to ensure scenarios are economically coherent and internally consistent. The fourth scenario, the Downside 2, represents management's view of severe downside risks.

The consensus Central scenario is deemed the 'most likely' scenario, and attracts the largest probability weighting. It is created using consensus forecasts, which is the average of a panel of external forecasts. The consensus outer scenarios represent short-term cyclical deviations from the Central scenario, where variable paths converge back to long-term trend expectations. They are calibrated to a 10 per cent probability.

HSBC’s Central Scenario assumes that the effects of announced climate measures, carbon pricing and green levies are incorporated into economic forecasts where their short-term effects are known from enacted legislation, or may be reasonably projected from current trends and statutory targets.

Variable paths and projections aligned with long-term climate outcomes, but which are dependent on additional policy adjustments, carry greater uncertainty.

The fourth scenario, the Downside 2, explores a more extreme economic outcome than those captured by the consensus scenarios. In this scenario, variables do not, by design, revert to long-term trend expectations and may instead explore alternative states of equilibrium, where economic variables move permanently away from past trends. It is calibrated to a 5 per cent probability.

In most circumstances, the alignment of weightings with the calibrated probability of scenarios is deemed appropriate for the unbiased estimation of ECL. However, management may depart from this probability-based scenario weighting approach when the economic outlook and forecasts are determined to be particularly uncertain and risks are elevated.

Description of economic scenarios

The economic assumptions presented in this section have been formed by HSBC with reference to external forecasts and estimates for the purpose of calculating ECL.

Forecasts may change and remain subject to uncertainty. Outer scenarios are designed to capture the potential crystallisation of key economic and financial risks and alternative paths for economic variables.

The scenarios used to calculate ECL are described below.

The consensus Central scenario

HSBC's Central scenario incorporates higher growth forecasts for 2026 relative to the fourth quarter of 2025, in most of our key markets. The change in forecasts for 2027 is more mixed, reflecting differing regional dynamics. The scenario is modelled consistent with a US tariff rate, measured as an effective trade-weighted average, of 15 per cent at the start of 2026. That rate has fallen in recent months as it reflects the lowering of US tariff rates on imports from mainland China, the conclusion of a trade agreement with Switzerland and targeted tariff exemptions on key products.

Global GDP is expected to grow by 2.5 per cent in 2026 in the Central scenario and the average rate of global GDP growth is forecast to be 2.6 per cent over the five-year forecast period.

The key features of our Central scenario are:

- Forecast GDP growth has improved since the fourth quarter of 2024, although the outlook still envisages either a slowdown or stabilisation in growth ext year, relative to 2025, for most markets.
- In most markets, unemployment is expected to rise moderately in 2026 in line with slower economic activity and subdued hiring. It will remain relatively low by historical standards.
- The evolution of inflation is mixed. In France, as energy base effects dissipate, prices are projected to pick-up over 2026, supported by relatively robust services inflation and rising food prices. But overall, inflation remains subdued.
- Challenging conditions are also forecasted to continue in certain segments of the commercial property sector in a number of our key markets. Structural changes to demand in the office segment in particular has driven lower valuations.
- Policy interest rates in key markets are forecasted to gradually decline further in 2026. In the longer term they are expected to remain at a higher level than in recent years.
- The Brent crude oil price is forecasted to average USD 65 per barrel over the projection period.

The Central scenario was created with forecasts available in late November, and subsequently kept under review until the end of December 2025. In accordance with HSBC's scenario framework, a probability weight of 75 per cent has been assigned to the Central scenario for France.

The following table describes key macroeconomic variables in the consensus Central scenario.

Consensus Central scenario 2026–2030 (as at 4Q25)

	France
GDP (annual average growth rate, %)	
2026	**0.9**
2027	**1.2**
2028	**1.3**
2029	**1.3**
2030	**1.3**
5-year average[1]	**1.2**
Unemployment rate (%)	
2026	**7.6**
2027	**7.6**
2028	**7.5**
2029	**7.4**
2030	**7.4**
5-year average[1]	**7.5**
House prices (annual average growth rate, %)	
2026	**4.3**
2027	**5.0**
2028	**4.1**
2029	**3.1**
2030	**2.2**
5-year average[1]	**3.7**
Inflation (annual average growth rate, %)	
2026	**1.4**
2027	**1.7**
2028	**2.1**
2029	**2.1**
2030	**1.9**
5-year average[1]	**1.9**
Central bank policy rate (annual average, %)	
2026	**1.9**
2027	**2.0**
2028	**2.1**
2029	**2.3**
2030	**2.5**
5-year average[1]	**2.2**
Probability (%)	**75**

1 The five-year average is calculated over a projected period of 20 quarters from 1Q26 to 4Q30.

Consensus Central scenario 2025–2029 (as at 4Q24) (continued)

	France
GDP (annual average growth rate, %)	
2025	0.9
2026	0.9
2027	1.4
2028	1.5
2029	1.4
5-year average[1]	1.2
Unemployment rate (%)	
2025	7.5
2026	7.3
2027	7.2
2028	7.0
2029	7.0
5-year average[1]	7.2
House prices (annual average growth rate, %)	
2025	2.1
2026	4.4
2027	4.4
2028	3.8
2029	3.1
5-year average[1]	3.6
Inflation (annual average growth rate, %)	
2025	1.2
2026	1.6
2027	2.0
2028	2.3
2029	2.2
5-year average[1]	1.9
Central bank policy rate (annual average, %)	
2025	2.1
2026	1.8
2027	2.0
2028	2.0
2029	2.1
5-year average[1]	2.0
Probability (%)	75

1 The five-year average is calculated over a projected period of 20 quarters from 1Q25 to 4Q29.

The consensus Upside scenario

Compared with the Central scenario, the consensus Upside scenario features stronger economic activity in the near term, before converging to long-run trend expectations. It also incorporates lower unemployment and higher asset prices than incorporated in Central scenario. Inflation accelerates modestly driven by increased investments and higher consumption spending.

The scenario is consistent with a number of key upside risk themes.

These include partial rollback of tariff measures, deregulation, an improvement in the US-China relationship and a de-escalation in geopolitical tensions.

The following table describes key macroeconomic variables for France in the consensus Upside scenario.

Consensus Upside scenario 2026-2030 (as at 4Q25)

	%	
GDP level (%, start-to-peak)[1]	**8.5**	**(4Q30)**
Unemployment rate (%, min)[2]	**6.6**	**(4Q27)**
House price index (%, start-to-peak)[1]	**22.6**	**(4Q30)**
Inflation rate (YoY % change, max)[3]	**2.4**	**(4Q27)**
Central bank policy rate (%, max)[3]	**2.5**	**(4Q30)**
Probability (%)	**10**	

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 The lowest projected unemployment in the scenario.
3 The highest projected policy rate and year-on-year percentage change in inflation in the scenario.

Consensus Upside scenario 2025–2029 (as at 4Q24)

	%	
GDP level (%, start-to-peak)[1]	8.9	(4Q29)
Unemployment rate (%, min)[2]	6.4	(4Q26)
House price index (%, start-to-peak)[1]	22.8	(4Q29)
Inflation rate (YoY % change, min)[3]	0.1	(4Q25)
Central bank policy rate (%, min)[3]	1.4	(3Q25)
Probability (%)	10	

1 Cumulative change to the highest level of the series during the 20-quarter projection.
2 The lowest projected unemployment in the scenario.
3 The lowest projected policy rate and year-on-year percentage change in inflation in the scenario.

Downside scenarios

Downside scenarios explore the intensification and crystallisation of a number of key themes and are modelled so that economic shocks drive consumption and investment lower and commodity prices fall. For most markets, inflation and interest rates are lower compared with the Central scenario.

Key downside risks include:

– an increase in protectionist policies. This lowers investment, complicates international supply chains, and impedes trade flows;
– abrupt asset repricing given elevated valuations, particularly in the tech sector, eroding wealth effects and ultimately increasing credit risks;
– broader and more prolonged conflicts in the Middle East and between Russia and Ukraine, which undermine confidence and investment; and
– continued differences between the US and China, which affect economic confidence and the global goods trade and supply chains for critical technologies.

The consensus Downside scenario

In the consensus Downside scenario, the effects of tariffs on the global economy are worse than expected, leading to weaker economic activity compared with the Central scenario. The scenario is consistent with the tariff rate, measured as an effective trade-weighted average, rising to 19 per cent in 2026, and remaining at that level in 2027. The key driver of that increase is the application of sector-specific tariff rates.

In this scenario GDP declines and unemployment rates rise, while asset prices and commodity prices fall. The scenario features an escalation in geopolitical tensions and an increase in tariffs over and above those assumed in the Central scenario. Existing and recently approved trade agreements are assumed to hold. In most markets, inflation declines relative to the Central scenario, as tariffs are assumed to drive a drop in export demand from the US.

In the scenario, oil prices trough at USD 40 per barrel.

The following table describes key macroeconomic variables for France in the consensus Downside scenario.

Consensus Downside scenario 2026-2030 (as at 4Q25)

	%	
GDP level (%, start-to-trough)[1]	**(0.4)**	**(3Q26)**
Unemployment rate (%, max)[2]	**8.6**	**(3Q26)**
House price index (%, start-to-trough)[1]	**0.7**	**(1Q26)**
Inflation rate (YoY % change)[3]	**0.4**	**(4Q26)**
Central bank policy rate (%)[3]	**0.6**	**(1Q27)**
Probability (%)	**10**	

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment in the scenario.
3 Due to the calibration of inflation and interest rates in 2Q25, the table shows the lowest projected policy rate and year-on-year percentage change in inflation in the scenario.

Consensus Downside scenario 2025-2029 (as at 4Q24) (continued)

	%	
GDP level (%, start-to-trough)[1]	(0.6)	(1Q26)
Unemployment rate (%, max)[2]	8.3	(3Q25)
House price index (%, start-to-trough)[1]	(0.3)	(1Q25)
Inflation rate (YoY % change, max)[3]	2.6	(3Q25)
Central bank policy rate (%, max)[3]	3.2	(1Q25)
Probability (%)	10	

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment in the scenario.
3 The highest projected policy rate and year-on-year percentage change in inflation in the scenario.

Downside 2 scenario

The Downside 2 scenario reflects management's view of the tail of the economic distribution. It incorporates the simultaneous crystallisation of a number of risks that lead to a deep global recession. The subsequent drop in demand leads to a steep fall in commodity prices, and a rapid increase in unemployment.

The narrative features an escalation in tariff actions, resulting in a global trade war, and further intensification of geopolitical crises. The scenario is consistent with the US tariff rate, measured as an effective trade-weighted average, rising to 25 per cent in 2026, and remaining at that level in 2027.

In the scenario, oil prices trough at USD 30 per barrel.

The following table describes key macroeconomic variables for France in the Downside 2 scenario.

Downside 2 scenario 2026-2030 (as at 4Q25)

	%	
GDP level (%, start-to-trough)[1]	**(6.2)**	**(2Q27)**
Unemployment rate (%, max)[2]	**10.7**	**(4Q27)**
House price index (%, start-to-trough)[1]	**(5.9)**	**(3Q27)**
Inflation rate (YoY % change)[3]	**(0.6)**	**(4Q26)**
Central bank policy rate (%)[3]	**0.1**	**(4Q26)**
Probability (%)	**5**	

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment in the scenario.
3 Due to the calibration of inflation and interest rates in 2Q25, the table shows the lowest projected policy rate and year-on-year percentage change in inflation in the scenario.

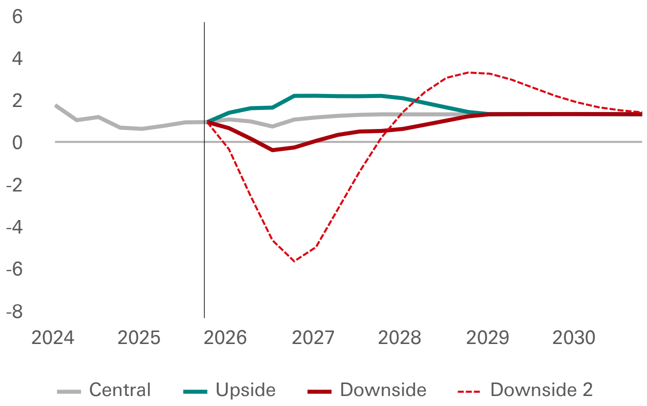
Downside 2 scenario 2025-2029 (as at 4Q24)

	%	
GDP level (%, start-to-trough)[1]	(7.9)	(2Q26)
Unemployment rate (%, max)[2]	10.4	(1Q27)
House price index (%, start-to-trough)[1]	(14.0)	(2Q27)
Inflation rate (YoY % change, max)[3]	7.6	(2Q25)
Central bank policy rate (%, max)[3]	4.2	(1Q25)
Probability (%)	5	

1 Cumulative change to the lowest level of the series during the 20-quarter projection.
2 The highest projected unemployment in the scenario.
3 The highest projected policy rate and year-on-year percentage change in inflation in the scenario

The following graphs show the historical and forecasted GDP growth rate for the various economic scenarios in France.

GDP growth: Comparison between scenarios
France



Scenario weighting

Scenario weightings are calibrated to probabilities that are determined with reference to consensus forecast probability distributions. Management may then choose to vary weights if they assess that the calibration lags more recent events, or does not reflects their view of the distribution of economic and geopolitical risk. Management's view of the scenarios and weights takes into consideration the relationship of the consensus scenarios to both internal and external assessments of risk.

In the fourth quarter of 2025, forecast and distributional estimates were assessed to have incorporated available information around tariffs and policy uncertainties and no major events had occurred since scenario production that changed the outlook materially. Forecast dispersion, financial market volatility and other measures of uncertainty remained close to their long-term average.

Consequently, there was no variation in scenario weights and they were aligned to the calibrated probabilities of the scenarios. The consensus Central scenario was assigned a 75 per cent probability weighting in our major markets. The consensus Upside scenario was assigned a 10 per cent weighting, and the consensus Downside scenario was given 10 per cent. The Downside 2 was assigned a 5 per cent weighting.

In light of the US intervention in the political leadership and energy assets of Venezuela during early January 2026, management assessed the potential implications, including to oil prices, and concluded that expected spillovers remain within the scope of existing scenarios, including potentially significantly lower oil prices. Therefore, no additional action was deemed necessary for economic scenarios or weights.

The following table describes the probabilities assigned in each scenario.

Scenario weigthings, %

4Q25	**Standard weight**	**France**
Upside	**10.0**	**10.0**
Central	**75.0**	**75.0**
Downside	**10.0**	**10.0**
Downside 2	**5.0**	**5.0**

4Q24	Standard weight	France
Upside	10.0	10.0
Central	75.0	75.0
Downside	10.0	10.0
Downside 2	5.0	5.0

At 31 December 2025, the consensus Upside and Central scenarios had a combined weighting of 85 per cent, unchanged from the weightings as at 31 December 2024. Weightings assigned to downside scenarios also remained unchanged.

Critical estimates and judgements

The calculation of ECL under IFRS 9 involves significant judgements, assumptions and estimates at 31 December 2025. These included:

- the selection and configuration of economic scenarios, given the constant change in economic conditions and distribution of economic risks;
- the selection of scenarios to consider given the changing nature of macroeconomic and geopolitical risks that the Bank and wider economy face; and
- estimating the economic effects of those scenarios on ECL, where similar observable historical conditions cannot be captured by the credit risk models.

How economic scenarios are reflected in ECL calculations

Models are used to reflect economic scenarios for the ECL estimates. We have developed globally consistent methodologies for the application of forward economic guidance into the calculation of ECL for wholesale and retail credit risk.

For HSBC Continental Europe wholesale portfolios, a global methodology is used for the estimation of the term structure of probability of default ('PD') and loss given default ('LGD'). For PDs, we consider the correlation of forward economic guidance to default rates for a particular industry in a country. For LGD calculations, we consider the correlation of forward economic guidance to collateral values and realisation rates for a particular country and industry. PDs and LGDs are estimated for the entire term structure of each instrument.

For impaired loans, ECL estimates are derived based on discounted cash flow ('DCF') calculations for internal forward-looking scenarios specific to individual company circumstances (Note 1.2(j)). Probability-weighted outcomes are applied, and depending on materiality and status of the incorporate borrower, the number of scenarios considered will change. Where relevant for the case being assessed, forward economic Guidance is incorporated as part of these scenarios. LGD-driven proxy and modelled estimates are used for certain less material cases.

For HSBC Continental Europe retail portfolios, the models are predominantly based on historical observations and correlations with default rates and collateral values.

For PD, the impact of economic scenarios is modelled for each portfolio, using historical relationships between default rates and macro-economic variables. These are included within IFRS 9 ECL estimates using either economic response models or models that contain internal, external and macro-economic variables. The macroeconomic impact on PD is modelled over the period equal to the remaining maturity of the underlying assets.

For LGD, the impact is modelled for mortgage portfolios by forecasting future loan-to-value profiles for the remaining maturity of the asset, using national level house price index forecasts and applying the corresponding LGD expectation relative to the updated forecast collateral values.

For unsecured retail portfolios historically observed recovery rates are leveraged to measure loss. For both mortgages and unsecured loans, a limited number of portfolios utilise a macroeconomic dependent stressed LGD applied to the Alternative downside scenario.

Management judgemental adjustments

In the context of IFRS 9, management judgemental adjustments are typically short-term increases or decreases to the modelled ECL at either a customer, segment or portfolio level where management believes ECL results do not sufficiently reflect the credit risk/expected credit losses at the reporting date. These can relate to risks or uncertainties that are not reflected in the models and/or to any late breaking events with significant uncertainty, subject to management review and challenge.

The effects of management judgemental adjustments are considered for both gross balances and ECLs when determining whether or not a significant increase in credit risk has occurred and is allocated to a stage where appropriate. This is in accordance with the internal adjustments framework.

Management judgemental adjustments are reviewed under the IFRS9 governance process. Management's review and challenge focuses on the rationale and quantum of the adjustments and, where significant, is subject to a further review by the second line of defence.Internal frameworks establish the conditions where some management judgemental adjustments should no longer be required and as such are considered as part of the governance process. This internal governance process allows management judgemental adjustments to be reviewed regularly and, where possible, to mitigate these through model recalibration or redevelopment.

Management judgemental adjustment drivers evolve as the economic environment changes and new risks emerge. In addition to management judgemental adjustments there are also 'Other adjustments', which are made to address process limitations and data/model deficiencies and can also include, where appropriate, the impact of new models where governance has sufficiently progressed to allow an accurate estimate of ECL allowance to be incorporated into the total reported ECL.

For the wholesale portfolio, management judgemental adjustments apply to the performing portfolio only as defaulted exposures are individually assessed.

Management judgemental adjustments made in estimating the scenario-weighted reported ECL at 31 December 2025 are set out in the following table.

Management judgemental adjustments to ECL at 31 December 2025[1]

	Retail	**Wholesale[2]**	**Total**
	€m	**€m**	**€m**
Corporate lending adjustments[3]		**12**	**12**
Other credit judgements			**—**
Other adjustments[4]	**—**	**35**	**35**
Total	**—**	**47**	**47**

Management judgemental adjustments to ECL at 31 December 2024

	Retail	Wholesale[2]	Total
	€m	€m	€m
Corporate lending adjustments[3]		30	30
Other credit judgements			—
Other adjustments[4]	—		—
Total	—	30	30

1 Management judgemental adjustments presented in the table reflect increases or (decreases) to ECL respectively.
2 The wholesale portfolio corresponds to adjustments to the performing portfolio (stage 1 and stage 2).
3 Refers to adjustments that are applied where management believes allowance for ECL does not sufficiently reflect the credit risk/ECL of any given portfolio at the reporting date. These can relate to risks or uncertainties that are not reflected in the model and/or to any late breaking events.
4 Refers to adjustments to allowance for ECL made to address process limitations and data/model deficiencies and can also include, where appropriate, the impact of new models where governance has sufficiently progressed to allow an accurate estimate of ECL allowance to be incorporated into the total reported ECL.

Management judgemental adjustments at 31 December 2025 are an increase to ECL of EUR 47 million, driven by EUR 35 million adjustment related to a LGD model limitation; and a corporate lending adjustments aiming to reflect heightened uncertainty to exposures in automotive and industrial sectors in Germany for EUR 12 million.

Economic scenarios sensitivity analysis of ECL estimates

Management considered the sensitivity of the ECL outcome against the economic forecasts as part of the ECL governance process by recalculating the ECL under each scenario described above for selected portfolios, applying a 100 per cent weighting to each scenario in turn. The weighting is reflected in both the determination of a significant increase in credit risk and the measurement of the resulting ECL.

The ECL calculated for the Upside and Downside scenarios should not be taken to represent the upper and lower limits of possible ECL outcomes. The impact of defaults that might occur in the future under different economic scenarios is captured by recalculating ECL for loans at the balance sheet date.

There is a particularly high degree of estimation uncertainty in numbers representing tail risk scenarios when assigned a 100 per cent weighting.

For wholesale credit risk exposures, the sensitivity analysis excludes ECL and financial instruments related to defaulted (stage 3) obligors. The measurement of stage 3 ECL is relatively more sensitive to credit factors specific to the obligor than future economic scenarios, and therefore effect of macroeconomic factors are not necessarily the key consideration when performing individual assessment of ECL for obligors in default. Loans to defaulted obligors are a small portion of the overall wholesale lending exposure, even if representing the majority of the allowance for ECL. Due to the range and specificity of the credit factors to which the ECL is sensitive, it is not possible to provide a meaningful alternative sensitivity analysis for a consistent set of risks across all defaulted obligors.

For retail mortgage exposures, the sensitivity analysis includes ECL for defaulted obligors of loans and advances. This is because the retail ECL for secured mortgage portfolios including loans in all stages is sensitive to macro-economic variables.

Wholesale sensitivity

The wholesale sensitivity table present the 100 per cent weighted results for France. These exclude portfolios held by the insurance business and small portfolios, and as such cannot be directly compared with personal and wholesale lending presented in other credit risk tables. In the wholesale analysis, the comparative period results for Downside 2 scenarios are also not directly comparable with the current period, because they reflect different risks relative to the consensus scenarios for the period end.

The wholesale sensitivity analysis is stated inclusive of management judgmental adjustments, as appropriate to each scenario.

For wholesale portfolios, the gross carrying amount of financial instruments are the same under each scenario. For exposures with similar risk profile and product characteristics, the sensitivity impact is therefore largely the result of changes in macroeconomic assumptions.

IFRS9 ECL sensitivity to future economic conditions[1,2,3]

ECL of loans and advances to customers	At 31 Dec 2025 €m	At 31 Dec 2024 €m
Reported ECL	**104**	77
Consensus Scenarios		
Central scenario ECL	**102**	76
Upside scenario ECL	**89**	67
Downside scenario ECL	**120**	92
Downside 2 scenario ECL	**164**	120
Corporate and commercial and NBFIs[1,2,3]	**169,775**	175,906

1 ECL sensitivity includes off-balance sheet financial instruments. These are subject to significant measurement uncertainty.
2 Includes low credit-risk financial instruments such as debt instruments at FVOCI, which have high carrying amounts but low ECL under all the above scenarios.
3 Excludes defaulted obligors.

Reconciliation of changes in gross carrying/ nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees

The following disclosure provides a reconciliation of the Group's gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees. The transfers of financial instruments represents the impact of stage transfers upon the gross carrying/nominal amount and associated allowance for ECL.

In addition, a reconciliation by stage of the group's gross carrying amount and allowances for loans and advances to banks and customers and a reconciliation by stage of the group's nominal amount and allowances for loan commitments and financial guarantees were included in this section following the adoption of the recommendations of the Disclosures on Expected Credit Losses ('DECL') Taskforce's third report.

Movements are calculated on a quarterly basis and therefore fully capture stage movements between quarters. If movements were calculated on a year-to-date basis they would only reflect the opening and closing position of the financial instrument.

The transfers of financial instruments represent the impact of stage transfers upon the gross carrying/nominal amount and associated allowance for ECL.

The net remeasurement of ECL arising from transfer of stage represents the increase or decrease due to these transfers, for example, moving from a 12-month (stage 1) to a lifetime (stage 2) ECL measurement basis. Net remeasurement excludes the underlying 'CRR'/PD movements of the financial instruments transferring stage. This is captured, along with other credit quality movements in the 'changes in risk parameters – credit quality' line item.

Changes in 'Net new and further lending/repayments' represents the impact from volume movements within the group's lending portfolio and includes 'New financial assets originated or purchased', 'assets derecognised (including final repayments)' and 'changes to risk parameters – further lending/repayment'.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1]

	Non-credit impaired				Credit impaired					
	Stage 1		Stage 2		Stage 3		POCI		Total	
	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL	Gross carrying/ nominal amount	Provision for ECL
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	**118,927**	**(51)**	**8,244**	**(101)**	**1,786**	**(376)**	**1**	**—**	**128,958**	**(528)**
Transfers of financial instruments	**(882)**	**(28)**	**518**	**46**	**364**	**(18)**	**—**	**—**	**—**	**—**
– Transfers from Stage 1 to Stage 2	(7,293)	7	7,293	(7)	—	—	—	—	—	—
– Transfers from Stage 2 to Stage 1	6,533	(35)	(6,533)	35	—	—	—	—	—	—
– Transfers to Stage 3	(252)	—	(475)	22	727	(22)	—	—	—	—
– Transfers from Stage 3	130	—	233	(4)	(363)	4	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	**—**	**27**	**—**	**(22)**	**—**	**—**	**—**	**—**	**—**	**5**
New financial assets originated or purchased	**22,176**	**(20)**	**—**	**—**	**—**	**—**	**—**	**—**	**22,176**	**(20)**
Assets derecognised (including final repayments)	**(6,810)**	**1**	**(701)**	**3**	**(160)**	**28**	**—**	**—**	**(7,671)**	**32**
Changes to risk parameters – further lending/repayments	**(13,157)**	**12**	**(961)**	**30**	**(398)**	**12**	**—**	**—**	**(14,516)**	**54**
Changes to risk parameters – credit quality	**—**	**(9)**	**—**	**(71)**	**—**	**(179)**	**—**	**—**	**—**	**(259)**
Changes to model used for ECL calculation	**—**	**4**	**—**	**23**	**—**	**—**	**—**	**—**	**—**	**27**
Assets written off	**—**	**—**	**—**	**—**	**(73)**	**73**	**—**	**—**	**(73)**	**73**
Credit related modifications that resulted in derecognition	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Foreign exchange	**14**	**—**	**(4)**	**—**	**—**	**—**	**—**	**—**	**10**	**—**
Others	**(6,480)**	**3**	**(230)**	**3**	**(17)**	**(7)**	**—**	**—**	**(6,727)**	**(1)**
Assets classified as held for sale[2]	**(828)**	**—**	**(2)**	**—**	**—**	**—**	**—**	**—**	**(830)**	**—**
At 31 Dec 2025	**112,960**	**(61)**	**6,864**	**(89)**	**1,502**	**(467)**	**1**	**—**	**121,327**	**(617)**
ECL release/(charge) for the period		**15**		**(37)**		**(139)**		**—**		**(161)**
Recoveries										**6**
Others										**(11)**
Total ECL release/(charge) for the period										**(166)**

	At 31 Dec 2025		12 months ended 31 Dec 2025
	Gross carrying/ nominal amount	Provision for ECL	ECL release/ (charge)
	€m	€m	€m
As above	**121,327**	**(617)**	**(166)**
Other financial assets measured at amortised cost	**107,297**	**—**	**—**
Assets held for sale[3]	**315**	**—**	**—**
Non-trading reverse purchase agreement commitments	**51,063**	**—**	**—**
Performance and other guarantees not considered for IFRS 9	**—**	**—**	**1**
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/Summary consolidated income statement	**280,002**	**(617)**	**(165)**
Debt instruments measured at FVOCI	**19,833**	**(3)**	**(1)**
Total Provision for ECL/total income statement ECL charge for the period	**299,835**	**(620)**	**(166)**

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
2 Includes planned sale of custodian business in Germany.
3 For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.

Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees[1] (continued)

	Non-credit impaired Stage 1 Gross carrying/ nominal amount €m	Non-credit impaired Stage 1 Provision for ECL €m	Non-credit impaired Stage 2 Gross carrying/ nominal amount €m	Non-credit impaired Stage 2 Provision for ECL €m	Credit impaired Stage 3 Gross carrying/ nominal amount €m	Credit impaired Stage 3 Provision for ECL €m	Credit impaired POCI Gross carrying/ nominal amount €m	Credit impaired POCI Provision for ECL €m	Total Gross carrying/ nominal amount €m	Total Provision for ECL €m
At 1 Jan 2024	113,743	(61)	8,206	(91)	1,889	(637)	7	—	123,845	(789)
Transfers of financial instruments	(680)	(24)	301	28	380	(4)	—	—	1	—
– Transfers from Stage 1 to Stage 2	(5,036)	6	5,036	(6)	—	—	—	—	—	—
– Transfers from Stage 2 to Stage 1	4,346	(28)	(4,346)	28	—	—	—	—	—	—
– Transfers to Stage 3	(99)	—	(570)	8	670	(8)	—	—	1	—
– Transfers from Stage 3	109	(2)	181	(2)	(290)	4	—	—	—	—
Net remeasurement of ECL arising from transfer of stage	—	18	—	(18)	—	—	—	—	—	—
New financial assets originated or purchased	32,039	(31)	—	—	—	—	—	—	32,039	(31)
Assets derecognised (including final repayments)	(16,222)	5	(1,376)	8	(439)	143	—	—	(18,037)	156
Changes to risk parameters – further lending/repayments	(9,722)	28	1,131	(20)	303	113	(6)	—	(8,294)	121
Changes to risk parameters – credit quality	—	15	—	—	—	(357)	—	—	—	(342)
Changes to model used for ECL calculation	—	(3)	—	(7)	—	—	—	—	—	(10)
Assets written off	—	—	—	—	(224)	224	—	—	(224)	224
Credit related modifications that resulted in derecognition	—	—	—	—	—	—	—	—	—	—
Foreign exchange	9	—	5	—	(2)	—	—	—	12	—
Others	179	2	(6)	(1)	(121)	142	—	—	52	143
Assets classified as held for sale[2]	(419)	—	(17)	—	—	—	—	—	(436)	—
At 31 Dec 2024	118,927	(51)	8,244	(101)	1,786	(376)	1	—	128,958	(528)
ECL release/(charge) for the period		32		(37)		(101)		—		(106)
Recoveries										—
Others	—	—	—	—	—	—	—	—	—	18
Total ECL release/(charge) for the period										(88)

	At 31 Dec 2024 Gross carrying/ nominal amount €m	At 31 Dec 2024 Provision for ECL €m	12 months ended 31 Dec 2024 ECL release/ (charge) €m
As above	128,958	(528)	(88)
Other financial assets measured at amortised cost	95,233	—	—
Assets held for sale[3]	2,475	—	—
Non-trading reverse purchase agreement commitments	35,127	—	—
Performance and other guarantees not considered for IFRS 9	—	—	(3)
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied/ Summary consolidated income statement	261,793	(528)	(91)
Debt instruments measured at FVOCI[4]	25,567	(5)	—
Total Provision for ECL/total income statement ECL charge for the period	287,360	(533)	(91)

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
2 Includes planned sale of private banking business in Germany and life insurance business in France.
3 For further details on gross carrying amounts and allowances for ECL related to assets held for sale, see 'Assets held for sale' on page 161.
4 Includes EUR 8.2 billion related to planned sale of the life insurance business in France classified as held for sale in 2024.

Credit impaired loans

HSBC determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for more than 90 days; and
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the loan is otherwise considered to be in default. If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit-impaired and default are aligned as far as possible so that Stage 3 represents all loans which are considered defaulted or otherwise credit-impaired.

Forborne loans and forbearance

A range of forbearance strategies is employed in order to improve the management of customer relationships by avoiding default, of the customer where possible or the calling of guarantees obtained whilst maximising the recoveries of the amounts due. They include extended payment terms, a reduction in interest or principal repayments, approved external debt management plans, debt consolidations, the deferral of foreclosures and other forms of loan modifications and re-ageing.

HSBC Continental Europe's policies and practices are based on criteria which seek to enable wherever possible that the repayment is likely to continue. These typically involve the granting of revised loan terms and conditions.

Loan forbearance is only granted in situations where the customer has showed a willingness to repay their loan and is expected to be able to meet the revised obligations.

The contractual terms of a loan may be modified for a number of reasons, including changes in market conditions, customer retention and other factors not related to the current or potential credit deterioration of a customer. 'Forbearance' describes concessions made on the contractual terms of a loan in response to an obligor's financial difficulties. We classify and report loans on which such concessions have been granted as 'forborne loans' when their contractual payment terms have been modified as a result of serious concerns on the capacity of the borrower to repay their contractual outstanding.

Identifying forborne loans

Concessions, on loans made to customers, which do not affect the payment structure or basis of repayment, such as temporary or permanent waivers granted by the bank to take advantage of the non-respect of financial or security covenants, do not directly provide concessionary relief to customers in terms of their ability to service obligations as they fall due and are therefore not included in this classification.

For retail lending, our credit risk management policy sets out restrictions on the number and frequency of forbearance, the minimum period an account must have been opened before any forbearance can be considered and the number of qualifying payments that must be received. The application of this policy varies according to the nature of the market, the product and the management of customer relationships through the occurrence of exceptional events.

Credit quality classification of forborne loans

Under IFRS, an entity is required to assess whether there is objective evidence that financial assets are impaired at the end of each reporting period. A loan is impaired and an impairment allowance is recognised when there is objective evidence of a loss event that has an effect on the cash flows of the loan which can be reliably estimated.

A forborne loan is presented as impaired when:

- there has been a change in contractual cash flows as a result of a concession which the lender would otherwise not consider; and
- it is probable that without the concession, the borrower would be unable to meet contractual payment obligations in full.

This presentation applies unless the concession is insignificant and there are no other indicators of impairment. The forborne loan will continue to be disclosed as impaired, for at least one year and until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, and there are no other indicators of impairment. For loans that are assessed for impairment on a collective basis, the evidence typically comprises a history of payment performance against the original or revised terms, as appropriate to the circumstances. For loans that are assessed for impairment on an individual basis, all available evidence is assessed on a case-by-case basis.

For retail lending the minimum period of payment performance required depends on the nature of loans in the portfolio, but is typically not less than 12 months. Where portfolios have more significant levels of forbearance activity the minimum repayment performance period required may be substantially more.

Forborne loans and recognition of impairment allowances

For retail lending, forborne loans are segregated from other parts of the loan portfolio for collective impairment assessment to reflect the higher rates of losses often encountered in these segments.

In the corporate and commercial sectors, forborne loans are typically assessed individually. Credit risk ratings are intrinsic to the impairment assessment. A distressed restructuring is classified as an impaired loan. The individual impairment assessment takes into account the higher risk of the non-payment of future cash flows inherent in forborne loans.

Forborne loans and advances to customers at amortised costs by stage allocation

	Performing Forborne		Non-Performing Forborne		Total
	Stage 1	Stage 2	Stage 3	POCI	
	€m	€m	€m	€m	€m
Gross carrying amount					
Personal	—	10	14	—	24
– first lien residential mortgages	—	10	14	—	24
– guaranteed loans in respect of residential property	—	—	—	—	—
– other personal lending which is secured	—	—	—	—	—
Wholesale	—	889	757	—	1,646
– corporate and commercial	—	869	754	—	1,623
– non-bank financial institutions	—	20	3	—	23
At 31 Dec 2025	—	899	771	—	1,670
Provision for ECL					
Personal	—	—	(1)	—	(1)
– first lien residential mortgages	—	—	(1)	—	(1)
– guaranteed loans in respect of residential property	—	—	—	—	—
– other personal lending which is secured	—	—	—	—	—
Wholesale	—	(25)	(217)	—	(242)
– corporate and commercial	—	(25)	(217)	—	(242)
– non-bank financial institutions	—	—	—	—	—
At 31 Dec 2025	—	(25)	(218)	—	(243)
Gross carrying amount					
Personal	—	61	22	—	83
– first lien residential mortgages	—	29	17	—	46
– guaranteed loans in respect of residential property	—	32	5	—	37
– other personal lending which is secured	—	—	—	—	—
Wholesale	—	1,357	1,034	—	2,391
– corporate and commercial	—	1,352	1,030	—	2,382
– non-bank financial institutions	—	5	4	—	9
At 31 Dec 2024	—	1,418	1,056	—	2,474
Provision for ECL					—
Personal	—	(2)	(3)	—	(5)
– first lien residential mortgages	—	(1)	(2)	—	(3)
– guaranteed loans in respect of residential property	—	(1)	(1)	—	(2)
– other personal lending which is secured	—	—	—	—	—
Wholesale	—	(30)	(186)	—	(216)
– corporate and commercial	—	(30)	(186)	—	(216)
– non-bank financial institutions	—	—	—	—	—
At 31 Dec 2024	—	(32)	(189)	—	(221)

Wholesale lending

This section presents further disclosures related to wholesale lending. It provides details of the major countries, industries and customer classification that are driving the change observed in wholesale loans and advances to banks and customers.

Further granularity is also provided by stage, with data for our main countries presented for gross loans and advances to banks and customers, loan and other credit-related commitments and financial guarantees.

The table below provides a breakdown by industry sector and stage of the group's gross carrying amount and allowances for ECL for wholesale loans and advances to banks and customers.

Counterparties or exposures are classified when presenting comparable economic characteristics, or engaged in similar activities so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. Therefore, the industry classification does not adhere to Nomenclature des Activités Économiques dans la Communauté Européenne ('NACE'), which is applicable to other financial regulatory reporting.

Total wholesale lending for loans and advances to banks and customers by stage distribution

	Gross carrying amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Corporate and commercial	**26,010**	**3,078**	**1,257**	**1**	**30,346**	**(36)**	**(65)**	**(415)**	**—**	**(516)**
– Industrial	**6,891**	**770**	**299**	**—**	**7,960**	**(8)**	**(13)**	**(107)**	**—**	**(128)**
– Commercial, international trade	**13,546**	**1,959**	**501**	**1**	**16,007**	**(19)**	**(44)**	**(199)**	**—**	**(262)**
– Construction and real estate	**4,099**	**286**	**388**	**—**	**4,773**	**(6)**	**(8)**	**(76)**	**—**	**(90)**
– Governments	**748**	**28**	**—**	**—**	**776**	**—**	**—**	**—**	**—**	**—**
– Others	**726**	**35**	**69**	**—**	**830**	**(3)**	**—**	**(33)**	**—**	**(36)**
Non-bank financial institutions	**9,634**	**617**	**38**	**—**	**10,289**	**(5)**	**(3)**	**(18)**	**—**	**(26)**
Loans and advances to banks	**5,691**	**24**	**—**	**—**	**5,715**	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2025	**41,335**	**3,719**	**1,295**	**1**	**46,350**	**(41)**	**(68)**	**(433)**	**—**	**(542)**
By geography										
HSBC Continental Europe										
– of which: France	**30,497**	**2,439**	**681**	**1**	**33,618**	**(32)**	**(53)**	**(262)**	**—**	**(347)**
– of which: Germany	**4,387**	**772**	**488**	**—**	**5,647**	**(3)**	**(9)**	**(138)**	**—**	**(150)**
– of which: Other Countries	**6,451**	**508**	**126**	**—**	**7,085**	**(6)**	**(6)**	**(33)**	**—**	**(45)**
Corporate and commercial	28,015	4,226	1,495	1	33,737	(34)	(74)	(324)	—	(432)
– Industrial	7,421	741	470	—	8,632	(7)	(30)	(56)	—	(93)
– Commercial, international trade	14,415	2,878	788	1	18,082	(19)	(35)	(234)	—	(288)
– Construction and real estate	4,159	342	229	—	4,730	(6)	(8)	(31)	—	(45)
– Governments	1,084	38	—	—	1,122	—	—	—	—	—
– Others	936	227	8	—	1,171	(2)	(1)	(3)	—	(6)
Non-bank financial institutions	7,716	75	9	—	7,800	(3)	(1)	(6)	—	(10)
Loans and advances to banks	5,679	25	—	—	5,704	(1)	—	—	—	(1)
At 31 Dec 2024	41,410	4,326	1,504	1	47,241	(38)	(75)	(330)	—	(443)
By geography										
HSBC Continental Europe										
– of which: France	30,631	3,147	1,030	1	34,809	(24)	(38)	(185)	—	(247)
– of which: Germany	5,770	872	355	—	6,997	(4)	(35)	(109)	—	(148)
– of which: Other Countries	5,009	307	119	—	5,435	(10)	(2)	(36)	—	(48)

Total wholesale lending for loans and other credit-related commitments and financial guarantees[1] by stage distribution

	Nominal amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Corporate and commercial	**53,908**	**2,749**	**142**	**—**	**56,799**	**(14)**	**(17)**	**(13)**	**—**	**(44)**
Financial	**65,879**	**258**	**—**	**—**	**66,137**	**(2)**	**(1)**	**—**	**—**	**(3)**
At 31 Dec 2025	**119,787**	**3,007**	**142**	**—**	**122,936**	**(16)**	**(18)**	**(13)**	**—**	**(47)**
By geography										
HSBC Continental Europe										
– of which: France	**106,108**	**1,397**	**59**	**—**	**107,564**	**(11)**	**(4)**	**(13)**	**—**	**(28)**
– of which: Germany	**10,302**	**1,449**	**81**	**—**	**11,832**	**(5)**	**(10)**	**—**	**—**	**(15)**
– of which: Other Countries	**3,377**	**161**	**2**	**—**	**3,540**	**—**	**(4)**	**—**	**—**	**(4)**

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Total wholesale lending for loans and other credit-related commitments and financial guarantees[1] by stage distribution

	Nominal amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Corporate and commercial	51,231	3,591	174	—	54,996	(9)	(16)	(14)	—	(39)
Financial	51,227	33	—	—	51,260	(1)	—	—	—	(1)
At 31 Dec 2024	102,458	3,624	174	—	106,256	(10)	(16)	(14)	—	(40)
By geography										
HSBC Continental Europe										
– of which: France	89,808	2,362	69	—	92,239	(5)	(5)	(11)	—	(21)
– of which: Germany	9,857	838	89	—	10,784	(4)	(9)	—	—	(13)
– of which: Other Countries	2,793	424	16	—	3,233	(1)	(2)	(3)	—	(6)

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Wholesale lending – other corporate, commercial and financial (non-bank) loans and advances including loan commitments by level of collateral by stage

	Gross carrying/nominal amount					ECL coverage				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	%	%	%	%	%
Not collateralised	**93,560**	**5,166**	**841**	**1**	**99,568**	**—**	**1.3**	**47.6**	**—**	**0.5**
Fully collateralised by LTV ratio	**7,847**	**912**	**84**	**—**	**8,843**	**0.1**	**0.3**	**9.5**	**—**	**0.2**
– less than 50%	**3,882**	**473**	**75**	**—**	**4,430**	**0.1**	**0.4**	**8.0**	**—**	**0.3**
– 51% to 75%	**1,772**	**137**	**5**	**—**	**1,914**	**0.1**	**0.7**	**20.0**	**—**	**0.2**
– 76% to 90%	**427**	**61**	**1**	**—**	**489**	**0.2**	**—**	**100.0**	**—**	**0.4**
– 91% to 100%	**1,766**	**241**	**3**	**—**	**2,010**	**0.1**	**—**	**—**	**—**	**—**
Partially collateralised (A): LTV > 100%	**4,872**	**715**	**138**	**—**	**5,725**	**—**	**1.3**	**13.0**	**—**	**0.5**
– collateral value on A	**3,547**	**446**	**57**	**—**	**4,050**					
Total at 31 Dec 2025	**106,279**	**6,793**	**1,063**	**1**	**114,136**	**0.1**	**1.1**	**40.1**	**—**	**0.5**
of which: France										
Not collateralised	**74,296**	**2,680**	**414**	**1**	**77,391**	**—**	**1.9**	**60.9**	**—**	**0.4**
Fully collateralised by LTV ratio	**3,938**	**576**	**4**	**—**	**4,518**	**0.1**	**0.3**	**25.0**	**—**	**0.1**
– less than 50%	**2,061**	**463**	**2**	**—**	**2,526**	**—**	**0.2**	**50.0**	**—**	**0.1**
– 51% to 75%	**1,072**	**92**	**1**	**—**	**1,165**	**0.1**	**1.1**	**—**	**—**	**0.2**
– 76% to 90%	**270**	**19**	**1**	**—**	**290**	**—**	**—**	**—**	**—**	**—**
– 91% to 100%	**535**	**2**	**—**	**—**	**537**	**—**	**—**	**—**	**—**	**—**
Partially collateralised (B): LTV > 100%	**3,553**	**347**	**87**	**—**	**3,987**	**0.1**	**0.6**	**12.6**	**—**	**0.4**
– collateral value on B	**2,288**	**147**	**55**	**—**	**2,490**					
Total France at 31 Dec 2025	**81,787**	**3,603**	**505**	**1**	**85,896**	**0.1**	**1.5**	**52.3**	**—**	**0.4**
Not collateralised	90,322	6,197	754	1	97,274	—	1.0	35.2	0.1	0.4
Fully collateralised by LTV ratio	7,622	702	128	—	8,452	0.1	1.0	7.8	—	0.3
– less than 50%	3,696	250	20	—	3,966	0.1	0.8	22.3	—	0.3
– 51% to 75%	1,695	60	15	—	1,770	0.1	1.3	27.4	—	0.4
– 76% to 90%	760	38	3	—	801	0.2	0.8	47.9	—	0.4
– 91% to 100%	1,471	354	90	—	1,915	0.1	1.1	0.1	—	0.3
Partially collateralised (A): LTV > 100%	4,679	908	559	—	6,146	—	1.8	6.2	—	0.9
– collateral value on A	3,736	506	174	—	4,416	—	—	—	—	—
Total at 31 Dec 2024	102,623	7,807	1,441	1	111,872	—	1.1	21.5	0.1	0.4
of which: France										
Not collateralised	70,059	4,247	384	1	74,691	—	0.8	38.5	0.1	0.3
Fully collateralised by LTV ratio	4,148	207	100	—	4,455	—	0.8	2.2	—	0.1
– less than 50%	2,303	129	4	—	2,436	—	0.5	16.0	—	0.1
– 51% to 75%	1,254	54	5	—	1,313	0.1	1.1	13.2	—	0.2
– 76% to 90%	287	18	2	—	307	0.1	1.6	41.8	—	0.5
– 91% to 100%	304	6	89	—	399	—	1.9	—	—	—
Partially collateralised (B): LTV > 100%	3,455	778	439	—	4,672	—	0.3	3.8	—	0.4
– collateral value on B	2,707	477	91	—	3,275					
Total France at 31 Dec 2024	77,662	5,232	923	1	83,818	—	0.7	18.0	0.1	0.3

Personal lending

Total personal lending

Personal lending mainly includes advances to individual customers for asset purchases such as residential property where the loans are secured by the assets being acquired. We also offer in Malta consumer lending products such as overdrafts and personal loans which are mainly unsecured.

Total personal lending for loans and advances to customers at amortised costs by stage distribution

	Gross carrying amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
First lien residential mortgages	**1,917**	**132**	**61**	**—**	**2,110**	**(4)**	**(2)**	**(18)**	**—**	**(24)**
Other personal lending	**654**	**2**	**4**	**—**	**660**	**—**	**(1)**	**(3)**	**—**	**(4)**
– second lien residential mortgages	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– guaranteed loans in respect of residential property	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– other personal lending which is secured	**586**	**—**	**—**	**—**	**586**	**—**	**—**	**—**	**—**	**—**
– credit cards	**24**	**1**	**—**	**—**	**25**	**—**	**(1)**	**—**	**—**	**(1)**
– other personal lending which is unsecured	**44**	**1**	**4**	**—**	**49**	**—**	**—**	**(3)**	**—**	**(3)**
– motor vehicle finance	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2025	**2,571**	**134**	**65**	**—**	**2,770**	**(4)**	**(3)**	**(21)**	**—**	**(28)**

Total personal lending for loans and other credit-related commitments and financial guarantees[1] by stage distribution

	Gross carrying amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Personal lending										
At 31 Dec 2025	**329**	**5**	**—**	**—**	**334**	**—**	**—**	**—**	**—**	**—**

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Total personal lending for loans and advances to customers at amortised costs by stage distribution (continued)

	Gross carrying amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
First lien residential mortgages	2,747	121	77	—	2,945	(2)	(8)	(22)	—	(32)
Other personal lending	7,093	169	31	—	7,293	(1)	(2)	(10)	—	(13)
– second lien residential mortgages	—	—	—	—	—	—	—	—	—	—
– guaranteed loans in respect of residential property	6,142	167	17	—	6,326	(1)	(2)	(3)	—	(6)
– other personal lending which is secured	873	—	6	—	879	—	—	—	—	—
– credit cards	25	1	—	—	26	—	—	—	—	—
– other personal lending which is unsecured	53	1	8	—	62	—	—	(7)	—	(7)
– motor vehicle finance	—	—	—	—	—	—	—	—	—	—
At 31 Dec 2024	9,840	290	108	—	10,238	(3)	(10)	(32)	—	(45)

Total personal lending for loans and other credit-related commitments and financial guarantees[1] by stage distribution

	Gross carrying amount					Provision for ECL				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Personal lending										
At 31 Dec 2024	346	4	—	—	350	—	—	—	—	—

1 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

Mortgage lending

We offer a wide range of mortgage products designed to meet customer needs, including capital repayment, bridge loans and regulated loans. HSBC Continental Europe has specific LTV thresholds and debt-to-income ratios in place for this type of lending, which are compliant with the overall Group policy, strategy and risk appetite.

Collateral and other credit enhancements held

The most common method of mitigating credit risk for personal lending is to take collateral. For HSBC Continental Europe a mortgage over the property is often taken to help secure claims. Loans may also be made against a pledge of eligible marketable securities or cash.

The tables below show residential mortgage lending including off-balance sheet loan commitments by level of collateral. They provide a quantification of the value of fixed charges we hold over borrowers' specific assets in the event of the borrower failing to meet its contractual obligations.

The LTV ratio is calculated as the gross on-balance sheet carrying amount of the loan and any off-balance sheet loan commitment at the balance sheet date divided by the value of collateral.

The value of mortgage collateral is updated on a monthly basis using the notary price index ('INSEE'). In addition professional valuations are obtained for high value mortgage loans (>EUR 3m) annually.

Valuations of financial collateral are updated on a daily basis for those portfolios held by HSBC Continental Europe and on annual basis for those held externally.

The collateral valuation excludes any cost adjustments linked to obtaining and selling the collateral and, in particular, loans shown as not collateralised or partly collateralised may also benefit from other forms of credit mitigants.

Personal lending – residential mortgage loans including loan commitments by level of collateral by stage

	Gross carrying/nominal amount				ECL coverage			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	€m	€m	€m	€m	%	%	%	%
Fully collateralised by LTV ratio	**2,047**	**136**	**46**	**2,229**	**0.1**	**1.5**	**19.6**	**0.6**
– less than 50%	**1,119**	**92**	**36**	**1,247**	**0.1**	**1.1**	**11.1**	**0.5**
– 51% to 70%	**751**	**35**	**7**	**793**	**0.3**	**2.9**	**42.9**	**0.8**
– 71% to 80%	**133**	**8**	**2**	**143**	**—**	**—**	**50.0**	**0.7**
– 81% to 90%	**37**	**1**	**—**	**38**	**—**	**—**	**—**	**—**
– 91% to 100%	**7**	**—**	**1**	**8**	**—**	**—**	**100.0**	**12.5**
Partially collateralised (A): LTV > 100%	**—**	**—**	**14**	**14**	**—**	**—**	**64.3**	**64.3**
LTV ratio:								
– 101% to 110%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– 111% to 120%	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– greater than 120%	**—**	**—**	**14**	**14**	**—**	**—**	**64.3**	**64.3**
– collateral value on A	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total at 31 Dec 2025	**2,047**	**136**	**60**	**2,243**	**0.1**	**1.5**	**30.0**	**1.0**
Fully collateralised by LTV ratio	2,860	124	61	3,045	0.1	5.0	18.7	0.7
– less than 50%	1,520	87	37	1,644	—	4.7	14.1	0.6
– 51% to 70%	1,066	30	21	1,117	0.1	4.6	21.3	0.7
– 71% to 80%	203	6	2	211	0.1	9.2	44.5	0.7
– 81% to 90%	65	1	—	66	0.1	13.3	—	0.5
– 91% to 100%	6	—	1	7	0.6	—	89.1	13.5
Partially collateralised (A): LTV > 100%	11	—	15	26	0.1	—	66.5	38.6
LTV ratio:								
– 101% to 110%	2	—	—	2	0.1	—	—	2.3
– 111% to 120%	2	—	—	2	0.2	—	—	0.2
– greater than 120%	7	—	15	22	0.1	—	66.9	45.4
– collateral value on A	6	—	—	6	—	—	—	—
Total at 31 Dec 2024	2,871	124	76	3,071	0.1	5.0	28.1	1.0

Financial assets at amortised cost classified as "Assets held for sale[1]"

	Gross carrying amount	Provision for ECL	Net
	€m	€m	€m
Loans and advances to customers at amortised cost	**294**	**—**	**294**
– stage 1	**294**	**—**	**294**
– stage 2	**—**	**—**	**—**
– stage 3	**—**	**—**	**—**
– POCI	**—**	**—**	**—**
Loans and advances to banks at amortised cost	**13**	**—**	**13**
– stage 1	**13**	**—**	**13**
– stage 2	**—**	**—**	**—**
– stage 3	**—**	**—**	**—**
– POCI	**—**	**—**	**—**
Other financial assets measured at amortised cost	**8**	**—**	**8**
– stage 1	**8**	**—**	**8**
– stage 2	**—**	**—**	**—**
– stage 3	**—**	**—**	**—**
– POCI	**—**	**—**	**—**
At 31 Dec 2025	**315**	**—**	**315**

1 Includes planned sale of custodian business and fund administration services in Germany.

Financial assets at amortised cost classified as "Assets held for sale[1]"

	Gross carrying amount	Provision for ECL	Net
	€m	€m	€m
Loans and advances to customers at amortised cost	298	—	298
– stage 1	281	—	281
– stage 2	17	—	17
– stage 3	—	—	—
– POCI	—	—	—
Loans and advances to banks at amortised cost	139	—	139
– stage 1	139	—	139
– stage 2	—	—	—
– stage 3	—	—	—
– POCI	—	—	—
Other financial assets measured at amortised cost	2,038	—	2,038
– stage 1	2,038	—	2,038
– stage 2	—	—	—
– stage 3	—	—	—
– POCI	—	—	—
At 31 Dec 2024	2,475	—	2,475

1 Includes planned sale of private banking business in Germany and life insurance business in France.

Counterparty credit risk

Overview

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Whenever there is a chance that a counterparty will not pay an amount of money owed, live up to a financial commitment or honour a claim, there is credit risk. Many types of transactions present credit risk, counterparty credit risk tackles the case of an indirect exposure via an Over-The-Counter or Secured Financing Transaction ('OTC/SFT'): both parties commit to make future payments, the amounts of which are dependent on the market value of an underlying product (for example the exchange rate between the U.S. dollar and the Japanese yen).

Key developments in 2025

There were no material changes to current policies and practices for management of counterparty credit risk in 2025.

Governance and Structure

Traded Risk has a specific team responsible for the measurement, control and management of counterparty risk primarily as a Second Line of Defence function. Traded Risk reports to the Chief Risk Officer of HSBC Continental Europe.

The risk appetite framework for counterparty credit risk relies on two types of limits:

- Counterparty-level limits which are approved by the Wholesale Credit Officers; and
- Portfolio level limits which are established to monitor risk at an aggregate level. HSBC Continental Europe has portfolio limits on Wrong Way Risk, CVA, Financing and CCPs related metrics.

Key risk management processes

The Traded Credit Risk Management Meeting is the backbone of CCR's governance structure. During this monthly meeting, the different CCR events per client and portfolio are discussed and reviewed for further escalation to the HSBC Continental Europe RMM as necessary. Outstanding issues are also reported to sales/relationship managers, credit officers and to the Traded Risk Europe/Group representatives.

Market risk

Overview

Market risk is the risk that movements in market factors, including foreign exchange rates, interest rates, credit spreads and equity prices will reduce HSBC Continental Europe's income or the value of its portfolios.

Exposure to market risk is separated into two portfolios.

Trading portfolios comprise positions arising from market-making and warehousing of customer-derived positions.

Non-trading portfolios including Markets Treasury comprise positions that primarily arise from the interest rate risk management of commercial banking assets and liabilities, and financial investments designated as Held-To-Collect-and-Sale ('HTCS').

Key developments in 2025

There were no material changes to current policies and practices for the management of market risk in 2025.

Market risk governance

The following diagram summarizes the main business areas where trading and non-trading market risks reside, and the market risk measures used to monitor and limit exposures.

	Trading Risk	Non-trading Risk
Risk types	– Foreign exchange – Interest rates – Credit spreads – Equities	– Interest rates – Credit spreads – Foreign exchange
Risk measure	Value at Risk | Sensitivity | Stress testing	Value at Risk | Sensitivity | Stress testing

Where appropriate, similar risk management policies and measurement techniques are applied to both trading and non-trading portfolios. The objective is to manage and control market risk exposures to optimise return on risk while maintaining a market profile consistent with the established risk appetite.

At the HSBC Group level, market risk is managed and controlled through limits approved by the Risk Management Meeting for HSBC Holdings plc. These limits are allocated across business lines and to the HSBC Group's legal entities. Each major operating entity, including HSBC Continental Europe, has an independent market risk management and control sub-function which is responsible for measuring market risk exposures, monitoring and reporting these exposures against the prescribed limits on a daily basis.

For HSBC Continental Europe, the Chief Risk Officer is responsible for the management of the HSBC Continental Europe market risks limits, the business lines it operates as well as its subsidiaries. The risks mandates are also approved by the Chief Risk Officer within the risk appetite limits approved by the HSBC Continental Europe Board.

Each operating entity is required to assess the market risks arising in its business and to transfer them either to its local Markets and Securities Services or Markets Treasury unit for management, or to separate books managed under the supervision of the Asset Liability Committees. The Traded Risk function enforces the controls around trading in permissible instruments approved for each site as well as following completion of the new product approval process. Traded Risk also restricts trading in the more complex derivative products to offices with appropriate levels of product expertise and robust control systems.

Market risk in 2025

Despite rising uncertainties and heightening geopolitical tensions around the globe, European financial markets remained resilient in 2025. The widening gap between European Union and United States political narratives jolted markets throughout the first semester and triggered spikes of volatility. Both Germany's rule breaking announcement of an unprecedent spending package and US tariffs drove the trends over the period. The rising mistrust toward United State weighted on American assets with the dollar depreciating by about 15 per cent against the euro and only slightly recovered by year end. Volatility softened during the second semester. The trend was driven by the artificial intelligence momentum, fuelling a rally on main equity indexes. While European equity indexes outperformed United States ones in the first half of the year, the trends reversed in the next six months. Main indexes are up from 20 per cent to 25 per cent over the year. European corporate also benefited from improving credit conditions with spreads nearing five years low. The political context in Europe, with fragile governments in France and Germany, further fuelled the fiscal narrative. Sovereign spreads on historical European core countries underperformed and widened over the period. In that context, the ECB kept pace of its easing monetary policy with four additional cuts. The deposit rate ends the year at 2 per cent with an inflation close to the 2 per cent target.

Market risk measures

Market risk monitoring system

HSBC Continental Europe uses a range of tools to monitor and limit market risk exposures including sensitivity analysis, Value at Risk ('VAR') and stress testing. The objective is to manage and control market risk exposures while maintaining a market profile consistent with our risk appetite.

Sensitivity analysis

Sensitivity analysis measures the impact of individual market factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates and equity prices, such as the effect of a one basis point change in yield. HSBC uses sensitivity measures to monitor the market risk positions within each risk type. Sensitivity limits are set for portfolios, products and risk types, with the depth of the market being one of the principal factors in determining the level of limits set.

Value at risk

VaR is a technique that estimates the potential losses on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The use of VaR is integrated into market risk management and is calculated for all trading positions regardless of how HSBC Continental Europe capitalises those exposures. Where there is not an approved internal model, HSBC Continental Europe uses the rules prescribed by the regulator to capitalise exposures.

In addition, HSBC Continental Europe calculates VaR for non-trading portfolios in order to have a complete picture of risk. VaR is calculated at a 99 per cent confidence level for a one-day holding period. Where VaR is not explicitly computed, alternative tools like Stress Testing are in use.

The VaR models are based predominantly on historical simulation. These models derive plausible future scenarios from past series of recorded market rates and prices, taking into account inter-relationships between different markets and rates such as interest rates and foreign exchange rates. The models also incorporate the effect of option features on the underlying exposures.

The historical simulation models used incorporate the following features:

- Historical market rates and prices are calculated with reference to foreign exchange rates, interest rates, equity prices and the associated volatilities;
- Potential market movements utilised for VaR are calculated with reference to data from the past two years; and
- VaR measures are calculated to a 99 per cent confidence level and use a one-day holding period.

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

Although a valuable guide to risk, VaR should always be viewed in the context of its limitations. For example:

- Use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- Use of a holding period assumes that all positions can be liquidated or the risks offset during that period. This may not fully reflect the market risk arising at times of severe illiquidity, when the holding period may be insufficient to liquidate or hedge all positions fully;
- Use of a 99 per cent confidence level by definition does not take into account losses that might occur beyond this level of confidence; and
- VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures.

Stressed VaR

HSBC Continental Europe calculates a Stressed VaR. Like VaR, it is calculated using historical simulations and a 99 per cent confidence level. However, unlike VaR, Stressed VaR is based on a 10 day period and a stressed period historical dataset. Stressed VaR can be rescaled to a one-day equivalent holding period by dividing it by the square root of 10.

Stress Testing

Stress testing is an important procedure that is integrated into the market risk management toolkit to evaluate the potential impact on portfolio values of more extreme, although plausible, events or movements in a set of financial variables. In such scenarios, losses can be much greater than those predicted by VaR modelling.

Market risk reverse stress tests are undertaken on the premise that there is a fixed loss. The stress testing process identifies which scenarios lead to this loss. The rationale behind the reverse stress test is to understand scenarios which are beyond normal business settings that could have contagion and systemic implications.

Stressed VaR and stress testing, together with reverse stress testing and the management of gap risk, provide management with insights regarding the ‘tail risk’ beyond VaR for which local appetite is limited.

Back-testing

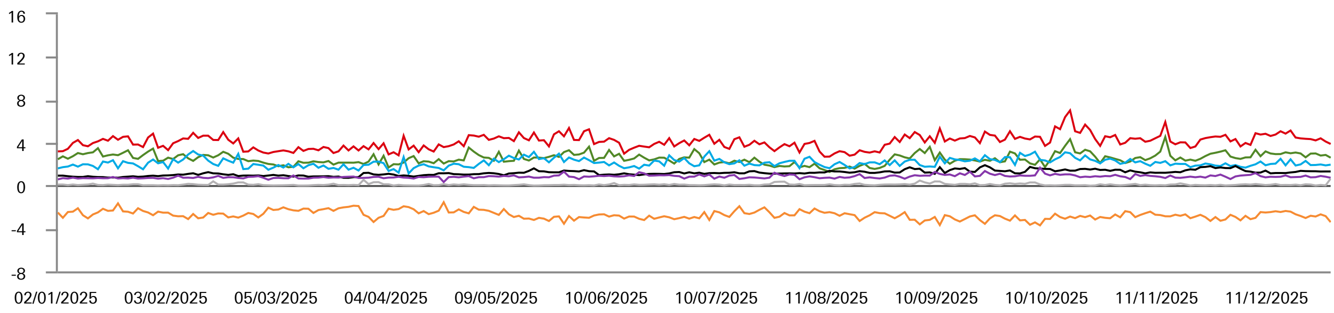
HSBC Continental Europe routinely validates the accuracy of its VaR models by back-testing the VaR metric against both actual and hypothetical profit and loss. Hypothetical profit and loss exclude non-modelled items such as fees, commissions and revenue of intra-day transactions. The hypothetical profit and loss reflects the profit and loss that would be realised if positions of HSBC Continental Europe are held constant from the end of one trading day to the end of the next. This measure of profit and loss does not align with how risk is dynamically hedged, and is not therefore necessarily indicative of the actual performance of the business. The number of hypothetical loss back-testing exceptions, together with a number of other indicators, is used to assess model performance and to consider whether enhanced internal monitoring of a VaR model is required.

Trading portfolios

Value at risk of the trading portfolios

The majority of HSBC Continental Europe total Value at Risk ('VaR') and almost all trading VaR reside in Markets and Securities Services with an amount of EUR 3.9 million EUR as of 31 December 2025 compared with EUR 3.4 million EUR at 31 December 2024.

HSBC Continental Europe Trading VaR by risk type (mEUR)



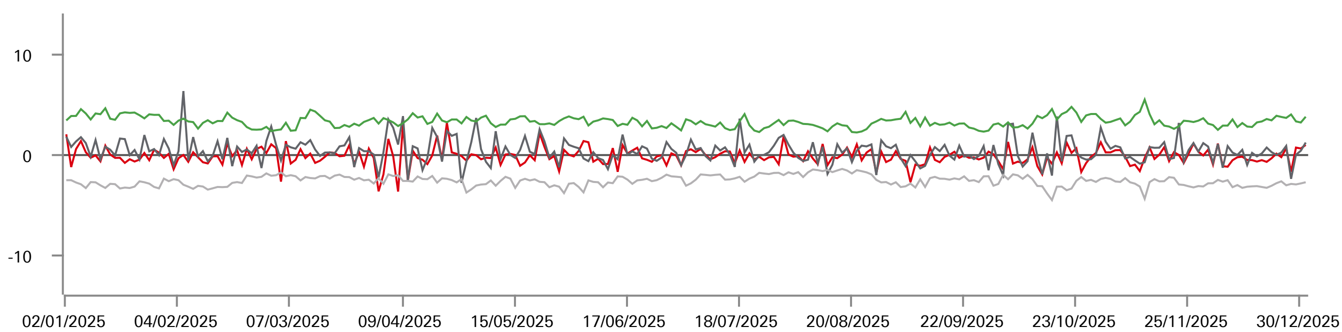
HSBC Continental Europe Trading VaR by risk type

	Foreign exchange ('FX') and commodity	Interest rate ('IR')	Equity ('EQ')	Credit Spread ('CS')	Commodity	Portfolio Diversification	Total
	€m	€m	€m	€m	€m	€m	€m
Balance at 31 Dec 2025	**0.74**	**2.61**	**1.96**	**1.33**	**0.66**	**(3.40)**	**3.90**
Average	**0.84**	**2.54**	**2.13**	**1.20**	**0.10**	**(2.72)**	**4.10**
Maximum	**1.68**	**4.56**	**3.24**	**1.92**	**0.66**	**(3.70)**	**7.03**
Balance at 31 Dec 2024	1.36	2.20	1.91	0.91	0.37	(3.33)	3.41
Average	0.78	4.74	2.35	1.11	0.07	(3.16)	5.88
Maximum	1.55	11.11	4.59	1.86	0.54	(5.33)	12.94

HSBC Continental Europe 1D SVaR of the Trading portfolio

	€m
Average	**(9.92)**
Maximum	**(18.51)**
Minimum	**(4.59)**
At 31 Dec 2025	**(18.12)**

HSBC Continental Europe solo Backtesting (mEUR)



Non-Trading portfolios

Non-trading VaR of HSBC Continental Europe includes the interest rate risk of non-trading financial instruments held by the global businesses and transferred into portfolios managed by Markets Treasury or Asset, Liability and Capital Management functions. In measuring, monitoring and managing risk in non-trading portfolios, VaR is just one of the tools used. The management of interest rate risk in the banking book is described further in 'Non-trading interest rate risk' below, including the role of Markets Treasury. The local control of market risk in the non-trading portfolios is based on transferring the assessed market risk of non-trading assets and liabilities created outside Markets Treasury or Markets, to the books managed by Markets Treasury, provided the market risk can be neutralised. The net exposure is typically managed by Markets Treasury through the use interest rate swaps. Interest rate swaps used by Markets Treasury are typically classified as either a fair value hedge or a cash flow hedge and included within the local non-trading VaR.

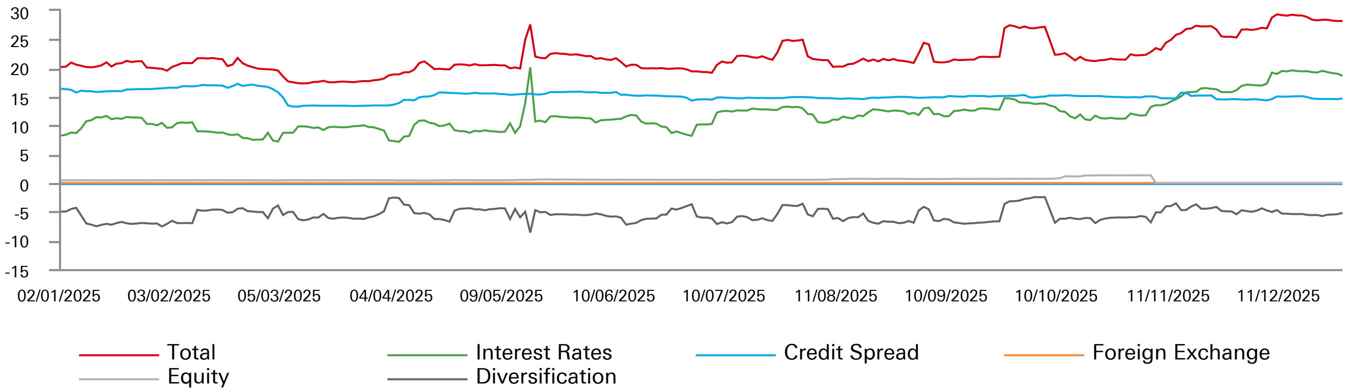
Any market risk that cannot be neutralised in the market is managed by HSBC Continental Europe in segregated ALCO books.

HSBC Continental Europe Value at Risk of the non-trading portfolio

HSBC Continental Europe Total accrual VaR by risk type

	Foreign Exchange	Interest Rate	Equity	Credit Spread	Portfolio diversification	Total
	€m	€m	€m	€m	€m	€m
Balance at 31 Dec 2025	**—**	**18.68**	**—**	**14.74**	**(5.19)**	**28.22**
Average	**—**	**11.85**	**0.53**	**15.18**	**(5.55)**	**22.01**
Maximum	**—**	**20.14**	**1.34**	**17.28**	**(8.63)**	**29.37**
Balance at 31 Dec 2024	0.01	8.22	0.48	16.41	(4.64)	20.49
Average	0.01	9.81	0.34	13.52	(5.51)	18.17
Maximum	0.17	14.70	0.62	20.72	(9.15)	24.92

HSBC Continental Europe solo non-trading VaR by risk type (mEUR)



Treasury risk

Overview

Treasury risk is the risk of having insufficient capital, liquidity or funding resources to meet financial obligations and satisfy regulatory requirements. Treasury risk also includes the risk to our earnings or capital due to structural foreign exchange exposures and changes in market interest rates.

Treasury risk arises from changes to the respective resources and risk profiles driven by customer behaviour, management decisions or the external environment.

Approach and policy

Our objective in the management of treasury risk is to maintain appropriate levels of capital, liquidity and funding to support our business strategy, and meet our regulatory and stress testing-related requirements.This includes business as usual management as well as recovery and resolution planning.

Our approach to treasury risk management is driven by our strategic and organisational requirements, taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital and liquidity base to support the risks inherent in our business in accordance with our strategy, meeting regulatory requirements at all times.

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

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

The ECB is the lead supervisor of the bank and sets the consolidated regulatory capital requirements and receives information on the capital and liquidity adequacy as well as on recovery planning. The Single Resolution Board ('SRB') and the ACPR set the resolvability requirements including the consolidated Minimum Required Eligible Liabilities ('MREL') / Total Loss Absorbing Capacity ('TLAC') targets.

Governance

Capital, liquidity, interest rate risk in the banking book and non-trading book foreign exchange risk are actively managed by the Treasury function as the First Line of Defence. The Chief Financial Officer is the risk owner for Treasury Risks. In this role, the Chief Financial Officer is supported by the Asset and Liability Management Committee. The Head of Treasury Risk Management is the accountable Second Line of Defence risk steward for all Treasury Risks. Ultimately, Treasury Risks are within the responsibility of the Board and its Risk Committee.

Capital

Key metrics (KM1) (non audited)

		CRR3	CRR2
		At	
		31 Dec 2025	31 Dec 2024[1]
		€m	€m
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	**9,874**	11,916
2	Tier 1 capital	**11,116**	13,359
3	Total capital	**13,018**	14,848
	Risk-weighted exposure amounts		
4	Total risk exposure amount	**60,303**	63,297
4a	Total risk exposure pre-floor	**60,303**	—
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	**16.4**	18.8
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	**16.4**	—
6	Tier 1 ratio (%)	**18.4**	21.1
6b	Tier 1 ratio considering unfloored TREA (%)	**18.4**	—
7	Total capital ratio (%)	**21.6**	23.5
7b	Total capital ratio considering unfloored TREA (%)	**21.6**	—
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	**2.8**	3.0
EU 7e	of which: to be made up of CET1 capital (percentage points)	**1.5**	1.7
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	**2.1**	2.3
EU 7g	Total SREP own funds requirements (%)	**10.8**	11.0
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	**2.5**	2.5
9	Institution specific countercyclical capital buffer (%)	**0.9**	0.9
EU 9a	Systemic risk buffer (%)	**0.0**	0.0
EU 10a	Other Systemically Important Institution buffer (%)	**0.3**	0.3
11	Combined buffer requirement (%)	**3.7**	3.7
EU 11a	Overall capital requirements (%)	**14.5**	14.7
12	CET1 available after meeting the total SREP own funds requirements (%)	**10.3**	12.5
	Leverage ratio		
13	Total exposure measure	**256,275**	245,648
14	Leverage ratio (%)	**4.3**	5.4
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
EU 14c	Total SREP leverage ratio requirements (%)	**3.0**	3.0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
EU 14e	Overall leverage ratio requirement (%)	**3.0**	3.0
	Liquidity Coverage Ratio ('LCR')[2]		
15	Total high-quality liquid assets ('HQLA') (Weighted value-average)	**87,884**	75,513
EU 16a	Cash outflows – Total weighted value	**91,858**	82,826
EU 16b	Cash inflows – Total weighted value	**31,899**	32,299
16	Total net cash outflows (adjusted value)	**59,959**	50,527
17	Liquidity coverage ratio (%)	**147**	150
	Net Stable Funding Ratio ('NSFR')[2]		
18	Total available stable funding	**85,358**	86,928
19	Total required stable funding	**52,023**	63,448
20	NSFR ratio (%)	**164**	137

* The references identify the lines prescribed in the EBA template that are applicable and where there is a value.
1 Comparatives are updated to align to submissions post publication.
2 In line with CRR requirements LCR is disclosed as an average over 12 months, whereas NSFR is disclosed as at reporting date.

Capital Management

HSBC Continental Europe’s objective in managing the Bank's capital is to maintain appropriate levels of capital to support its business strategy and meet regulatory requirements at all times.

HSBC Continental Europe manages its capital to ensure that it exceeds current and expected future requirements. Throughout 2025, HSBC Continental Europe complied with the ECB regulatory capital adequacy requirements.

To achieve this, HSBC Continental Europe manages its capital within the context of an annual capital plan, which is approved by the Board and which determines the appropriate amount and mix of capital. Complementing this capital plan regular forecasts of capital, leverage, RWAs positions are produced throughout the year.

The policy on capital management is underpinned by the HSBC Group capital management framework, which enables a consistent management of the capital.

Each of HSBC Continental Europe’s subsidiaries subject to individual regulatory capital requirements manages its own capital to support its planned business growth and meet its local regulatory requirements.

Capital Measurement

HSBC Continental Europe is supervised by the Joint Supervisory Team of the ECB and the ACPR. The ECB sets HSBC Continental Europe’s capital requirements, in line with the regulatory framework.

The Basel III framework, like Basel II, is structured around three ‘pillars’: minimum capital requirements, supervisory review process and market discipline. Basel III also introduces a number of capital buffers, including the Capital Conservation Buffer (‘CCB’), Countercyclical Buffer (‘CCyB’), and other systemic buffers such as the Globally/Other Systematically Important Institutions (‘G-SII’/‘O-SII’) buffer. CRR and CRD legislations implemented Basel III in the EU.

The capital management framework defines regulatory capital and economic capital as the two primary measures for the management and control of capital.

Capital measures:

- Regulatory capital is the capital which HSBC Continental Europe is required to hold in accordance with the rules established by regulators; and
- Economic capital is the internally calculated capital requirement to support risks to which HSBC Continental Europe is exposed and forms a core part of the internal capital adequacy assessment process.

Regulatory Capital

HSBC Continental Europe’s capital base is divided into three main categories, namely Common Equity Tier 1, Additional Tier 1 and Tier 2, depending on their characteristics.

CET1 capital is the highest quality form of capital, comprising shareholders’ equity and related non-controlling interests (subject to limits). Under CRD/CRR various capital deductions and regulatory adjustments are made against these items – these include deductions for goodwill and intangible assets, deferred tax assets that rely on future profitability as well as negative amounts resulting from the calculation of expected loss amounts under IRB.

Additional Tier 1 capital comprises eligible non-common equity capital securities such as Additional Tier 1 eligible subordinated debt as per CRR, and any related share premium. Holdings of additional Tier 1 securities of financial sector entities are deducted from additional Tier 1 capital.

Tier 2 capital comprises eligible subordinated debt and any related share premiums. Holdings of Tier 2 capital of financial sector entities are deducted.

Regulatory Requirements

At the end of 2025, HSBC Continental Europe is required to meet on a consolidated basis a minimum total capital ratio of at least 14.5 per cent. This Overall Capital Requirement (‘OCR’) is composed of the 8 per cent minimum capital in respect of article 92.1 of the 575/2013 Regulation, the 2.5 per cent for the Capital Conservation Buffer ('CCB') in respect of article 129 of the 2013/36 Directive, the 0.9 per cent weighted Countercyclical Buffer ('CCyB'), the 0.25 per cent Other Systematically Important Institution buffer (‘O-SII’) in force since 1 January 2022 as per the decision from the ACPR and the 2.75 per cent Pillar 2 Requirement ('P2R').

The minimum capital requirement under Pillar 2 (‘P2R’) for HSBC Continental Europe on a consolidated basis has been set at 2.75 per cent. Under CRD, the P2R should be held in the form of 56.25 per cent of CET1 and 75 per cent of Tier 1, as a minimum.

As at 31 December 2025, the requirement in respect of Common equity tier 1 is 9.8 per cent, excluding Pillar 2 guidance (‘P2G’).

Leverage Ratio

The leverage ratio was introduced into the Basel III framework as a non-risk-based metric, to supplement risk-based capital requirements. It aims to constrain the build-up of excessive leverage in the banking sector, introducing additional safeguards against model risk and measurement errors. The Basel III leverage ratio is a volume-based measure calculated as Tier 1 capital divided by total on- and weighted off-balance sheet exposures, allowing the exclusions of certain exposures and the netting of exposures on certain market instruments.

This ratio has been implemented in the EU for reporting and disclosure purposes and has been set as a binding requirement since June 2021.

Pillar 3 market discipline

Pillar 3 of the Basel regulatory framework is related to market discipline and aims to make financial services firms more transparent by requiring publication of wide-ranging information on their risks, capital and management. HSBC Continental Europe’s Pillar 3 Disclosure is published on HSBC’s website, www.hsbc.com, under ‘Investors’ section.

Minimum Requirement for own funds and Eligible Liabilities (‘MREL’) – Total Loss Absorbing Capacity (‘TLAC’)

HSBC Continental Europe became subject to MREL requirements for the first time on 30 March 2020 following receipt of decision from the ACPR.

Following the end of the UK withdrawal from the European Union transition period, HSBC Continental Europe became from 1 January 2021 a material subsidiary (CRR article 4.1.135) of a third-country G-SII and therefore bound by internal TLAC requirements (CRR article 92b). In order to meet both the internal TLAC and MREL requirements, HSBC Continental Europe has issued internal Senior Non-Preferred bonds.

Overview of changes of own funds ratios

Composition of regulatory own funds ('CC1') (non audited)

		At	
		31 Dec 2025	31 Dec 2024
Ref*		**€m**	€m
	Common equity tier 1 ('CET1') capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**8,075**	8,075
	– of which: share premium account	**6,747**	6,747
2	Retained earnings	**2,103**	2,927
3	Accumulated other comprehensive income (and other reserves)	**1,529**	1,642
5	Minority interests (amount allowed in consolidated CET1)	**77**	103
5a	Independently reviewed interim net profits net of any foreseeable charge or dividend	**—**	568
6	**Common equity tier 1 capital before regulatory adjustments**	**11,128**	13,315
EU-25a	Losses for the current financial year (negative amount)	**(656)**	—
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	**(302)**	(352)
28	**Total regulatory adjustments to Common Equity Tier 1 ('CET1')**	**(1,910)**	(1,399)
29	**Common Equity Tier 1 ('CET1') capital**	**9,874**	11,916
36	**Additional tier 1 capital before regulatory adjustments**	**1,242**	1,443
43	**Total regulatory adjustments to Additional Tier 1 ('AT1') capital**	**—**	—
44	**Additional Tier 1 (AT1) capital**	**1,242**	1,443
45	**Tier 1 capital (T1 = CET1 + AT1)**	**11,116**	13,359
51	Tier 2 capital before regulatory adjustments	**1,901**	1,908
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions)	**—**	(420)
58	Tier 2 capital	**1,901**	1,488
59	Total capital (TC = T1 + T2)	**13,018**	14,848

* The references identify the lines prescribed in the EBA template that are applicable and where there is a value.

The main movements of the own funds are detailed on the Note 1.3 'Significant events during the year' of the HSBC Continental Europe's Universal Registration Document 2025.

RWA movement by global business by key driver (non audited)

	Total RWA
	€m
RWAs at 1 Jan 2025	**63,297**
Asset size	**(1,790)**
Asset quality	**(917)**
Model updates	**545**
Methodology and policy	**3,242**
Acquisitions and Disposals	**(4,072)**
Foreign exchange movement	**(234)**
Other	**232**
Total RWA movement	**(2,993)**
RWAs at 31 Dec 2025	**60,303**
RWAs by global business	
Corporate and Institutional Banking	**53,708**
International Wealth and Premier Banking	**3,764**
Corporate Centre	**2,831**

Leverage Ratio at 31 December (non audited)

	At	
	31 Dec 2025	31 Dec 2024
	€m	€m
Tier 1 Capital	**11,116**	13,359
Leverage Exposure	**256,275**	245,648
Leverage ratio %	**4.3**	5.4

The Leverage exposure increased from EUR 245.6 billion to EUR 256.2 billion, primarily driven by the expansion of the balance sheet. This increase excludes the impact of the sale of the life insurance business which is out of scope of prudential consolidation.

Liquidity and funding risk management

Liquidity and funding risk management framework

Liquidity risk is the risk that HSBC Continental Europe does not have sufficient financial resources to meet its obligations as they fall due, or will have to access such resources at excessive cost. The risk arises from mismatches in the timing of cash flows or when the funding needed for illiquid asset positions cannot be obtained at the expected terms as and when required.

HSBC Group has an internal liquidity and funding risk management framework which aims to allow it to withstand liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. The management of liquidity and funding is undertaken in compliance with the HSBC Group's framework and with practices and limits set through by the RMM and approved by the Board.

The elements of this framework are underpinned by a robust governance framework, the two major elements of which are ALCO and ILAAP.

The HSBC Group's operating entities are predominantly defined on a country basis to reflect the local management of liquidity and funding. In this context, liquidity and funding risk is managed by HSBC Continental Europe on a standalone basis with no implicit reliance assumed on any other Group entity unless pre-committed.

HSBC Continental Europe's policy is it should be self-sufficient in funding its own activities.

The Liquidity Coverage Ratio, the Internal Liquidity Metric and the Net Stable Funding Ratio are key components of the Liquidity and Funding Risk Framework.

Liquidity and funding risk profile

Liquidity Coverage Ratio ('LCR')

The LCR aims to ensure that a bank has sufficient unencumbered High Quality Liquid Asset ('HQLA') to meet its liquidity needs in a 30 calendar day liquidity stress scenario. At 31 December 2025, HSBC Continental Europe remained within the LCR risk limits established by the Board and above the regulatory minimum.

The following table displays the average 12 month LCR levels for HSBC Continental Europe consolidated on the European Commission LCR Delegated Regulation basis.

Liquidity coverage ratio (non audited)

	At	
	31 Dec 2025	31 Dec 2024
	%	%
HSBC Continental Europe	**147**	150

Net Stable Funding Ratio ('NSFR')

The NSFR is defined as the ratio between the amount of stable funding available and the amount of stable funding required. HSBC Continental Europe's calibration of the NSFR is based on the CRR2 (Regulation EU 2019/876).

At 31 December 2025, HSBC Continental Europe's NSFR was within the risk limits established by the Board and above the regulatory minimum.

The table below displays the NSFR levels for HSBC Continental Europe consolidated.

Net stable funding ratio (non audited)

	At	
	31 Dec 2025	31 Dec 2024
	%	%
HSBC Continental Europe	**164**	137

Liquid assets

The table below shows the weighted liquidity value of assets categorised as liquid, which is used for the purposes of calculating the LCR. This reflects the stock of unencumbered liquid assets at the reporting date, using the regulatory definition of liquid assets.

Liquid assets (non audited)

	Estimated liquidity value at	
	31 Dec 2025	31 Dec 2024
	€m	€m
Level 1	**97,202**	77,234
Level 2a	**1,660**	2,366
Level 2b	**2,708**	2,519

Level 1 liquid assets include HSBC Continental Europe balances with its central banks (excluding non-withdrawable reserves) and notes and coins.

Sources of funding

Our primary sources of funding are customer accounts, repo and wholesale issuances and capital instruments.

The following table analyses HSBC Continental Europe's consolidated balance sheet according to the assets that primarily arise from operating activities and the sources of funding primarily supporting these activities. Assets and liabilities that do not arise from operating activities are presented as a net balancing source or deployment of funds.

Wholesale funding markets are accessed by issuing senior debt securities (publicly and privately) and borrowing from secured repo markets against high-quality collateral, to align asset and liability maturities, currency mismatches and to maintain a presence in local wholesale markets.

The main financing transactions in 2025 are presented in the Significant events during the year section on page 210.

Funding sources and uses

	2025	2024
	€m	€m
Sources		
Customer accounts	**97,107**	97,065
Deposits by banks	**14,514**	11,820
Repurchase agreements – non-trading	**14,486**	12,344
Debt securities in issue	**14,129**	15,257
Cash collateral, margin, settlement accounts and Items in the course of transmission to other banks	**18,437**	14,775
Liabilities of disposal groups held for sale	**10,648**	24,718
Subordinated liabilities	**1,894**	1,941
Financial liabilities designated at fair value	**11,086**	9,906
Liabilities under insurance contracts	**531**	518
Trading liabilities	**18,376**	16,480
– repos	**—**	—
– stock lending	**1**	1
– other trading liabilities	**18,375**	16,479
Total equity	**13,566**	14,831
Other balance sheet liabilities	**36,617**	45,353
At 31 Dec	**251,391**	265,008

	2025	2024
	€m	€m
Uses		
Loans and advances to customers	**42,835**	51,288
Loans and advances to banks	**5,715**	5,703
Reverse repurchase agreements – non-trading	**29,308**	25,764
Assets held for sale	**377**	25,477
Cash collateral, margin, settlement accounts and Items in the course of collection from other banks	**10,260**	15,321
Trading assets	**30,801**	22,853
– reverse repos	**113**	39
– stock borrowing	**186**	186
– other trading assets	**30,502**	22,628
Financial investments	**28,003**	20,740
Cash and balances with central banks	**58,092**	48,907
Other balance sheet assets	**46,000**	48,955
At 31 Dec	**251,391**	265,008

Interest-rate risk of the banking book

Banking Net Interest Income sensitivity

Banking NII Sensitivity is the sensitivity of our banking net interest income to interest rate shocks. This metric includes the sensitivity arising from the use of banking book liabilities to fund trading assets, as well as the impacts of vanilla foreign exchange swaps to optimise cash management.

The banking NII sensitivities represent a hypothetical simulation of the base case banking NII, assuming a static balance sheet (specifically no assumed migration from current account to term deposits), and no management actions from Treasury. This also incorporates the effect of interest rate behaviouralisation, prepayment of loans and commercial margins. The sensitivity calculations exclude pensions, insurance exposures, and our interests in associates.

All forecasted market rates are based on implied forward rates from the reporting date. Customer pricing includes flooring where there are contractual obligations.

As the market and policy rates move, the degree to which these changes are passed on to customers may vary based on several factors, including the absolute level of market rates, regulatory and contractual frameworks, and competitive dynamics. To aid comparability between markets, we have simplified the basis of preparation for our disclosure and have used a 50 per cent pass-on assumption on certain interest-bearing deposits. Our asset pass-on assumptions are largely in line with our contractual agreements or established market practice, which typically results in a significant portion of interest rate changes being passed on.

The banking NII sensitivity reflects the assessed impact to a hypothetical base case projection of our banking NII under an immediate shock of 100bps to the current market-implied path of interest rates across all currencies on 31 December 2025. An immediate interest rate rise of 100bps would increase projected banking NII by EUR59m. An immediate interest rate fall of 100bps would decrease projected banking NII by EUR57m.

The sensitivity of banking NII for 12 months as at 31 December 2025 decreased by EUR103m in the plus 100bps parallel shock and by EUR106m in the minus 100bps parallel shock, when compared with 31 December 2024. The decline in sensitivities is primarily due to an increase in stabilisation activities executed during the year.

Structural foreign exchange risk

Structural foreign exchange ('SFX') risk arises from the capital invested or net assets in a foreign operation (SFX exposure) together with any associated hedging. A foreign operation is defined as a subsidiary, associate, joint arrangement or branch of a reporting entity, the activities of which are conducted in a currency other than that of the reporting entity.

Unrealised gains or losses due to revaluations of structural foreign exchange exposures are recognised in other comprehensive income, whereas other unrealised gains or losses arising from revaluations of foreign exchange positions are reflected in the income statement.

HSBC Continental Europe's structural foreign exchange exposures are managed with the primary objective of ensuring, where practical, its consolidated capital ratios and the capital ratios of individual banking subsidiaries are largely protected from the effect of changes in exchange rates.

Pension risk

Overview

HSBC provides future pension benefits on both defined contribution basis and defined benefit basis in its European operations. Pension risk refers to the financial and non-financial risk from the pension plans offered to employees.

Most of the plans in HSBC Continental Europe are defined contribution pension plans. In these plans the contributions that HSBC is required to make are known, while the ultimate pension benefit will vary, typically with investment returns achieved by investment choices made by the employee. While the market risk to HSBC of defined contribution plans is low, it is still exposed to operational and reputational risk.

In defined benefit pension plans, the level of pension benefit is known. Therefore, the level of contributions required by HSBC will vary due to a number of parameters, including:

- Investments delivering a return below that required to provide the projected plan benefits;
- Prevailing economic environment leading to corporate failures, thus triggering write-downs in asset values (both equity and debt);
- Change in interest rates, credit spreads or inflation, causing an increase in the value of the plan liabilities; and
- Plan members living longer than expected (known as longevity risk).

The most material pension plan in terms of risk exposure is the defined benefit pension scheme run for the operations in Germany. The scheme is separated via a Contractual Trust Arrangement. The liabilities of the plan are covered by assets held in a pension fund.

Key Developments in 2025

There were no major changes regarding the pension risk management processes in 2025.

Governance and Structure

Pension plans are run by local fiduciaries in line with local legislative requirements and HSBC policies. As this is the case for the other types of risk, pension risk follows the HSBC risk management framework, based on a three lines of defence model.

Funded defined benefit plans invest contributions in a range of investments designed to limit the risk of assets failing to meet a plan’s liabilities. Any changes in expected returns from the investments may also change future contribution requirements. In pursuit of these long-term objectives, an overall target allocation of the defined benefit plan assets between asset classes is established. In addition, each permitted asset class has its own benchmarks, such as stock market or property valuation indices or liability characteristics. The asset allocation and benchmarks are reviewed at least once every three to five years and more frequently if required by local legislation or circumstances. The process generally involves an extensive asset and liability review.

Key Risk management processes

The financial risk from material defined benefit plans is subject to risk indicators regarding the actual surplus or shortfall of assets versus liabilities and the potential shortfall from future market movements.

The latter risk is assessed using an economic capital model that takes into account potential variations on both pension assets and pension liabilities in a one-in-2000-year stress test. Scenario analysis and other stress tests are also used to support pension risk management.

Non financial risk

Operational risk

Overview

In accordance with the French Order of 3 November 2014 modified the 25 February 2021, operational risk is defined within the HSBC Group as a risk event which materialises within HSBC due to:

- inadequate or failed internal processes, people, data and systems; and
- external events, including Legal risk.

This risk includes notably external or internal fraud risk (article 324 of EU regulation No. 575/2013), non-authorised activities, errors and omissions (including events characterised by a low probability but with a high operational loss in case of occurrence), and risks related to models.

The risk of loss could be materialised under the seven non-financial risk categories as defined in the HSBC Group taxonomy: Financial Reporting and Tax Risk, Financial Crime Risk, Regulatory Compliance Risk, Legal Risk, Resilience Risk, Model Risk and People Risk.

Regulatory framework

Basel III regulatory dispositions require that banking institutions take into account the operational risk management on three levels in terms of:

- Capital requirements to take into account all banking risks and their economic reality (Pillar I);
- Operational risk framework, meaning an implementation of an internal framework to manage risks which should enhance the prudential supervision by the national supervisors (Pillar II); and
- Information and financial communication on the matter, intended to administrators, supervisory authorities and shareholders (Pillar III).

Beyond regulatory requirements, managing operational risks and the permanent evolution of the control framework depending on changing activities and regulations to reduce losses is a priority for HSBC Continental Europe and also improves customer experience in its daily activities.

Operational Risk Management – Methodology defined by the regulator

Like HSBC Group, HSBC Continental Europe currently uses the standardised approach for the calculation of operational risks.

It implies that a method has to be determined to allocate the global gross income to Basel business lines defined by the regulator. Among qualitative criteria used for this method, the implementation of an internal operational risk framework is required and needs to include the following aspects:

- Regular inventory of operational losses;
- Potential operational risks identification for all entities;
- Implementation of risk management processes, by defining and implementing action plans to mitigate the risks and by monitoring risk indicators;
- Implementation of an independent structure to manage those risks; and
- Regular communication of information about the evolution of these risks to the executive management.

Quantitative aspects (non audited)

The calculation of the regulatory capital relating to operational risk and its communication to the Prudential and Resolution Control Authority and the European Central Bank ('ECB') is carried out by the Finance Department.

French banks, like all banks within the European Union, are required to adopt the single, non-model-based Standardised Approach ('SA') for operational risk calculation under the finalised Basel III reforms (often referred to as "Basel 3.1" or "Basel III Endgame"). This new approach replaces all previous methods (Basic Indicator Approach, Standardized Approach, and Advanced Measurement Approach) for calculating Pillar 1 operational risk capital.

Its key objective is to calculate capital charge for operational risk using:

- A simple, comparable, and risk-sensitive method.
- Based on bank size (income) and internal loss experience.

The new Standardised Measurement Approach ('SMA') a risk sensitive standardised approach based on a bank’s income and historical losses, replaces the Advanced Measurement Approach ('AMA'), Basic Indicator Approach ('BIA'), The Standardised Approach ('TSA') and Alternative Standardised Approach ('ASA'). Regulators retain the discretion to apply SMA to non-internationally active banks.

Qualitative aspects

Enterprise Risk management tasks include the following activities:

- Definition and maintenance of risk appetite, policies and frameworks;
- Day-to-day advice, guidance and review and challenge;
- Ongoing assurance activities, analysis and aggregation;
- Periodic assurance activities – targeted and specific reviews, and deep-dives; and
- Operating Non-Financial Risk processes and controls.

Key developments in 2025

In 2025, Enterprise Risk Management continues to support the transformation of HSBC Continental Europe. This was achieved by closely overseeing the execution of strategic initiatives and by ensuring that the risk profile remained aligned with the approved risk appetite in close coordination with business and functions.

Over the year, the Enterprise Risk Management function further strengthened the risk culture framework through the implementation of a dedicated Risk Culture dashboard. This dashboard is embedded into governance as a standing agenda item, presented to the HSBC Continental Europe Risk Management Meeting.

In addition, the Enterprise Risk Management team contributed amongst other topics to the successful implementation of Digital Operational Resilience Act ('DORA'), including HSBC Continental Europe local Third Party Risk policy uplift, and the formalisation of a new local HSBC Continental Europe Technology and Cyber Security Risk Policy in line with DORA requirements, the strengthening of the Risk Data Aggregation and Risk Reporting framework, the support of the safe implementation of the European Artificial Intelligence Act.

Governance and structure

The ERM function within Global Risk and Compliance acts as the manager and guardian of the risk management framework and provides a range of products and capabilities to all parts of HSBC to enable its implementation. The ERM functions acts also as Risk stewards for Resilience risks, ESG and reputational risks.

The function is directly supervised; by the Chief Risk Officer, brings a holistic vision of risks and provides an overview of the main risks to the executive management, the Risk Committee and the HSBC Group. The ERM team collaborates with the other Risk Stewards in the Second Line of Defence on critical subjects, such as risk maps reviews, design and monitoring of action plans, incident reporting, risk indicators and control plans.

To ensure consistent monitoring of operational risks across the bank, the Enterprise Risk Management function hosts at least 3 times a year the HSBC Continental Europe Enterprise Risk Forum, The purpose of this forum is to provide guidance and supervision of risk management and permanent control across the entity. The objective of the Forum is to:

- Inform the main developments in the risk management system,
- Examine cross-cutting issues related to risk management or methodological issues (such as risk assessment, piloting tool),
- Promote Risk Culture by facilitating exchanges between the stakeholders in the First Line of Defence ('1LoD'), Second Line of Defence ('2LoD') and Third Line of Defence ('3LoD'),
- Review the results of the analytical work carried out by the SLoD and Assurance teams, such as transversal risk tracking, or incidents root cause analysis, and
- Challenge significant FLoD incidents and issues.

The main deficiencies identified in those forums are escalated to the HSBC Continental Europe Risk Management Meeting, which provides a transverse vision of risks to the Chief Risk Officer (Chair of the RMM), and to the other members of the HSBC Continental Europe senior management.

Key risk management processes

Risk and Control Assessment

The implementation of Risk and Control Assessment is under the responsibility of risk and control owners in the First Line of defense . The Chief Control Officer teams coordinate the implementation and regular update of Risk and Control Assessment.

The Risk Prioritisation Matrix (‘RPM’) tool is used to assess inherent and residual risks considering likelihood and impacts (financial, reputational, financial and customer).

The Risk and Control Assessment is based on an inherent risk assessment, which relates to the most significant risk scenario that can occur in the next 12 months, assuming no control in place. Residual risk is then determined by considering the effectiveness of the control environment, representing the level of risk remaining after controls have been applied.

Mapped risks are assessed on a scale of four levels: Very High, High, Medium, and Low. This hierarchy of risks is a steering and decision-making tool for senior management, as it supports the prioritisation of plans for strengthening or modifying the framework. It is also used by assurance teams to develop second-level permanent control plans as part of a risk-based approach.

The Risk and Control Assessment covers risks to which entities are exposed and reflects key controls from the first level along with the second level control framework that enable the bank to mitigate the most significant risks. Updates are performed on a continuous basis and based on triggers such as:

- Results of controls performed by operational teams;
- Results of independent controls done by assurance teams from the Second Line of defence;
- Recommendations and review and challenges from Risk Stewards;
- Recommendations from periodic control reports, or third parties’ reports (including regulators); and
- Internal or external events.

The Enterprise Risk Management function conducts regular quality reviews of material risks identified in RCAs.

These reviews include in particular the challenge of risk ratings, the assessment of controls and the monitoring of associated remediation actions.

In addition, Risk and Control Assessments are formally presented annually for each business line and function by the relevant Risk Owner with the involvement of risk stewards and audit.

Incidents management and escalation

Major operational incidents linked to HSBC activities are reported to the HSBC Continental Europe Risk Management Meeting ('RMM').on the basis of information stored in the operational risk management system, Helios. Helios manages in a centralised manner identification and updating processes, operational losses reports and the follow-up of action plans that aim to mitigate the main risks.

The Functional Instruction Manual categorises operational incidents with respect to different natures and distinguishes the various impact types associated with them. Following a significant incident, the root cause is investigated through detailed analysis. This is to establish if there are links between similar processes or controls and the cause, or causes, of the original incident.

Operational risk losses: quantitative data starting from 2016

Operational losses from 2016 to end of 2025 per risk category[1] (in EUR million) (non audited)

	Accounting risk	Building Unavailability and workplace safety event[3]	People Risk	Fraud (External + Internal)[2]	Failure in other principal risk processing	Information, technology, and cyber security risk	Legal risk	Transaction processing[3]	Regulatory compliance risk	Security of people and physical assets event	Data risk[4]	Financial reporting and tax risk	Breach of fiduciary obligations	Financial Crime event	Model risk	Resilience risk[3]	Total
2016	—	—	0.60	11.10	(0.20)	—	0.10	(15.70)	36.20	—	0.30	—	—	—	—	—	32.40
2017	—	0.10	0.90	3.10	1.40	—	—	3.40	0.70	—	0.10	1.00	—	—	—	—	10.70
2018	7.83	—	(0.07)	2.40	0.68	—	0.70	3.36	2.00	—	0.10	0.40	—	—	—	—	17.40
2019	—	0.02	0.99	2.50	1.68	1.22	(0.04)	8.09	(1.19)	—	—	1.80	0.02	—	—	—	15.08
2020	—	0.04	0.27	2.32	1.35	0.22	—	54.32	2.70	—	—	0.09	0.01	—	17.11	3.28	81.70
2021	—	—	0.62	2.00	1.73	—	(0.02)	2.96	1.05	—	—	11.08	—	2.07	—	2.97	19.49
2022	—	—	(0.02)	0.51	5.85	0.07	—	4.09	4.04	—	—	(10.77)	—	0.60	0.05	3.95	3.70
2023	—	0.16	0.50	31.15	1.24	0.14	(8.90)	3.96	(0.48)	—	—	2.70	—	31.15	—	4.18	30.40
2024	—	—	(0.94)	(0.50)	1.33	(0.89)	(4.16)	8.83	2.62	—	0.46	2.06	—	(0.46)	—	8.59	9.04
2025	**—**	**—**	**0.75**	**(2.22)**	**0.37**	**0.14**	**0.34**	**9.20**	**0.15**	**—**	**0.01**	**0.60**	**—**	**(2.22)**	**—**	**9.35**	**9.34**

1 Figures Source: Operational risk system Helios.
2 Fraud (External and Internal) External and Internal Fraud included in financial crime since 2021.
3 Resilience risk include Technology and Cyber Security Risk, Data Risk, Data Privacy Law, Building Unavailability, Workplace Safety, Protect People and Places against malevolent act (Protective Security), Business Interruption and Incident Risk, Third Party Risk, Transaction and Payment Processing Risk and Change Execution Risk from 2025.
4 Data risk (previously: Systems and data integrity event).

Number of financial impacts linked to internal events, per risk category[1] (non audited)

	Accounting risk	Building Unavailability and workplace safety event[3]	People Risk	Fraud (External + Internal)[2]	Failure in other principal risk processing	Information, technology, and cyber security risk	Legal risk	Transaction processing[3]	Regulatory compliance risk	Security of people and physical assets event	Data risk[4]	Financial reporting and tax risk	Breach of fiduciary obligations	Financial Crime event	Model risk	Resilience risk[3]	Total
2016	—	—	26	136	41	—	19	140	51	—	10	—	—	—	—	—	423
2017	1	1	33	117	32	1	5	248	41	—	7	3	—	—	—	—	489
2018	4	—	34	112	35	—	8	276	26	—	17	6	—	—	—	—	518
2019	—	1	38	103	63	8	2	194	27	—	—	9	10	—	—	—	455
2020	—	1	35	73	42	8	—	183	38	—	—	2	6	—	2	27	417
2021	—	—	34	66	52	—	8	170	68	—	—	6	—	68	—	171	407
2022	—	—	29	103	57	3	—	241	56	—	—	17	—	104	7	251	521
2023	—	5	33	240	37	10	9	352	70	—	—	13	—	240	—	380	782
2024	—	1	88	84	3	15	10	359	83	—	10	24	—	85	—	388	681
2025	**—**	**—**	**76**	**94**	**7**	**6**	**13**	**442**	**26**	**—**	**4**	**8**	**—**	**98**	**—**	**452**	**680**

1 Figures Source: Operational risk system Helios.
2 Fraud (External and Internal) External and Internal Fraud included in financial crime since 2021.
3 Resilience risk include Technology and Cyber Security Risk, Data Risk, Data Privacy Law, Building Unavailability, Workplace Safety, Protect People and Places against malevolent act (Protective Security), Business Interruption and Incident Risk, Third Party Risk, Transaction and Payment Processing Risk and Change Execution Risk from 2025.
4 Data risk (previously: Systems and data integrity event).

RWA and capital requirements related to operational risk to the end of 2025 (non audited)

€m	RWAs	Capital requirements
HSBC Continental Europe	7,624	610

Resilience risk

Overview

Resilience risk is the risk that the bank is unable to provide critical services to its customers, affiliates and counterparties, as a result of sustained and significant operational disruption. Resilience risk arises from failures or inadequacies in processes, people, systems or external events.

The main resilience risks for HSBC Continental Europe in 2025 are, technology and cyber security, third party and data risks.

Technology and cyber security risk is the risk associated with disruption to a business service as a result of error or failure of an IT asset/IT service, or as a result of malicious activity impacting an IT asset, IT service, or data (including cyber-attack).

Cyber threats and dependence on common third-party service providers continue to present major challenges. The ongoing digitalisation of banks’ services and operations and the escalation of geopolitical tensions have both been key factors in the sharp rise in cyber incidents over the past two decades. Any deficiency in the management of risks (e.g. cyber risk and data risks) associated with our third parties could affect our ability to support our customers and meet regulatory expectations.

Third party risk is the risk of failure to manage Internal and External Third Parties through the engagement lifecycle leading to a failure to meet our operational business requirements, impacting HSBC customers and/or HSBC employees or causing regulatory breaches, civil or monetary penalties or damage to shareholder value and reputation.

Data risks include risk of failure in the processing of data by the bank and its third parties (either on behalf of the bank or to deliver services to the bank), that could lead to breach of applicable laws and regulations, including Data Privacy Laws, and/or affect our ability to provide services to our customers or protect their rights.

Key Developments in 2025

During 2025, the Enterprise Risk Management function, in the Second Line of Defense, provided enhanced non-financial risk steward oversight and independent challenges across the legal entity.

HSBC Group and HSBC Continental Europe carried out initiatives to strengthen the management of resilience risks, notably via:

- Updated material risk taxonomy and control libraries and assessments;
- Further embedded its governance and oversight of third party, technology and cyber security as well as data risk management including remediation programs in these areas; and
- Enhanced focus on data risk to mature the control environment in managing personal data and business data, as part of a multi-year data strategy program.

With respect to Data Privacy:

- HSBC Continental Europe, in line with HSBC Group, continues to enhance Data Privacy governance aiming to maintain controls aligned with evolving regulatory requirements

Specifically for third party risk and technology and cyber security risk:

- Enhancing HSBC Continental Europe's processes, framework and controls to improve the oversight of its third parties (including material). HSBC Continental Europe has strengthened its due diligence and monitoring capabilities, with respect to the financial stability of its third parties to better manage its supply chain and continues to assess and seek to manage its operational resilience.
- Implemented successfully the Digital Operational Resilience Act ('DORA') in Europe covered under the broader Operational Resilience framework.
- Revised the incident reporting process, DORA testing framework and risk management requirements for information and communication technology.
- Continued work with HSBC Continental Europe's suppliers, financial infrastructure bodies and other non-traditional third parties, in an effort to help reduce the threat of cyber-attacks impacting its business services.
- Strengthened the way third-party risk is overseen and managed across all non-financial risks and enhanced processes, framework and reporting capabilities to improve the control and oversight of material third parties by global businesses and functions.

Specifically for data risk:

- Enhanced the control environment for risk data aggregation and risk reporting and for Artificial Intelligence services to meet European Artificial Intelligence Act requirements.

Governance and structure

The Enterprise Risk Management function provides a Second Line of Defense view across resilience risks: data, change execution, third parties and supply chains; information, technology and cybersecurity; payments and manual processing; physical security; business interruption and incident response; facility availability, security and safety.

All these risks are monitored through dedicated First Line of Defense committees with an escalation path to the HSBC Continental Europe RMM.

The RMM chaired by the HSBC Continental Europe Chief Risk Officer is the overarching committee to govern all risks in HSBC Continental Europe with an escalation path to its counterpart at Regional level, and to the Operating Committee and the Risk Committee of HSBC Continental Europe.

Key risk management process

Operational resilience is our ability to anticipate, prevent, adapt, respond to, recover and learn from operational disruption while minimising customer and market impact. Resilience is determined by assessing whether we are able to continue to provide our important business services, within an agreed level.

HSBC Continental Europe achieves this by adopting and implementing the HSBC risk management framework. This includes policies and procedures that define the control environment implemented across the three lines of defense to manage resilience risks ensuring the right balance of risk and return, through informed decision-making and controlled risk-taking.

The bank manages Resilience risks, through amongst other, the Risk Appetite Statement and Risk Map. The Risk Appetite Statement defines the level of risk, the bank would accept to take. It is defined via qualitative and quantitative indicators with appetite and tolerance thresholds.

The Risk map gives the aggregated Second Line of Defence opinion at the entity level of the most material risks and how they are being managed.

Training and awareness

HSBC Continental Europe understands the important role its people play in protecting against cybersecurity, data management and third party risks.

HSBC Continental Europe's mission is to equip every colleague with the appropriate tools and behaviours they need to keep the organisation and customers’ data safe. HSBC Continental Europe provides cybersecurity training and awareness to its people, ranging from its top executives to IT developers to front-line relationship managers, and understands the important role of data management, quality and protection, in order to meet regulatory expectations, prevent harm to customers and unlock business opportunities via digital initiatives.

HSBC Continental Europe has provided training regarding the new regulatory requirements concerning DORA.

Model risk

Overview

Model risk is the potential for adverse consequences from business decisions informed by models, which can be exacerbated by errors in methodology, design or the way they are used. Model risk arises in both financial and non-financial contexts whenever business decision making includes reliance on models.

Key developments in 2025

In 2025, HSBC Continental Europe continued to make improvements in model risk management processes, amid regulatory changes in model requirements. Key initiatives during the year included:

- New internal ratings-based ('IRB') models used for credit risk have been successfully implemented into production after having secured regulatory approvals;
- The redevelopment, validation and regulatory submission of internal model method ('IMM') models for counterparty credit risk. These new models have been built to enhanced standards using improved data as a result of investment in processes and systems;
- HSBC Continental Europe continued the remediation of regulatory measures on models used for Pillar 1 purposes, including internal rating-based models, internal model approach ('IMA') and internal model method ('IMM');
- HSBC Continental Europe continued embedding, the governance and oversight around model adjustments and related processes for IFRS Accounting Standards models and Sarbanes-Oxley controls; and
- HSBC Continental Europe continued enhancing its model risk management framework, including by strengthening staffing in the areas of model development and model validation.

Governance and structure

The Model Risk Management function provides oversight to model risk in HSBC Continental Europe by performing the following key activities:

- Ensuring that model risk is managed within the approved appetite levels;
- Providing assurance on the implementation of the model risk policy;
- Monitoring regulatory developments impacting model risk; and
- Independently validating models, providing an objective, unbiased and critical opinion on the suitability and soundness of models for their intended use and the accuracy, relevance and completeness of outputs used to inform business decisions.

Key risk management processes

Through its model risk management framework HSBC Continental Europe aims to ensure that:

- All models used are identified and recorded in the central model inventory.
- Models are designed to be fit-for-purpose by understanding the business requirements, applying appropriate modelling and documentation standards, and through effective review and challenge.
- Models are implemented accurately into the systems and properly deployed to model users, enabling the identification and management of risks from model usage.
- Models remain fit-for-purpose through ongoing monitoring, assessments and independent validations. Change management and model overlays are carried out in a controlled manner.
- Models that have reached the end of their useful life are properly decommissioned.

Model Risk Management regularly reports on model risk matters to the HSBC Continental Europe Risk Management Meeting and the Risk Committee via the risk map, risk appetite metrics and dedicated papers. Model Risk Management regularly reviews the effectiveness of these processes to help ensure appropriate understanding and ownership of model risk is embedded in the businesses and functions.

Legal risks and litigation management

Overview

The HSBC Continental Europe Legal Department is responsible for HSBC Continental Europe's legal risk oversight as a Second Line of Defence in helping HSBC Continental Europe businesses and functions to prevent and control legal risk. As a First Line of Defence, the Legal Department manages and controls its operational risks.

The Legal Department is in charge of litigation follow-up. The HSBC Continental Europe Legal Department also supervises legal teams in the HSBC Continental Europe subsidiaries and branches.

Key developments: Litigation monitoring with regard to HSBC Continental Europe entities

The status of the risks arising from significant litigation in progress against HSBC Continental Europe is examined monthly by a committee run by the Financial Controller, chaired by the Chief Financial Officer and the Chief Risk Officer and is made up notably of representatives of the Finance Department, the Credit Department and the Legal Department. This committee decides the amount of any litigation risk provision to be charged or written back.

Cases in progress as at 31 December 2025 involving legal risks likely to have a significant effect on the financial situation of HSBC Continental Europe are set out below.

The Apollonia case

As was the case for around 20 other banks, HSBC worked during a limited period of time (from early 2006 to April 2007), and mainly in one branch, with a financial adviser and estate agent, known as Apollonia. The latter offered its clients (mainly independent professionals) 'turnkey' tax efficient products of the Loueur Meublé Professionnel ('LMP') (professional lessor of furnished accommodations) type and for a small number of investors 'Loi Robien' type tax efficient products.

Between April 2006 and April 2007, 184 property loan applications were approved, for a total of EUR 29 million, bearing in mind that different media have said the total amount of operations by Apollonia with all banks purportedly reached around EUR 2 billion.

At the end of September 2008, HSBC Continental Europe became aware of the use of inappropriate marketing methods by Apollonia.

Moreover, it appeared that most of the borrowers took out several loans through Apollonia from various banks without notifying HSBC Continental Europe.

HSBC Continental Europe is involved in the criminal proceeding as a civil law party, giving it access to the criminal file. From this, it has become apparent that a very large proportion of the authorisations signed by the various buyers giving authority to sign purchase and sales deeds, were not properly prepared by notaries, thereby giving rise to counterclaims against loan reimbursement.

HSBC Continental Europe has also systematically filed civil proceedings against investors with loan repayments due but the hearings are often held in abeyance because of the criminal proceedings underway, against third parties (and not including HSBC Continental Europe). However, in order to settle the financial aspects of the matter, without waiting for the outcome of criminal proceedings, out-of-court settlements have already been reached with some borrowers and talks are continuing with other borrowers. Proceedings have also been commenced against the notaries involved and their insurer MMA. These proceedings have also been adjourned for the time being.

HSBC Bank Polska S.A.: ACTION Case

On 29 June 2018, HSBC Continental Europe acquired from HSBC Bank plc 100 per cent of the shares of HSBC Bank Polska S.A. Pursuant to the terms of the Sale and Purchase Agreement, HSBC Continental Europe and/or its subsidiaries will be indemnified by HSBC Bank plc in respect of certain liabilities relating to the activities of HSBC Bank Polska S.A. prior to the acquisition of HSBC Bank Polska S.A. including the following legal proceeding. In April 2017, ACTION brought an action against HSBC Bank Polska S.A. alleging, among other things, breach of a facility agreement and claiming damages and indemnification for lost profits. The proceeding is ongoing.

Tax-related investigations

See Note 33 of the consolidated financial statements with regard to other significant legal proceedings and regulatory matters relating to HSBC Group entities generally, including HSBC Continental Europe.

Other regulatory, civil law or arbitration proceedings

To date, as far as HSBC Continental Europe is aware, it is not threatened by any other regulatory, civil law or arbitration proceedings that are in progress or threatened against it that might have, or over the last 12 months have had, any significant effect on the financial situation or the profitability of the company and/or of the HSBC Group.

Governance

The Legal Department is responsible for running the Legal Risks Forum which meets quarterly with representatives of all business lines and functions to examine situations likely to give rise to specific and significant legal risks. The Legal Department participates in the Product Approval Committee, in the Enterprise Risk Management Forum, the Regulatory Change Forum and in the Risk Management Meeting of HSBC Continental Europe, and is involved in due diligence procedures for market operations, structured transactions and any new acquisition (or disposal) of an entity or business by HSBC Continental Europe.

The Legal Department is also responsible for managing risks, directly or indirectly, connected with defence litigation matters. It is involved in dealing with credit files requiring special management or in default.

The Legal Department monitors other risks that might have a legal impact.

Key risk management processes

The Legal Risks Forum is chaired by the HSBC Continental Europe General Counsel and ensures that the risk framework for legal risks remains adequate in the face of changes in laws, regulations and group organisation.

The Forum also examines the monitoring of incidents raised previously, the results of implemented legal risk controls, along with any new incidents and measures and actions taken.

This framework is effective and a detailed description of it is given in an internal procedure.

A legal risk taxonomy has been defined to harmonise the identification and control of legal risks within the HSBC Group. The Legal Department is involved in the review and control of the legal risks and controls assessed by the businesses and functions in their various Risk and Control Assessments.

Compliance

Regulatory Compliance

Overview

Regulatory compliance risk is the risk associated with breaching our duty to clients and other counterparties, inappropriate market conduct and breaching related financial services and data protection regulatory standards. Regulatory compliance risk arises from the failure to observe relevant laws, codes, rules and regulations and can manifest itself in poor market or customer outcomes and lead to fines, penalties and reputational damage to our business.

Key developments in 2025

Regulatory horizon scanning and mapping capabilities continue to evolve with the focus on enhanced connectivity to risk management systems to support better traceability of regulatory obligations.

Governance and structure

The Chief Compliance Officer of HSBC Continental Europe reports directly to the HSBC Continental Europe Chief Executive Officer and Operating Committee as well as the supervisory body through the Risk Committee and the Board of Directors in accordance with Articles 30 and 31 of the French Order of 3 November 2014 modified on 25 February 2021.

The Chief Compliance Officer carries out the roles of Head of Compliance for Investment Services ('RCSI') for HSBC Continental Europe in respect of Articles 312-1 and 312-2 of the General Regulation of the AMF. The Heads of Compliance for Investment Services (RCSI) for HSBC Continental Europe's two Lines of Business (Corporate and Institutional Banking and Wealth and Personal Banking) in respect of Articles 312-1 and 312-2 of the General Regulation of the AMF, as well as the different 'RCSI' or Heads of Compliance and Internal Control ('RCCI') for the legal entities of HSBC Continental Europe, fall under the HSBC Continental Europe Chief Compliance Officer's responsibility. For the EU branches of HSBC Continental Europe, the organisation principles described above apply in a similar way.

The main formal risk governance body is the HSBC Continental Europe Risk Management Meeting ('RMM'). The Continental Europe Chief Compliance Officer is a member, and provides updates for noting, discussion and approval. Conduct continues to be a key area of focus for ensuring behavioural expectations and good conduct outcomes are being achieved with multiple initiatives. Conduct-related performance is covered by the quarterly Conduct and Values Committee ('CVC') chaired by the Chief Executive Officer and attended by Operating Committee members. It is responsible for carrying out decisions and for ensuring that the issues are appropriately tracked within the Quarterly Conduct and Values Committee structure. The Quarterly Conduct and Values Committee provides decision-making and guidance in respect of conduct and regulatory compliance risk and takes responsibility for the tracking of escalated issues.

Key risk management processes

HSBC Continental Europe has specific compliance examination procedures, in accordance with the provisions of Articles 35 to 38 of the French Order of 3 November 2014 modified on 25 February 2021 relating to the internal control systems of banks, as well as tools for detecting and preventing non-compliance risks. These procedures and tools are the subject of regular updates.

The Compliance function is engaged in setting policies, standards and risk appetite to guide the management of regulatory compliance risks. It also devises clear frameworks and support processes to mitigate regulatory compliance risks. The function provides oversight, review and challenge to the country Chief Compliance Officers and their teams to help them identify, assess and mitigate regulatory compliance risks, where required. The regulatory compliance risk policies are regularly reviewed. Policies and procedures require the prompt identification and escalation of any actual or potential regulatory breach. Relevant reportable events are escalated to the HSBC Continental Europe RMM and Risk Committee, as appropriate.

Staff training and awareness

The Compliance function of HSBC, in conjunction with the People department, develops an annual mandatory staff training programme designed to address key compliance-related risks. These training sessions, delivered both in-person and via e-learning, are implemented through all businesses and functions. A significant emphasis is placed on understanding regulatory and supervisory requirements, as well as fostering effective relationships with the relevant authorities.

In 2025 three mandatory training courses were delivered to all employees and had to be completed within a given time frame as part of staff performance assessment: 'Protecting ourselves, each other and HSBC', 'Fighting Financial Crime' and 'Why good conduct matters' as referenced in the 'Business Conduct' section.

Regulators and governments

HSBC Continental Europe proactively engages with regulators and governments to facilitate strong relationships through virtual and in-person meetings and by responding to consultations individually and jointly via industry bodies. Under the consolidated approach to non-compliance risks, the Compliance function ensures centralised monitoring of regulatory engagements within entities of HSBC through the Regulatory Affairs team. HSBC Continental Europe records the material regulatory engagements between HSBC, its regulators and supervision authorities in a tool dedicated to the supervision.

Financial Crime

Overview

Financial crime risk is the risk of knowingly or unknowingly helping parties to commit or to further illegal activity through HSBC, notably Money Laundering, terrorist, and proliferation of weapons of massive destruction financing, tax evasion, bribery and corruption, non-respect of international sanctions, fraud, and market abuse. Financial crime risk arises from day-to-day banking operations involving customers, third parties and employees.

Key developments in 2025

During 2025, HSBC Continental Europe has continued its efforts to combat financial crime and reduce the impact of such crimes on the organisation, customers, and communities. The Bank works in partnership with the wider industry and the public sector in managing financial crime risk, protecting the integrity of the financial system.

There have also been several key regulatory developments. The EU AML package proposed by the European Commission in 2021, consisted of four material regulatory developments that have either required process or control enhancements, as was the case for EU regulation 2023/1113 or acute monitoring and assessment, which is ongoing in relation to the EU AML Regulation as well as the 6th Anti-Money Laundering Directive.

- The creation of the new EU Anti-Money Laundering Authority ('AMLA'), which will have supervisory powers over certain obliged entities. On 13 December 2023, the Council and Parliament reached an agreement on the creation of this new authority;
- A regulation 2023/1113 replacing EU regulation 2015/847 regulation on transfer of funds, includes transfers of crypto-assets. The regulation was published in 2023 with an implementation date of 31 December 2024;
- The Anti-Money Laundering Regulation ('AMLR'), which was published 31 May 2024 and requires implementation by July 2027; and
- A directive on anti-money-laundering mechanisms (the "AML Directive").

The previous 12 months saw increased regulatory focus on sanctions, sanctions evasion and controls employed by financial institutions (in particular screening). The dynamic and complex external sanctions environment has created challenges for financial institutions and their customers to navigate; this contributes to the sanctions risk to HSBC Continental Europe, which includes indirect risk from the activity of customers. HSBC Continental Europe has a robust and embedded sanctions compliance programme which is operationally effective and has been further enhanced in 2025. The developments related to sanctions against Russia continued to be a key area of attention during 2025. Up to nineteen packages of sanctions (commercial and financial restrictions) have been implemented. HSBC has enhanced its screening and non-screening controls to aid the identification of potential sanctions risk related to Russia, as well as risk arising from export control restrictions. Notwithstanding the above, where necessary, HSBC has enhanced existing sanctions policies, procedures, and controls in order to mitigate the risk associated with Russia-related sanctions. The external sanctions environment remains volatile and is being closely monitored by the bank.

In terms of other key controls, HSBC Continental Europe has completed further deployments of our intelligence-led, dynamic risk assessment (capability for customer account monitoring replacing rule based monitoring) as noted under section 'Risk Factors'.

Governance and structure

The HSBC Continental Europe Head of Financial Crime and Money Laundering Reporting Officer ('MLRO') reports directly to the Chief Compliance Officer, who reports directly to the HSBC Continental Europe Chief Executive Officer and Operating Committee as well as the supervisory body through the Risk Committee and the Board of Directors. The Chief Compliance Officer is a member of the HSBC Continental Europe Risk Management Meeting (main formal risk governance body) and the MLRO/Head of Financial Crime provides updates for noting, discussion and approval.

Key risk management processes

HSBC Continental Europe has specific compliance examination procedures, in accordance with the provisions of Articles 35 to 38 of the French Order of 3 November 2014 modified on 25 February 2021 relating to the internal control systems of banks, as well as tools for detecting and preventing non-compliance risks. These procedures and tools are the subject of regular updates and upgrades. HSBC Continental Europe is acting with integrity and has built a strong financial crime risk management framework across all its businesses and the EU countries in which it operates. The Bank complies with the law and regulation of all the markets in which it operates applying consistently high financial crime prevention rules. In cases where material differences exist between the law and regulation, its policy adopts the highest standard while acknowledging the primacy of local law. The Bank continues to assess the effectiveness of its end-to-end financial crime risk management framework and invest in enhancing its operational control capabilities and technology solutions to deter and detect criminal activity. Finally, the Bank also further strengthened its financial crime risk taxonomy, control libraries, investigative and monitoring capabilities through technology deployments.

The HSBC Continental Europe financial crime is engaged in setting up standards, policies, and risk appetite to guide the management of financial crime risks and support processes to mitigate them. The HSBC Continental Europe financial crime provides oversight, review and challenge to the Chief Compliance Officers and their teams in the EU locations to help them identify, assess, and mitigate complex financial crime matters, where required. The financial crime risk policies are periodically reviewed and updated. They require a prompt identification and escalation of any actual or potential regulatory breach. Relevant reportable events are escalated to the HSBC Continental Europe RMM and Risk Committee, as appropriate.

Staff training and awareness.

In 2025, three mandatory training courses for all employees have been delivered, as noted in the Staff training and awareness section of 'Business Conduct' and included (among others) topics related to financial crime risk management, money laundering, tax evasion, sanctions, fraud, bribery and corruption, terrorist financing and proliferation financing.

Climate and nature risks management

Overview

Climate and nature risk relates to the financial and non-financial impacts that may arise as a result of climate change, nature degradation and the move to a net zero economy.

Collectively, climate and nature risks are referred as “environmental risk” and may pose different risks to the stability of the financial system’. Two primary drivers of climate and nature risks have been identified within their respective risk management approach:

	Physical risk	Transition risk
Climate	Arises 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 the sea level.	Arises 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, action or inaction.
Nature	Driven by dependencies on nature and arises when natural systems, and therefore their benefits to society are compromised through human activity or otherwise.	Driven by changes introduced to halt or reverse damage to nature and arises when the changes required are costly to businesses and/ or households.

The risk of greenwashing, has been identified as a ‘thematic issue’ that could manifest as reputational, regulatory compliance, and litigation risks. This risk arises from knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to HSBC Continental Europe’s stakeholders.

Net zero alignment risk had previously been identified as a thematic issue and is now replaced and managed under HSBC Group's new risk type Sustainability Execution Risk, to help identify and manage the risks associated with the delivery and execution of HSBC Group’s sustainability strategy.

Approach

The physical effects of climate change, biodiversity loss and ecosystem services degradation in addition to the shift towards a net zero economy pose substantial financial risks to companies, investors and the financial system.

HSBC Continental Europe may encounter climate and nature-related risks either directly or indirectly through its relationships with customers, which could potentially leading to both financial and non-financial consequences.

HSBC climate risk approach and HSBC Continental Europe's nature-related risk approach aim to effectively manage material climate and nature-related risks that could impact HSBC Continental Europe ‘s operations, financial performance, stability, and reputation. It is informed by the evolving expectations of the regulators and it is aligned to HSBC Group-wide risk management framework, which set out how risks are identified, assessed and managed across the three lines of defence.

HSBC committed to enhancing its climate risk capabilities across its businesses by prioritising sectors, portfolios and counterparties with the highest impacts. Recognising this as a long-term, iterative process, the bank aims to expand its coverage and integrate more advanced data, climate analytics, frameworks and tools, while adapting to emerging industry best practices and climate-related regulations. These capabilities are implemented within HSBC Continental Europe since 2020 in addition to the nature-related risk ones in 2023.

This involves continuously reflecting on the evolving nature of environmental risk in the real world and improving the integration of climate and nature risks factors into strategic planning, transactions, and decision-making across the bank’s operations.

► For further details of the three lines of defence framework, see page 126.

The table below provides an overview of the climate and nature risk drivers and thematic issues considered within the HSBC Group climate risk approach and HSBC Continental Europe nature-related risk approach.

Risk drivers		Details	Potential Impacts	Time horizons
Physical	**Climate – Acute**	Increased frequency and severity of weather events causing disruption to business operations	– Decreased real estate values – Decreased household income and wealth – Increased costs of legal and compliance – Increased public scrutiny – Decreased profitability – Lower asset performance	Short term Medium term Long term
	Climate – Chronic	Longer-term shifts in climate patterns (e.g. sustained higher temperatures, sea level rise, shifting monsoons or chronic heat waves)		
	Nature – Acute	Increased severity of sudden and event-driven disruptions in natural systems (e.g. leak, accidental discharges such as oil spill, pest outbreaks) affecting loss of key species and crop productivity		
	Nature – Chronic	Gradual and long-term degradation of ecosystems causing reduced supply of natural stocks (e.g. crop yield) and quality of ecosystem services (e.g. clean water)		
Transition	**Policy and legal**	Mandates on, and regulation of, existing products and services and/or policy support for low-carbon alternatives. Litigation from parties who have suffered loss and damage from the e impacts of climate change and nature degradation		
	Technology	Replacement of existing products with lower emission options		
	End-demand (market)	Changing consumer demand from individuals and corporates		
	Reputational	Increased scrutiny following a change in stakeholder perceptions of climate and nature-related action or inaction		

Thematic issue		
Risk of greenwashing	**Firm**	Making inaccurate, unclear, misleading, or unsubstantiated claims in relation to HSBC sustainability commitments and targets, as well as the reporting of its performance towards them.
	Product	Making inaccurate, unclear, misleading or unsubstantiated claims in relation to products or services offered to clients that have stated sustainability objectives, characteristics, impacts or features.
	Client	Making inaccurate, unclear, misleading or unsubstantiated claims as a consequence of bank's relationships with clients or transactions HSBC undertake with them, where their sustainability commitments or related performance are misrepresented or are not aligned to HSBC own commitments.

The climate and nature related risk annual materiality assessment helps HSBC Continental Europe to understand how environmental risk may impact across HSBC's risk taxonomy. It assesses the type of impact, likelihood and severity over a 12-month period, and also considers forward looking risk impacts.

It is used to support policy, control enhancements, and scenario analysis.

► For further details, see 'Environmental, Social and Governance ('ESG')' on page 130 and the section "Resilience of the strategy and business model" in Sustainability Statement, page 53

Climate/Nature risk drivers	Credit risk	Traded risk	Reputational risk	Regulatory compliance risk	Resilience risk	Other financial and non-financial risk types
Physical risk	◆	◆			◆	◆
Transition risk	◆	◆	◆	◆	◆	◆

◆ Relevant risk driver

Key developments in 2025

Climate and nature risk management capabilities continue to be developed across the Bank . The following outlines key developments in 2025:

- The approach to managing HSBC financed emission targets in the Group wholesale portfolio have been enhanced through developing portfolio steering capabilities and revenue at risk assessments.
- The approach to assess the impact of climate change on capital, focusing on credit, market and operational risks has been enhanced.
- Internal climate and nature scenario analysis has been enhanced, thanks to use of strengthened data and model. For further details related to scenario analysis, see section 'Resilience of the strategy and business model' on page 53 under Sustainability Statement.
- The approach to manage and mitigate the risk of greenwashing has been enhanced.
- Enhancement of climate and nature risk guidelines for relationship managers to further embed environmental risk considerations into credit risk assessments.

Governance and structure

The HSBC Continental Europe Board takes overall supervisory responsibility to ensure that ESG strategy is executed and monitored with appropriate reporting and key indicators.

The HSBC Continental Europe Chief Risk Officer is the senior manager responsible for the management of ESG risks.

The Reputational Risk and Client Selection Committee provides recommendations and advice on significant reputational risk matters with impacts across HSBC Continental Europe.

The Sustainability Execution Group ('SEG') committee provides oversight of environmental risk, including the risk of greenwashing.

The HSBC Continental Europe Risk Management Meeting and Risk Committee receive updates on the Bank environmental risk profile.

Risk appetite

The HSBC Continental Europe climate risk appetite forms part of the Bank's risk appetite statement and support the business in delivering HSBC net zero ambition effectively and sustainably.

The climate risk appetite statement is approved and overseen by the Board. Additional Key Risk Indicators ('KRI') and Risk Indicators ('RI') covering climate, nature and social areas are defined and reported on a quarterly basis to the HSBC Continental Europe Sustainability Execution Group and on an annual basis to the HSBC Continental Europe Risk Management Meeting and Risk Committee.

Policies, processes and controls

HSBC Continental Europe continues to update and integrate climate and Nature risks into policies, processes and controls across the organisation.

- For further details on how environmental risk is managed in HSBC Continental Europe, see Sustainability Statement – section 'Managing climate-related risks' page 70 and 'Managing nature-related risks' Page 77.

Embedding climate and nature-related risk approaches

The below details how the management of climate and nature-related risks have been embedded across key risk types.

- For further details on internal scenario analysis, see 'Resilience of the business model in relation to environmental risks' in the Sustainability statement on page 54.

Wholesale credit risk

Similar to previous years, tools and supporting information are used for the identification and assessment of climate and nature risks (transition and physical risks) for HSBC Continental Europe's wholesale corporate population at a client and portfolio level.

HSBC Continental Europe relationship managers engage with wholesale corporate customers with the highest climate risk characteristics through a Transition Engagement Questionnaire to understand the client's transition plans and pathway to net zero, alongside their exposure to transition and physical risks. The responses in the questionnaire are used to create a climate score for key corporate customers.

A dedicated section on nature has been added to the Transition Engagement Questionnaire to capture information and data related to nature risks. This allows for the calculation of a nature score in addition to the climate score for HSBC Continental Europe key corporate customers. Information and data on nature is nascent and this initial approach is being continually refined over time as data on nature becomes more granular.

HSBC Continental Europe credit policies require relationship managers to assess climate and nature risk factors in credit applications at every annual review and new money request for clients in scope of the Transition Engagement Questionnaire. Climate and nature risk guidelines have been developed to support relationship managers in integrating such considerations in credit analysis. HSBC credit policies also require manual credit risk rating overrides if climate and/or nature risk is deemed to have a material impact on credit risk in the next 12 months, if not already captured under the original credit risk rating.

Quarterly climate RAS metrics are in place to monitor the exposure of HSBC Continental Europe corporate lending portfolio to 6 high transition risk sectors. These metrics aim to balance HSBC Continental Europe's strategy to support clients in transition while also ensuring that the overall portfolio climate profile does not deteriorate. A quarterly monitoring pockets of risk exercise within HSBC Continental Europe also identifies pockets of higher climate and/or nature risks, and supports a proactive risk management approach for these clients.

Treasury risk

Climate and nature risks could impact treasury-related risks through increased regulatory requirements or from changes to customer behaviour. From a liquidity and funding perspective, climate and nature risks could result in increased liquidity outflows in the immediate term (as the result of a natural disaster or reputational event, for example), or over the longer-term horizon, lower levels of stable funding from clients in sectors that are exposed to transition risks, for example.

As part of the annual ICAAP, HSBC Continental Europe assesses the impact of climate change on capital, focusing on credit risk, market risk and operational risk and performs sensitivity analysis.

As part of the annual ILAAP, HSBC Continental Europe assesses how climate and nature risks could impact the entity's liquidity position. This assessment forms part of the annual Internal Climate Scenario Analysis ('ICSA'), within which the impact on the entity's liquidity position of climate related risks and in particular their impact on deposits and undrawn commitments from high risk sectors. HSBC Continental Europe also monitors its deposit base and committed facilities portfolio by sector to assess its funding exposure to high risk sectors.

Climate-related topics that may impact Global Treasury are discussed at climate-related governance forums, including the Treasury Risk Management Climate Risk Oversight Forum and the Group Treasury Sustainability Committee.

Traded risk

Climate and nature risks may result in trading losses due to increases in market volatility and widening spreads from the macro and microeconomic impacts of transition and physical risks.

Climate and nature risks limits have been implemented in trading mandates at entity and desk levels to monitor exposure to nature and

climate sensitive sectors and countries across different asset classes in the Markets and Securities Services ('MSS') business.

Market risk policies include specific risk control requirements, which ensure that climate and nature risk limits and utilisations are monitored in the same way as market and traded credit risk exposures.

Monthly stress testing is conducted to understand the vulnerabilities of the trading and banking portfolio to various climate and nature scenarios, which are refined on an annual basis, with the results reported to senior management.

Reputational risk

HSBC Continental Europe manages the reputational impact of climate risk through its broader reputational risk framework supported by sustainability risk policies and metrics.

HSBC Continental Europe's network of sustainability managers provide local policy guidance to relationship managers for the oversight of policy compliance and implementation over wholesale banking activities.

- For further details of our sustainability risk policies, see page 69.
- For further details of our approach to reputational risk, see https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/reputational-risk.

Regulatory compliance risk

Regulatory Compliance oversees and supports the business in the management of sustainability-related risks that could cause breaches of HSBC Continental Europe regulatory duties to customers and inappropriate market conduct.

HSBC policies include sustainability considerations, particularly in relation to new and ongoing product management, sales outcomes, conflicts of interest and product marketing. HSBC Continental Europe continues to enhance the associated control frameworks, processes and customer outcomes.

Other risk types

Resilience risk

Physical climate risk may influence resilience risks through impacts on HSBC Continental Europe buildings, supporting service provision or on physical and/or transition disruption to HSBC Continental Europe's third party supply chain.

Metrics to assess how physical risk may impact HSBC Continental Europe's critical properties and to monitor progress against its contribution to HSBC Group own operations net zero ambitions are in place.

Resilience risk policies are subject to continuous review and improvement to meet climate risk requirements.

Model risk

Model risk in an ESG context refers to the uncertainties and complexities inherent in the modelling of the financial impact of climate-related changes and scenarios.

Climate and nature risk models are used for internal climate and nature scenario analysis, risk management, and emissions reporting among other use cases. Key challenges, shared across the industry, include the quality and consistency of data, and assumptions required to mitigate these inherent model limitations.

Model risk policies and procedures continue to evolve in line with regulation, setting out the minimum control requirements for identifying, measuring and managing model risk for climate-related models.

Financial reporting risk

Climate risk impacts financial reporting risk through increase ESG-related disclosure requirements in HSBC Continental Europe.

The scope of financial reporting risk includes oversight of the accuracy and completeness of ESG and climate-related reporting. HSBC Continental Europe's risk appetite statement states that the Bank has no appetite for material errors in ESG disclosures, balanced with the evolving requirements and data availability.

In addition, HSBC Continental Europe internal controls incorporate requirements for addressing the risk of misstatement in ESG and climate reporting. To support this, a framework is used to provide guidance on control implementation over ESG and climate reporting and disclosures, which includes areas such as process and data governance, and risk assessment.

Financial Reporting Risk oversight activities have been enhanced across Continental Europe to address evolving regulatory requirements. In particular, the Framework has been implemented to strengthen disclosures, including those mandated by the Corporate Sustainability Reporting Directive ('CSRD').

Challenges

Key challenges include:

- An increasingly complex and divergent regulatory environment across jurisdictions;
- The diverse range of internal and external data sources and data structures needed for climate and nature-related reporting, which introduces data accuracy and reliability risks
- Industry-wide data gaps on customer emissions and transition plan and methodology gaps, which limit HSBC Continental Europe ability to assess transition risks accurately;
- Data limitations on customer assets and supply chains, and methodology gaps, which hinder HSBC Continental Europe ability to assess physical risks accurately
- Lack of industry-defined quantified nature scenarios on the market with limitations of relevant, accurate and granular data for many nature-related effects.

‘Duty of Care’

Definition of HSBC Continental Europe's Duty of Care plan

A Duty of Care vigilance plan ('Plan') containing reasonable measures to identify relevant risks and prevent serious human rights violations, serious bodily injury, and environmental damage has been defined in HSBC Continental Europe and implemented in accordance with French law entered into force on 29 March 2017.

The Plan is supported by:

HSBC Policies and statements, including:

- Diversity and Inclusion policy
- Mental Health policy
- Financial Crime policies
- Sustainability risk policies
- Sustainability Execution Risk policy
- Human Rights Statement
- Health and Safety policy Statement
- Modern Slavery and Human Trafficking Statement
- Whistleblowing Policy and Statement

HSBC Frameworks, including:

- How we succeed outlining HSBC’s ambition, purpose, priorities, values, and foundations
- Risk management framework and supporting documents
- Reputational Risk Framework
- Approach to manage Human Rights risk
- Climate Risk Approach
- Conduct Approach
- Purpose and Value
- Supplier code of conduct
- Risk Culture Framework
- Principles for the Ethical Use of Data and Artificial Intelligence
- HSBC Continental Europe Approaches to manage Nature and Social Risks

The HSBC Continental Europe Plan is reviewed regularly to ensure its accuracy with HSBC's Purpose and Value and with how HSBC Continental Europe aims to manage and mitigate risks and prevent serious infringements of human rights and fundamental freedoms, to safeguard the health and safety of individuals and to protect the environment.

The Plan is monitored by the HSBC Continental Europe Duty of Care Steering Committee chaired by HSBC Continental Europe's Head of ESG Execution with the involvement of HSBC Continental Europe's Legal, Regulatory Compliance, People, Procurement, Sustainability, Finance, ESG Risk and Corporate and Institutional Banking ('CIB') teams.

The Plan covers risks related to HSBC Continental Europe’s employees, banking activities (including customers), as well as suppliers and subcontractors.

The risk associated with Duty of Care is incorporated within HSBC Continental Europe existing policies, risks, and related controls in place.

The risk associated with Duty of Care law is assessed at least annually, and where needed for material risk areas identified, HSBC Continental Europe will take reasonable and proportionate steps to address and enhance relevant policies and controls to manage this risk.

The 2025 risk mapping exercise performed has not identified any material deficiencies in this perimeter.

Duty of Care plan includes the assessment of the risk related to the following key themes:

Human rights and fundamental freedom

Salient human rights

HSBC's approach is guided by the United Nations Guiding Principles on Business and Human Rights ('UNGPs') and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. As defined in HSBC Human Rights Statement, HSBC Continental Europe is committed to safeguard human rights of its workforce, across its activities and those of its business partners.

An extensive review of HSBC salient human rights issues conducted in 2022 identified five human rights risks inherent to HSBC’s business globally, and five types of activity through which such risks might arise.

These earlier findings have been reviewed in 2025, drawing on consultations with stakeholders including employees, customers, investors, public authorities and civil society groups representing potentially affected people. This review validated HSBC existing assessment, and no substantive changes have been made to the table below as a result. Respondents highlighted several developing issues, including the potential social impacts of AI on communities.

		HSBC activities				
				Provider of products and services		
Inherent human rights risks		**Employer**	**Buyer**	**Personal customers**	**Business customers**	**Investors**
Right to decent work	Freedom from forced labour		◆		◆	◆
	Just and favourable conditions of work	◆	◆		◆	◆
	Right to health and safety at work	◆	◆		◆	◆
Right to equality and freedom from discrimination		◆	◆	◆	◆	◆
Right to privacy		◆		◆		◆
Cultural and land rights			◆		◆	◆
Right to dignity and justice		◆	◆	◆	◆	◆

These areas of potential human rights risks identified are considered in HSBC Continental Europe risk analysis. HSBC Continental Europe is developing an approach to facilitate the management of social risks, effective from January 2026. This approach identifies human rights and fundamental freedoms as key social factors, alongside health and safety and human capital. The procedure sets out how the Bank aims to identify suppliers where the risk of human rights impact is considered to be higher and the process to be followed to review and seek to mitigate the associated risks.

In-house capability on human rights continues to be developed with the launch of further online resources for all staff and bespoke human rights training for key colleagues, including those managing relationships with suppliers and business customers, and those with responsibility for overseeing risk management processes.

In 2025, HSBC continued to focus on its approach to human rights risk management relating to the goods and services bought from third parties and in respect of its business customers.

Sustainability risk policies support the management of human rights risks linked to HSBC Continental Europe business customers operating in sectors in which the risk of adverse human rights impact is considered greater. HSBC sustainability risk policies consider human rights issues such as forced labour, harmful or exploitative child labour and land rights. They also consider workers' rights, and the health and safety of communities.

- More information, see HSBC sustainability risk policies at https://www.hsbc.com/who-we-are/esg-and-responsible-business/managing-risk/sustainability-risk.
- More information on the actions taken to respect the right to decent work, see HSBC 2024 Annual Statement under the UK Modern Slavery Act at https://www.hsbc.com/who-we-are/esg-and-responsible-business/modern-slavery-act.

Building an inclusive culture

To help create long-term value for its stakeholders, HSBC focuses on fostering inclusion and building resilience for its colleagues.

HSBC Continental Europe equally recognises the importance of an inclusive culture in empowering the organisation to enable the Bank's strategic ambition and a lasting societal impact.

HSBC Continental Europe has implemented several initiatives aimed at embedding an inclusive culture into all aspects of its operations. This includes (i) training and capability building related to workplace bias, work discrimination, and inclusion, (ii) embedding its Employee Resource Groups and (iii) gender pay gap reporting.

Customer's voice

HSBC aims to create opportunities for its customers by making fair and affordable financial services accessible. With this the Bank supports them to build financial resilience and confidence, paving the way for economic opportunities.

HSBC Continental Europe remains committed to improving customers' experiences, and, as part of HSBC Group, has continued to listen, learn, and act on its customers' feedback and uses the net promoter system to share feedback with its front-line team, allowing them to respond directly to their customers.

The complaint handing process deployed in HSBC Continental Europe aims to register customers complaints in a complaint service tool called Customer Feedback Tool in CIB allowing to identify complaints related to ESG topics.

The sensitive claims associated with Duty of Care Law are failure to provide advice concerning a product or a portfolio managed by the Bank, which may present regulatory risk, implicate an employee, raise a discrimination concern, or involve a breach of confidentiality. HSBC Continental Europe uses an ESG flag in the complaints tool to identify and monitor all complaints related to Environmental, Social, and Governance topics.

Health and safety

HSBC Continental Europe is committed to providing a safe working environment for its employees, and non employees as outlined in HSBC Health and Safety Policy. HSBC Continental Europe is also committed to protecting and ensuring the physical and mental health of its employees at their workplace or when travelling for business purposes.

The HSBC Group also follows several procedures to ensure health and safety in the workplace:

- complies with regulatory requirements.
- identifies key risks through a risk assessment.
- conducts workplace inspections to ensure workplace safety.
- manages accidents and incidents and looks to mitigate risks to reduce recurrence.
- provides training and awareness on key risks at HSBC Group.
- sets out clear roles and responsibilities for all stakeholders involved in health and safety.
- consults with relevant parties on health and safety arrangements, as appropriate.

- More information, please refer to the Sustainability Statement page 46.

Environmental impact

HSBC Continental Europe prevents, mitigates and controls its material impacts on the environment in accordance with its sustainability risk policies, the risk management framework including the climate and nature related risk approaches and statements.

This includes complying with regulations concerning waste management, handling of hazardous materials and sourcing of raw materials. Particular attention is risks relating to climate change and its impacts on nature considering the complex interactions and compounding effects of climate and nature related risk drivers.

HSBC has been developing its approach to nature and aligning it with its net zero approach and is supporting HSBC Continental Europe in the management of its exposures to environmental risk.

HSBC Continental Europe alongside the wider HSBC Group is involved in a number of partnerships which focus on Nature based solutions playing an important role in removing carbon from the atmosphere. These methods include conserving and restoring natural ecosystems and managing forests and agricultural lands more sustainably. Such solutions can also help counter key drivers of the biodiversity loss currently underway, and support action to tackle wider drivers of nature loss, including deforestation, overfishing, and waste.

HSBC Continental Europe has identified and assessed the materiality of climate and nature-related risks across its activities and risks.

The management of environmental risk is also supported by:

- Imposing restriction through HSBC sustainability risk policies, on certain financing activities that may have material negative impacts on nature. Forestry and agricultural commodities policies, focus specifically on the upstream impacts of the key agricultural commodities of palm oil, timber, soy and cattle. These policies require customers involved with these commodities to operate in accordance with sustainable business principles. It is also required to palm oil customers to obtain certification under the Roundtable on Sustainability Palm Oil.

– Embedding nature into decision-making and customer engagement: nature-related questions are included into HSBC Continental Europe's client transition engagement questionnaire to cover topics including pollution, water, biodiversity, resource use and circular economy.
– Engaging with investee companies on biodiversity and natural resources via HSBC Asset Management Group
– Exploring how nature safeguarding mechanisms could be incorporated into decision-making.
– Financing and investing in nature-related solutions. HSBC is testing and scaling approaches to investing in biodiversity and nature.
– Managing HSBC Continental Europe's impacts on nature for its own operations by being responsible steward and consumer of natural resources.
– HSBC environmental and sustainability management policies seek to ensure that HSBC properties including the HSBC Continental Europe ones, continually reduce their overall direct impact on the environment.

Suppliers and subcontractors' risks assessment

HSBC and HSBC Continental Europe are committed to the fair treatment of the businesses who supply goods and services to HSBC and expect them to operate with accountability, in line with HSBC values.

HSBC's Sustainable Procurement Procedure supports our sourcing teams to further integrate sustainability into sourcing strategy and decision, including new supplier selection, renewals and ongoing supplier management.

HSBC maintained an inclusive approach to supplier engagement, supporting fair access to procurement opportunities for all suppliers.

As part of its nature strategy, HSBC has begun developing sustainable sourcing roadmaps across key sectors, such as support service, IT service and corporate real estate, following a materiality assessment of biodiversity and nature risks. The roadmaps will help us address high-risk areas and include considerations for nature and biodiversity within our procurement activities.

The HSBC supplier code of conduct was refreshed in 2025, to include principles on responsible use of AI, setting out ambitions on the environment, inclusion and human rights, and outlines the minimum standards the Bank expects from its suppliers on these issues. HSBC Continental Europe continues to formalise adherence to the code with clauses in its supplier contracts, which support the right to audit and act if a breach is discovered. At the end of 2025, 98.4 per cent of HSBC Continental Europe' contracted suppliers had either confirmed adherence to the Supplier Code of Conduct, or provided their own alternative that was accepted by HSBC Global Procurement function.

HSBC continued to implement human rights due diligence process to identify supplier risk.

The Global Procurement human rights due diligence operating procedure describes the process undertaken to identify suppliers where the risk of adverse human rights impact is considered higher and the process to be followed to review and mitigate the risk.

HSBC continued its human rights audit programme by selecting suppliers in scope, completing supplier questionnaires, identifying suppliers for onsite audits and onboarding a new audit partner to support delivery.

HSBC also defined an ESG questionnaire covering 3 main themes: Environment Social Governance ('ESG') – General Data Protection Regulation – Contractual Conditions – with 21 questions including 7 covering Duty of Care and human rights considerations.

▶ Read more about the principles HSBC applies and HSBC supplier code of conduct: www.hsbc.com/who-we-are/esg-and-responsible-business/working-with-suppliers.
▶ More information, please refer to the Sustainability Statement page 46.

Alert monitoring framework

Whistleblowing channel

HSBC encourages a speak-up culture where individuals can raise any concerns about wrongdoing or unethical conduct through the normal reporting channels without fear of reprisal or retaliation. HSBC provides several channels to speak-up, however it is recognised that in certain circumstances it may be necessary for individuals to raise concerns through more targeted and confidential channels.

HSBC strives to create a working environment in which people feel free to share their concerns. Aware that certain circumstances require confidentiality, HSBC created a whistleblowing system in 2015 by creating 'HSBC Confidential'. The arrangements are open to all people under a professional relationship with HSBC as required by the EU Directive 2019/137 of 23 October 2019 transposed in local law reinforcing whistleblower protection.

The whistleblowing channel can be used anonymously by the whistleblower and is accessible, at any time. Since December 2020, concerns can now be raised through an independent third party offering 24/7 hotlines and a web portal in multiple languages, including local language and English. The arrangements are managed and supervised by an independent team within the Compliance function locally or at global level depending on countries.

It can be notably used to report facts or behaviours constituting a violation of human rights and fundamental freedoms, the health and safety of persons as well as the environment resulting from the activities of HSBC Continental Europe as well as those of their subcontractors or suppliers, in accordance with Law N° 2017-399 of 27 March 2017 relating to the duty of care of parent companies and ordering companies.

Investigations are conducted confidentially, in depth and independently by investigators who are trained and made aware of the legislation/regulations applicable to whistleblowing arrangements.

Alerts received in three countries – France, Germany and Malta – are fully managed locally while alerts sent by whistleblowers in other HSBC Continental Europe countries are captured and processed by HSBC Group in accordance with the processes in place.

There were 20 alerts received and admitted to the HSBC Confidential alert system in 2025. This compares to 21 received in 2024. The main theme emerging from the alerts admitted was linked to Poor Management Practices, Employee Behaviour Issues, and Bullying and Harassment in the work environment.

Communication and awareness initiatives for employees are sent periodically to encourage a "speak-up" culture within HSBC. In 2024 and 2025 several awareness sessions on HSBC Speaking Up and Whistleblowing were delivered in HSBC Continental Europe attended by more than 3,000 employees. Other sessions are planned across HSBC Continental Europe's countries in 2026.

Refresh training is delivered annually to the Investigation teams who manage investigations related to whistleblowing cases

In accordance with the law, all eligible persons can use the whistleblowing channel, in addition to the usual channels, for raising concerns without fear of retaliation, relating to the following matters:

- a crime or an offence (e.g. corruption, fraud, embezzlement, harassment, discrimination, etc..).
- a violation or attempt to conceal a violation of an international standard, law or settlement.
- a threat or serious prejudice to the general interest.
- a violation of human rights and fundamental freedoms, human health and safety of the environment.
- any situation likely to generate a significant financial or reputational risk for the Bank.

The whistleblowing oversight team for HSBC Continental Europe is based in France within the HSBC Continental Europe Compliance team which monitors activities relating to the whistleblowing arrangements across the overall HSBC Continental Europe perimeter.

Whistleblowing activity is placed under the responsibility of Regulatory Compliance and under the supervision of the HSBC Audit Committee. Investigations on raised cases are conducted, in a confidential, in depth, and independent manner by investigators from different departments, mainly from different risk functions, mainly from Compliance and Human Resources. Controls are in place to maintain confidentiality and to protect whistleblowers from any form of retaliation.

In Malta, a local whistleblowing reporting policy is in place, which provides an official and confidential channel for whistleblowing. The whistleblowing channels, HSBC Confidential and HSBC Confidential Malta are opened to all colleagues to raise concerns in line with local law. All whistleblowing reports received are investigated in a detailed and independent manner, and remedial action is taken where appropriate. The oversight of the policy and arrangements falls within the remit of the HSBC Bank Malta's Audit Committee.

In Germany, HSBC Confidential as well as a local Ombudsman in accordance with local law (Hinweisgeberschutzgesetz) are used. The Ombudsman is an independent and impartial external attorney and is available to all employees of the branch of HSBC Continental Europe in Germany. Employees can raise any concerns especially about breaches of legal/regulatory or internal requirements through these channels, besides normal reporting channels. Concerns can be raised anonymously. The alerts are forwarded to the local Whistleblowing Team which is settled in Compliance. Investigations are conducted in a confidential and independent manner and actions are taken where necessary.

Following the transposition of the EU Directive 2019/137 of 23 October 2019, several HSBC Continental Europe countries have implemented in 2024 a variation of the global arrangement in designating a local responsible of the local whistleblowing arrangement (Spain, Italy, Ireland, Luxembourg, Czech Republic, Poland).

Employee conduct and harassment

HSBC encourages colleagues to speak up about poor behaviour or things that do not seem right. HSBC Continental Europe measures confidence to speak up via its Snapshot Speak Up results, which is stable between 2024 and 2025 (respectively at 80 per cent and 79 per cent).

Mandatory procedures for handling and investigating employee concerns are deployed, which include those for bullying and harassment. Cases are continually monitored from HSBC speak-up channels, and data is reported to management committees to ensure there is visibility at leadership level.

HSBC strives to improve awareness and education around poor behaviours and strengthen its understanding and response to these issues across all levels of the organisation. In 2024, to ensure continued high-quality investigations into conduct concerns, six new investigator training modules aimed at the Human Resources investigator community, were introduced. They have continued to be assigned to new joiners in investigator roles throughout 2025.

Training on bullying, harassment, discrimination and retaliation continue to be delivered at least every other year in HSBC Global Mandatory Training curriculum and as part of other learning resources, including in People Manager training.

Between 2022 and 2025, there was a continuous decline in the number of Personal Conduct Cases ('PCC') at HSBC Continental Europe (France), from 99 in 2022 to 22 in 2025 (and 44 for HSBC Continental Europe legal remit), with a stabilisation in the number of cases related to Duty of Vigilance (Between 1 and 2 each year since 2022). The significant drop in the number of PCC cases since 2024 was mainly explained by the sale of the Retail Business in France at the end of 2023.

Monitoring measures

Employee feedback

HSBC Continental Europe encourages employees to speak up directly and collectively about their experiences working at the organisation.

The Bank aims to capture employee feedback in a variety of ways to understand how colleagues feel about HSBC and to help to improve the employee experience.

▶ More information, please refer to the Sustainability Statement page 46.

Individual breaches identifications

HSBC Continental Europe has adopted a process for managing inappropriate individual breaches. The process aims to identify all situations in which rules and procedures are not complied with, and to ensure that cases are treated consistently.

The breaches that HSBC Continental Europe seeks to identify include cases of money laundering – which may involve activities such as terrorist financing, human trafficking, or slavery – as well as cases where the physical safety of staff members is jeopardised and cases of harassment.

To deal with such situations, each of HSBC Continental Europe's business lines and main functions holds breach committee meetings. For smaller functions and branches, ad-hoc committee meetings are held if a breach occurs. The aim of these meetings is to assess the risk level, the circumstances in which the breach occurred and the level of the breach. If appropriate, sanctions are applied; remedial action may also be taken to prevent the situation from recurring. Monitoring indicators have also been adopted.

In 2025, two breaches were dealt with in relation to the Duty of Care All credible allegations of human rights violations are investigated through engagement with stakeholders when reported.

Metrics & Regulatory Watch's Triggers

Key Risk Indicators have been developed, including litigations losses, provision amounts and the number of litigation cases. These indicators are integrated in a quarterly report in order to be monitored by Legal Department.

A new ESG-related indicator, the number of litigation cases with ESG consideration has been developed in 2025 and reported in the HSBC Continental Europe Sustainability Execution Group.

The regulatory watch on litigation cases related to Duty of Care includes emails alerts and regular updates from the international law firm, on ESG litigation for Financial Institutions. This supports the identification of trigger events to be considered when the reported ESG litigations may apply across HSBC Continental Europe risk cartography.

Other risks

Reputational risk management

The HSBC Group defines reputational risk as the failure to meet stakeholders' expectations as a result of any event, behaviour, action or inaction, either by the HSBC Group itself, its employees or those with whom the HSBC Group is associated, that might cause stakeholders to form a negative view of the HSBC Group including HSBC Continental Europe. Some drivers of reputational risk are inherent to HSBC Continental Europe business activities and decisions. This risk must be considered, managed, and/or accepted in line with the HSBC Continental Europe's strategy and risk appetite. The main drivers of reputational risk may include, enterprise actions or decisions, customers transactions and products, third parties and partnerships.

Stakeholders' perceptions are key to reputational risk and may vary between geographical regions and groups of stakeholders.

Key developments

HSBC Continental Europe has strengthened its reputational risk controls framework by implementing in 2025:

- An additional alert tool that aims to identify and screen clients against ESG Negative News.
- An interactive platform supporting the provision of Reputational and Sustainable Risk advice to relationship managers on sustainability policies and reputational concerns.

Governance and structure

Reputational risk is managed in compliance with the HSBC Group's risk management framework and is governed through the HSBC Continental Europe Risk Management Meeting.

The Reputational Risk and Client Selection Committees ('RRCSC') are the decisioning fora which manage reputational risk across the Bank, with escalation paths to counterparts at Group level and to the HSBC Continental Europe Risk Management Meeting.

Businesses and functions own and are responsible for managing and mitigating reputational risks associated with their respective activity. This responsibility includes setting procedures in line with the HSBC Group policy and escalating matters to the relevant local RRCSC which provides guidance, in respect of reputational risk and customer selection matters, facilitates decision making and ensures that issues are appropriately tracked and solved. RRCSCs have an escalation path to the HSBC Continental Europe Risk Management Meeting and to the Group Reputational Risk Committee in case of significant reputational risk matters with impacts across the HSBC Group.

Reputational risk is linked to Strategic Risk as a level 2 financial risk in HSBC Risk Taxonomy and may occur across both non-financial and financial risk types. Within HSBC Continental Europe's perimeter, some operational procedures have been implemented utilising a reputational risk lens, including financial crime prevention, regulatory compliance, conduct-related concerns, environmental impacts, human rights matters and employee relations. In the Second Line of Defence, given that reputational risks may arise from numerous risk types in the HSBC Group's Risk Taxonomy, all risk stewards are ultimately accountable for the oversight of any reputational risk for their respective risk type. Risk stewards are responsible for defining and implementing, as necessary, the day-to-day management of reputational risk for the risks under their responsibility with support from the reputational risk teams.

Internal Audit provides independent assurance to management and to the non-executive Risk and Audit Committees that reputational risk management, governance and internal control processes are designed and operating effectively.

Everyone at HSBC Continental Europe has the responsibility to identify potential reputational risk and escalate as appropriate. The HSBC Continental Europe Chief Risk Officer is accountable for assessing and deciding reputational risk cases within the HSBC Continental Europe legal perimeter, and the Chief Executive Officer owns and is accountable for the management and mitigation of any residual reputational risk, including escalation to the Region or HSBC Group Reputational Risk Committee, as appropriate.

Insurable risk coverage

Overview

In certain circumstances, insurance can be used to reduce the financial impact of residual risks of the HSBC Group's entity, or the HSBC Group as a whole, should these risks materialise.

Risks that are capable of being insured are called 'Insurable risks' and would typically cover some of the Non-Financial Risks, mainly People and Operational risks.

HSBC Continental Europe is covered through HSBC Group global insurance programmes placed by HSBC Holdings plc for major insurable risks, to protect people, infrastructures and assets.

Main insurance programmes include Directors and Officers liability insurance, Civil and Cyber liability, Crime (theft or fraud from an employee or a third-party), Property damages and business interruption.

Regulatory required local insurance policies are in place in each country (such as, civil liability for licensed activities, employer's liability, construction works, or third-party liability motor insurance).

As a principle, levels of coverage and deductibles/retentions are in line with:

- insurance market conditions, business practices and regulations;

– assets values; and
– potential impact on HSBC Continental Europe and HSBC Holdings plc balance sheets, and risk appetite.

The total amount of insurance premiums paid in 2025 for Non-Financial risks represents 0.29 per cent of HSBC Continental Europe net operating income.

Key developments in 2025

In 2025, insured cover limit amounts continue to be set on an ‘extreme’ loss assumption, aiming to mitigate major financial impacts on the Bank’s activities.

Key initiatives during this year included,

– For property damage and business interruption insurance, HSBC Continental Europe cover limits have been adjusted based on the reinstatement value of the portfolio exposure.
– Under the Corporate Services (Real Estate) function’s coordination and with the support of the Group insurance broker, the HSBC Group continued to investigate and identify locations potentially exposed to climate change risks, using total sums insured, including HSBC Continental Europe sites.
– For crime, civil and cyber liability insurance, entities can adjust their own deductible levels per loss should the HSBC Group’s deductible exceed the local entity’s risk appetite.

Governance and structure

At the HSBC Group level, the Insurable Risk Team is a Risk sub-function who:

– Set the control framework for how insurance solutions are sourced including the use of insurance intermediaries, and determine where and how the HSBC Group’s Reinsurance Captive should be involved.
– Purchase global insurance policies on HSBC Group’s and entities’ behalf, with the approval from the HSBC Group Board of Directors and other relevant governance committees.

The function includes regional insurable risk managers, responsible to cascade and embed the HSBC Group’s strategy in their geographies.

The Risk Management Meeting is updated on an annual basis, concerning all applicable insurance policies and associated costs for them to opine on the relevance of insurance covers regarding their risks.

Key risk management processes

Third parties, such as brokers, insurers and partners are chosen in accordance with their expertise, financial strength and international network, according to the HSBC Group’s procurement policies and principles, and managed through the HSBC Group’s Third parties risk management framework.

The key risk management processes developed by Insurable Risk to minimise the risk of inappropriate global programme purchasing are:

– Engagement with key stakeholders concerning coverage strategy and insurance programme priorities.
– Receipt of professional advice prior to binding and post-renewal reporting from the HSBC Group’s brokers.
– Placement options and renewal proposals are formally approved by two individuals of appropriate seniority in all cases before binding instructions are given to the broker.

Periodic control

Overview

In accordance with French ministerial order of 3 November 2014 (the “Order”), significantly updated on 25 February 2021, concerning internal control within financial institutions, and payment and investment service providers, the role of Internal Audit is to provide Executive Management and HSBC Continental Europe Board of Directors objective assurance on risk management and the internal control system implemented by the bank. Periodic controls on HSBC Continental Europe aim to ascertain the compliance of operations, the levels of risk actually incurred by the institution, due observance of the procedures and the effectiveness and appropriateness of the control frameworks, by means of independent investigations conducted by staff qualified for this purpose.

As part of HSBC Group’s risk management framework, Global Internal Audit constitutes the Third Line of Defence, coming successively behind the businesses and functions’ own First Line of Defence (Risk Owners, Control Owners and Chief Control Officers) and the Second Line of Defence teams (Enterprise Risk Management, Assurance Teams and Risk Stewards). While the control work performed by First and Second Lines of Defence is assessed and taken into account, Global Internal Audit defines its own programme of work independently from them as Internal Audit is responsible for providing Executive Management and the Board of Directors of the bank, independent assurance on the risk exposure and level of control by management.

As such, Internal Audit assesses the compliance with laws applicable to the audited area, the correct application of rules and procedures in force within HSBC Group and the adherence of audited activities to the risk appetite defined by the Bank.

In accordance with article 27 of the Order, the periodic control framework applies to the entire HSBC Continental Europe company, including its European branches and subsidiaries, as well as to companies under exclusive or joint control.

Key developments in 2025

All audit work is performed in accordance with HSBC Group’s audit standards, as set out in the Audit Instruction Manual, which is updated on a regular basis.

Several methodological changes were introduced:

– To increase management accountability, Global Internal Audit no longer re-writes Management Self-Identified Issues. This responsibility was transferred to issue owners who have to correct deficiencies identified in the writing of Management Self-Identified Issues during the audit. Audit reports assess the quality of Management Self-Identified Issue write ups and duplicate them as they are written in Helios, the HSBC risk management system.
– Issue validation is not done at action level anymore but rather at the overall issue level for High and Medium Risk issues. The validation timelines for Global Internal Audit have also been increased: from 30 days for all the actions to 45 days for the High Risk issues and 60 days for the Medium Risks issues.
– To evaluate the design and operating effectiveness of relevant key controls for entities in the Audit Universe, an indicative Control Assessment rating is automatically calculated by considering all open issues, irrespective of source (either Audit Identified Issues, Management-Self Identified Issues or Third-Party Issues). This automated rating is challenged and potentially overridden considering prior audit ratings and conclusions on the effectiveness

of key controls as well as incidents, near misses or events not captured as issues.
- The Topical Requirements from the Institute of Internal Auditors for cybersecurity provide a consistent, comprehensive approach to assess the design and operating effectiveness of cybersecurity governance, risk management, and control processes. These requirements represent a minimum baseline for assessing cybersecurity which Global Internal Audit applies for all relevant audits.
- The approach to scope limitations has been clarified. Global Internal Audit remains alert to any scope limitations that may restrict work throughout audits. Limitations may arise coincidentally or if business stakeholders seek to impose constraints on audit approaches. Scope limitations are conditions, such as resource constraints or restrictions on access to personnel, facilities, data, and information, that prevent Global Internal Audit from performing the expected audit work. If the limitation is significant, the Audit Owner escalates to the Group Head of Internal Audit who has the option to report it to the Group Audit Committee. Global Internal Audit documents scope limitations and includes them in the audit reports, typically through reporting a non-cooperation statement.

Governance and structure

Global Internal Audit is made of nine global audit teams whose role is to provide expert coverage of HSBC Group's businesses, functions and geographies:

- International Wealth and Personal Banking ('IWPB');
- Corporate and Institutional Banking ('CIB') and Europe;
- Strategy, Governance, Risk and Finance;
- Compliance, Financial Crime, Conduct, Culture, Legal and Sustainability;
- Chief Information Office ('CIO') and Change Oversight;
- Chief Operating Office and Other Specialist Infrastructure;
- Hong Kong, Asia and Middle East;
- United Kingdom; and
- Americas.

Global Internal Audit Continental Europe is an audit team, whose responsibility is to cover the risks within the HSBC Continental Europe legal perimeter (Belgium, Czech Republic, France, Germany, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Spain and Sweden). Its auditors are based in France, Germany, Malta, Luxembourg and Poland.

HSBC Continental Europe periodic control is therefore covered jointly by different Global Internal Audit entities, functionally linked and coordinated:

- Global Internal Audit Continental Europe, a general audit team, mainly reviewing central functions, corporate banking, banking operations, Information Technology and strategically significant projects; and
- Global teams, specialised by business and/or function, based principally in London and in Hong Kong. Members of these global teams are also located in Paris, for Corporate and Institutional Banking audit, Asset Management audit, Model Risk audit and Traded Risk audit.

Country audit teams have the detailed knowledge of local regulations and environment enabling coverage to be adapted as appropriate, and functional reporting to the global audit function strengthens their independence and ensures consistency between teams, all of whom are held to the high standards defined and regularly updated in the Audit Instruction Manual. The fact that all teams share a reporting line into a global function promotes collaboration and the sharing of best practices.

Periodic controls on HSBC Continental Europe in 2025 have thus been performed either by Global Audit teams, Continental Europe Audit teams or by both together, in accordance with the service agreement, which is effective since April 2017.

The scopes of local audits and global audits converge and are consolidated in the HSBC Continental Europe audit plan. In all cases, as defined in the aforementioned Order, all audits on HSBC Continental Europe are managed in coordination with the Head of Global Internal Audit Continental Europe, who oversees their consistency and efficiency.

The Head of Global Internal Audit Continental Europe reports to the Head of Internal Audit for Corporate and Institutional Banking ('CIB') and Europe and to the HSBC Continental Europe Audit Committee, and administratively to the HSBC Continental Europe Chief Executive Officer.

Finally, the HSBC Continental Europe Internal Audit function is a member of the Inter-Audit Committee ("Comité Inter-Inspections Générales"), which gathers internal audit departments of eight French banks to perform common audits of vendors providing services to at least four members, as required by title V, chapter II of the Order. This approach to jointly audit common service providers is also mentioned in the European Banking Authority guidelines on outsourcing arrangements that were issued in February 2019.

Key risk management processes

In addition to regular discussions held with Global Internal Audit, other elements contribute to maintaining an independent and up to date view of key risks within HSBC Continental Europe, in particular:

- The Head of Global Internal Audit Continental Europe participates in the HSBC Continental Europe Operating Committee, the HSBC Continental Europe Risk Management Meeting and the HSBC Continental Europe Audit Committee and those of its subsidiaries in France;
- The Senior Audit Managers participate in the risk committees of various businesses and functions;
- Regular meetings, usually quarterly, are held between Global Internal Audit Continental Europe senior management and the different heads of businesses and functions; and
- Quarterly meetings are held between Global Internal Audit Continental Europe senior management and external auditors.

Audit reports are sent to the accountable executives, who are ultimately responsible for ensuring that all findings are timely and properly remediated. The HSBC Continental Europe Chief Executive Officer, the HSBC Continental Europe Chief Risk Officer, the HSBC Continental Europe Chief Operating Officer, the HSBC Continental Europe Chief Compliance Officer and the HSBC Continental Europe Head of Enterprise Risk Management receive a copy of all audit reports.

Audit reports relating to HSBC Continental Europe and subject to an adverse rating (i.e., a Not Satisfactory Control Rating or a Negative Active Risk Management Rating) are always presented and commented by the Head of Global Internal Audit Continental Europe during the HSBC Continental Europe Audit Committee.

This Committee also monitors outstanding Very High, High and Medium risk audit issues.

Global Internal Audit is validating the closure of the issues. The level of validation that is needed varies based on the issue rating.

Tax risk

Overview

The HSBC Group seeks to apply the spirit and the letter of the law in all territories where it operates. In line with the Group's principles and its own, HSBC Continental Europe ensures compliance with applicable tax regulations across Continental Europe and payment of a fair share of tax in the countries where it operates.

Therefore, HSBC Continental Europe does not undertake transactions whose sole purpose is to abuse the tax system or otherwise employ tax avoidance strategies, for example by artificially diverting profits to low tax jurisdictions.

HSBC Continental Europe does not deal with customers who are not tax transparent or who may want to use its products to avoid taxation.

HSBC Continental Europe will use tax incentives or opportunities for obtaining tax efficiencies where these:

– Are aligned with the intended policy objectives of the relevant government; and
– Are aligned with business or operational objectives.

Moreover, within the framework of intra-group transactions, HSBC Continental Europe ensures that all the prices applied are in line with arm's length principles, as defined by the OECD rules.

Key developments in 2025

HSBC continues to apply global initiatives to improve tax transparency such as:

– The OECD Standard for Automatic Exchange of Financial Account Information (also known as the Common Reporting Standard);
– The Foreign Account tax compliance Act (also known as FATCA);
– The Capital Requirements Directive IV ('CRD IV') Country by Country reporting;
– The OECD Base Erosion and Profit Shifting ('BEPS') initiative pillars 1 and 2;
– DAC6 disclosure of aggressive operations;
– The Global Electronic system of Payment information (CESOP) reporting; and
– The e-invoicing for VAT purposes.

Governance and structure

The Tax Department ("Direction des Affaires Fiscales") is composed by tax experts located both in France and in Germany including a local senior management, under the supervision of the Head of Tax for Continental Europe.The Tax Department oversees tax risks as a Second Line of Defence across Continental Europe, relying on local tax experts and/or local law firms.

In order to ensure a coherent tax policy and a risk management, the Tax Department:

– defines the tax guidelines that businesses must follow to limit risk, in line with the risk appetite;
– ensures that procedures and proper controls are in place to mitigate tax risk;
– ensures that recommendations from Third Line of Defence and/or any regulator relating to tax are followed; and
– has a proper information of all the major transactions and projects to assess any potential tax implication/risk.

The Tax Department also assists different committees where tax approval is requested and is part of due diligence process for new products.

Key risk management process

Tax risk is managed in accordance with HSBC Continental Europe risk management framework, which defines minimum standards and processes, and the governance structure for the risk management across HSBC Continental Europe.

Responsibility for minimising operational risk lies with all HSBC employees. Specifically, all staff are required to manage operational risks, including tax risks of the business and operational activities for which they are responsible.

The Tax Policy covers three key risks:

– Tax payments – risk of failure to withhold, charge or pay taxes;
– Tax compliance – risk of failure to report and file accurate tax returns including customer information; and
– Tax avoidance – risk that HSBC Continental Europe enters into transactions on its own account or promotes products and services to customers that are not consistent with the spirit of the law (tax avoidance).

HSBC Continental Europe manages the three key tax risks by:

– Identifying the risks;
– Ensuring that the right controls are in place to prevent, manage and reduce risk;
– Setting policy and guidelines for managing tax risks;
– Providing support and guidance to support the above policies; and
– Employing an experienced, professionally qualified in-house tax team. The in-house tax team is supported by advice from external advisers whenever in-house expertise is not available.

Global Internal Audit is responsible for providing independent assurance that HSBC is managing tax risk effectively.

Consolidated financial statements

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Consolidated income statement

for the year ended 31 December

	Notes	2025 €m	2024[1] €m
Continuing operations			
Net interest income		**1,382**	1,695
– interest income		**6,242**	8,219
– interest expense		**(4,860)**	(6,524)
Net fee income	3	**1,180**	1,214
– fee income	3	**1,845**	1,755
– fee expense	3	**(665)**	(541)
Net income/(expense) from financial instruments held for trading or managed on a fair value basis	4	**818**	484
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	4	**39**	40
Changes in fair value of designated debt and related derivatives	4	**2**	3
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	4	**35**	63
Gains less losses from financial investments		**7**	(2)
Insurance finance income/(expense)	5	**(34)**	(38)
Insurance service result		**10**	18
– insurance service revenue		**21**	26
– insurance service expense		**(11)**	(8)
Gains/(losses) recognised on assets held for sale		**143**	(11)
Other operating income/(expense)		**101**	81
Net operating income before change in expected credit losses and other credit impairment charges		**3,683**	3,547
Change in expected credit losses and other credit impairment charges		**(166)**	(91)
Net operating income		**3,517**	3,456
Total operating expenses		**(2,792)**	(2,318)
– employee compensation and benefits	6	**(1,319)**	(1,007)
– general and administrative expenses		**(1,288)**	(1,214)
– depreciation and impairment of property, plant and equipment and right of use assets		**(109)**	(62)
– amortisation and impairment of intangible assets and goodwill impairment	21	**(76)**	(35)
Profit/(loss) before tax		**725**	1,138
Tax expense	8	**(64)**	(406)
Profit/(loss) after tax in respect of continuing operations		**661**	732
Profit/(loss) after tax in respect of discontinued operations	2	**(1,305)**	(129)
Profit/(loss) for the year		**(644)**	603
Attributable to:			
– shareholders of the parent company		**(657)**	568
– non-controlling interests in respect of continuing operations		**13**	35
– non-controlling interests in respect of discontinued operations	2	**—**	—
Basic earnings per ordinary share	10	**(2.47)**	2.65
Diluted earnings per ordinary share	10	**(2.47)**	2.65
Dividends per ordinary share	9	**1.06**	—

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

Consolidated statement of comprehensive income

for the year ended 31 December

	Notes	2025 €m	2024[1] €m
Profit/(loss) for the period from continuing operations		**661**	732
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Debt instruments at fair value though other comprehensive income:		**80**	3
– fair value gains/(losses)		**115**	3
– fair value (gains)/losses transferred to the income statement on disposal		**(7)**	4
– expected credit losses recognised in income statement		**2**	—
– income taxes		**(30)**	(4)
Cash flow hedges:		**(85)**	86
– fair value gains/(losses)	16	**(116)**	(111)
– fair value (gains)/losses reclassified to the income statement	16	**3**	228
– income taxes	16	**28**	(31)
Exchange differences and other		**5**	2
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit asset/liability:		**18**	3
– before income taxes	6	**24**	5
– income taxes		**(6)**	(2)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk:		**(81)**	(20)
– before income taxes	24	**(112)**	(26)
– income taxes		**31**	6
Equity instruments designated at fair value through other comprehensive income:		**17**	(4)
– fair value gains/(losses)		**17**	(4)
– income taxes		**—**	—
Other comprehensive income/(expense) for the period, net of tax		**(46)**	70
Total comprehensive income/(expense) for the period from continuing operations		**615**	802
Total comprehensive income/(expense) for the period from discontinued operations	2	**(1,277)**	(118)
Attributable to:			
– shareholders of the parent company		**(676)**	648
– non-controlling interests in respect of continuing operations		**14**	36
– non-controlling interests in respect of discontinued operations		**—**	—
Total comprehensive income/(expense) for the period		**(662)**	684

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

Consolidated balance sheet

at 31 December

	Notes	2025 €m	2024 €m
Assets			
Cash and balances at central banks		**58,092**	48,907
Trading assets	12	**30,801**	22,853
Financial assets designated and otherwise mandatorily measured at fair value through profit and loss	15	**1,619**	1,563
Derivatives	16	**40,579**	43,251
Loans and advances to banks[1]		**5,715**	5,703
Loans and advances to customers[1]		**42,835**	51,288
Reverse repurchase agreements – non-trading		**29,308**	25,764
Financial investments	17	**28,003**	20,740
Assets held for sale	2	**377**	25,477
Prepayments, accrued income and other assets	22	**12,684**	17,998
Current tax assets		**164**	595
Goodwill and intangible assets	21	**319**	219
Deferred tax assets	8	**895**	650
Total assets		**251,391**	265,008
Liabilities			
Deposits by banks		**14,514**	11,820
Customer accounts		**97,107**	97,065
Repurchase agreements – non-trading		**14,486**	12,344
Trading liabilities	23	**18,376**	16,480
Financial liabilities designated at fair value	24	**11,086**	9,906
Derivatives	16	**33,178**	41,857
Debt securities in issue		**14,129**	15,257
Liabilities of disposal groups held for sale	2	**10,648**	24,718
Accruals, deferred income and other liabilities	25	**21,221**	17,848
Current tax liabilities		**208**	236
Insurance Contract Liabilities	5	**531**	518
Provisions	26	**444**	184
Deferred tax liabilities	8	**3**	3
Subordinated liabilities	27	**1,894**	1,941
Total liabilities		**237,825**	250,177
Equity			
Called up share capital	30	**1,328**	1,328
Share premium account	30	**6,747**	6,747
Other equity instruments	9	**1,230**	1,430
Other reserves		**1,552**	1,574
Retained earnings		**2,524**	3,563
Total shareholders' equity		**13,381**	14,642
Non-controlling interests		**185**	189
Total equity		**13,566**	14,831
Total liabilities and equity		**251,391**	265,008

1 The loans and advances to banks and customers include expected credit losses provided under IFRS 9. Further analysis of expected credit losses is disclosed in the table 'Summary of financial instruments to which the impairment requirements in IFRS 9 are applied' under section 'Credit Risk'.

Consolidated statement of changes in equity

for the year ended 31 December

				Other reserves							
	Called up share capital and share premium	Other equity instru-ments	Retained earnings	Financial assets at Fair Value through OCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger reserve and other reserves	Insurance finance reserve	Total share-holders' equity	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	**8,075**	**1,430**	**3,563**	**(638)**	**23**	**—**	**1,609**	**580**	**14,642**	**189**	**14,831**
Profit/(loss) for the period from continuing operations	**—**	**—**	**648**	**—**	**—**	**—**	**—**	**—**	**648**	**13**	**661**
Other comprehensive income/(expense) (net of tax)	**—**	**—**	**(63)**	**98**	**(85)**	**3**	**—**	**—**	**(47)**	**1**	**(46)**
– debt instruments at fair value through other comprehensive income	**—**	**—**	**—**	**79**	**—**	**—**	**—**	**—**	**79**	**1**	**80**
– equity instruments designated at fair value through other comprehensive income	**—**	**—**	**—**	**17**	**—**	**—**	**—**	**—**	**17**	**—**	**17**
– cash flow hedges	**—**	**—**	**—**	**—**	**(85)**	**—**	**—**	**—**	**(85)**	**—**	**(85)**
– re-measurement of defined benefit asset/ liability	**—**	**—**	**18**	**—**	**—**	**—**	**—**	**—**	**18**	**—**	**18**
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	**—**	**—**	**(81)**	**—**	**—**	**—**	**—**	**—**	**(81)**	**—**	**(81)**
– 'Insurance finance income/(expense) recognised in other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– exchange differences	**—**	**—**	**—**	**2**	**—**	**3**	**—**	**—**	**5**	**—**	**5**
Total comprehensive income/(expense) for the period from continuing operations	**—**	**—**	**585**	**98**	**(85)**	**3**	**—**	**—**	**601**	**14**	**615**
Total comprehensive income/(expense) for the period from discontinued operations	**—**	**—**	**(1,305)**	**618**	**—**	**(10)**	**—**	**(580)**	**(1,277)**	**—**	**(1,277)**
– capital securities issued during the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
– dividends to shareholders[1]	**—**	**—**	**(380)**	**—**	**—**	**—**	**—**	**—**	**(380)**	**(18)**	**(398)**
– other movements[2]	**—**	**(200)**	**61**	**2**	**—**	**—**	**(68)**	**—**	**(205)**	**—**	**(205)**
Total Other	**—**	**(200)**	**(319)**	**2**	**—**	**—**	**(68)**	**—**	**(585)**	**(18)**	**(603)**
At 31 Dec 2025	**8,075**	**1,230**	**2,524**	**80**	**(62)**	**(7)**	**1,541**	**—**	**13,381**	**185**	**13,566**

1 Dividends to shareholders comprise an interim dividend distribution of EUR 282 million (EUR 1.06 per share) for the year 2025, along with a EUR 98 million coupon payment on Additional Tier 1 (AT1) capital instruments. This comprises a EUR 14 million dividend recognised for 2025, payable in April 2026, relating to the EUR 200 million Perpetual Subordinated Resettable AT1 instrument (issued in 2019), which was reclassified from equity to liabilities.

2 Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The principal repayment of the instrument was completed on 2 January 2026.

Consolidated statement of changes in equity (continued)

for the year ended 31 December[1]

				Other reserves							
	Called up share capital and share premium	Other equity instru-ments	Retained earnings	Financial assets at Fair Value through OCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger reserve and other reserves	Insurance finance reserve	Total share-holders' equity	Non-controlling interests	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 Jan 2024	6,326	1,433	3,103	(763)	(63)	(6)	1,603	709	12,342	166	12,508
Profit/(loss) for the period from continuing operations	—	—	697	—	—	—	—	—	697	35	732
Other comprehensive income/(expense) (net of tax)	—	—	(17)	(3)	86	3	—	—	69	1	70
– debt instruments at fair value through other comprehensive income	—	—	—	2	—	—	—	—	2	1	3
– equity instruments designated at fair value through other comprehensive income	—	—	—	(4)	—	—	—	—	(4)	—	(4)
– cash flow hedges	—	—	—	—	86	—	—	—	86	—	86
– re-measurement of defined benefit asset/ liability	—	—	3	—	—	—	—	—	3	—	3
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	(20)	—	—	—	—	—	(20)	—	(20)
– 'Insurance finance income/(expense) recognised in other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
– exchange differences and other	—	—	—	(1)	—	3	—	—	2	—	2
Total comprehensive income/(expenses) for the period from continuing operations	—	—	680	(3)	86	3	—	—	766	36	802
Total comprehensive income/(expense) for the period from discontinued operations	—	—	(129)	138	—	2	—	(129)	(118)	—	(118)
– capital securities issued	1,749	(3)	—	—	—	—	—	—	1,746	—	1,746
– dividends to shareholders[1]	—	—	(83)	—	—	—	—	—	(83)	(13)	(96)
– other movements	—	—	(8)	(10)	—	1	6	—	(11)	—	(11)
Total Other	1,749	(3)	(91)	(10)	—	1	6	—	1,652	(13)	1,639
At 31 Dec 2024	8,075	1,430	3,563	(638)	23	—	1,609	580	14,642	189	14,831

1 Dividends corresponds to coupon payment on other equity instrument (AT1 capital) amounting to EUR 83 million.

Consolidated statement of cash flows

for the year ended 31 December

	Notes	2025 €m	2024[1] €m
Continuing operations			
Profit/(loss) before tax		**725**	1,138
Adjustments for non-cash items:		**1,419**	(344)
– depreciation, amortisation and impairment of property plant and equipment, right of use and intangibles		**185**	96
– net gain from investing activities		**(8)**	(1)
– change in expected credit losses gross of recoveries and other credit impairment charges		**172**	100
– provisions including pensions		**297**	9
– share-based payment expense	6	**26**	22
– other non-cash items included in profit before tax		**(71)**	(80)
– (Gain)/loss on acquisition/disposal of subsidiaries and businesses[2]		**(149)**	—
– elimination of exchange differences[3]		**967**	(490)
Changes in operating assets and liabilities		**6,317**	(6,246)
– change in net trading securities and derivatives		**(12,207)**	(8,424)
– change in loans and advances to banks and customers		**2,383**	(2,165)
– change in reverse repurchase agreements – non-trading		**(4,248)**	(3,931)
– change in financial assets designated at fair value and otherwise mandatorily measured at fair value		**(154)**	(629)
– change in other assets[4]		**2,397**	1,189
– change in deposits by banks and customer accounts		**12,560**	6,668
– change in repurchase agreements – non-trading		**2,142**	1,191
– change in debt securities in issue		**(1,128)**	2,348
– change in financial liabilities designated at fair value		**954**	309
– change in other liabilities		**3,500**	(2,613)
– tax paid		**118**	(189)
Net cash from operating activities		**8,461**	(5,452)
Purchase of financial investments		**(18,254)**	(9,956)
Proceeds from the sale and maturity of financial investments		**10,448**	3,658
Net cash flows from the purchase and sale of property plant and equipment		**(14)**	(13)
Net investment in intangible assets		**(176)**	(69)
Net cash flow on disposal of subsidiaries, business, associates and joint ventures[5,6]		**5,089**	(430)
Net cash from investing activities		**(2,907)**	(6,810)
Issue of ordinary share capital and other equity instruments	30	**—**	1,745
Subordinated loan capital issued	27	**500**	500
Subordinated loan capital repaid	27	**(541)**	(510)
Dividends paid to shareholders of the parent company	9	**(380)**	(83)
Dividends paid to non-controlling interests		**(18)**	(13)
Net cash from financing activities		**(439)**	1,639
Net cash from discontinued operations	2	**(336)**	(9,501)
Net increase/(decrease) in cash and cash equivalents		**4,779**	(20,124)
Cash and cash equivalents at beginning of the period[4]		**75,742**	95,653
Exchange differences in respect of cash and cash equivalents		**(278)**	213
Cash and cash equivalents at 31 Dec[4]		**80,243**	75,742

Consolidated statement of cash flows (continued)

for the year ended 31 December

	Notes	2025 €m	2024[1] €m
Cash and cash equivalents comprise of:			
– cash and balances at central banks[7]		**58,092**	48,907
– loans and advances to banks of one month or less		**5,250**	4,572
– reverse repurchase agreement with banks of one month or less		**12,795**	13,498
– cash collateral, net settlement accounts and items in course of collection from/transition to other banks[4]		**4,092**	6,799
– cash and cash equivalents held for sale/discontinued operations[8]		**14**	1,966
Cash and cash equivalents at 31 Dec[4]		**80,243**	75,742

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Represents gain on disposal of private banking business in Germany EUR 149 million.
3 Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.
4 Following a classification error in the consolidated statement of cash flow in 2024, Cash and cash equivalents have been represented by EUR 30 million at the beginning of the comparative period i.e., 1 January 2024 and by EUR 265 million at the end of the comparative period i.e., 31 December 2024 as well as at the beginning of the current period i.e., 1 January 2025 with the net impact on cash and cash equivalents of EUR 235 million within Changes in operating activities for the comparative period ending 31 December 2024. This representation does not impact the presentation of the balance sheet.
5 Net cash flow on disposal for 2025 represents, the net cash proceeds on sale of the life insurance business in France EUR 843 million, retained portfolio of home and certain other loans in France EUR 5 billion, net cash outflow on sale of private banking business in Germany EUR 799 million.
6 Net cash flow on disposal for 2024 represents the net impact of EUR 0.4 billion additional cash paid on sale of retail banking operations in France in January 2024 (Out of the total sale proceeds of EUR 9.9 billion, EUR 9.5 billion was reclassified as held for sale at 31 December 2023 of which 'Loans and advances to banks' for EUR 9.3 billion and 'Cash and balances at central banks' for EUR 0.2 billion) and EUR 38 million net on sale of HSBC Epargne Enterprise to Natixis Interépargne in November 2024.
7 At 31 December 2025, EUR 5.1 billion (2024: EUR 7.8 billion) was not available for use by HSBC Continental Europe due to a range of restrictions including mandatory deposits and other restrictions.
8 At 31 December 2025, includes EUR 14 million related to planned sale of custody business in Germany (loans and advances to banks of one month or less EUR 13 million, Settlement accounts with Banks of one month or less EUR 1 million). At 31 December 2024, includes EUR 1.8 billion related to planned sale of Private Banking business in Germany (cash and balances at central banks EUR 1.8 billion) and EUR 139 million related to the planned sale of the life insurance business in France (loans and advances to banks of one month or less EUR 139 million).

Interest received was EUR 7,043 million of which discontinued operations was EUR 445 million (2024: EUR 8,932 million of which discontinued operations was EUR 424 million). Interest paid was EUR 5,763 million of which discontinued operations was EUR 402 million) (2024: EUR 7,530 million of which discontinued operations was EUR 111 million). Dividends received EUR 83 million (2024: EUR 43 million).

Notes on the consolidated financial statements

1 Basis of preparation and material accounting policies

The consolidated financial statements of HSBC Continental Europe are available upon request from the HSBC Continental Europe registered office at 38 Avenue Kléber – 75116 Paris or on the websites www.hsbc.com and www.hsbc.fr.

These consolidated financial statements were approved by the Board of Directors on 24 February 2026.

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The consolidated financial statements of HSBC Continental Europe have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, and have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('EU'). There were no unendorsed standards effective for the year ended 31 December 2025 affecting these consolidated financial statements.

IFRS Accounting Standards adopted during the year ended 31 December 2025

There were no new standards, amendments to standards or interpretations that had an effect on these financial statements. Accounting policies have been applied consistently.

(b) Future accounting developments

Minor amendments to IFRS Accounting Standards

The International Accounting Standards Board ('IASB') has published a number of minor amendments to IFRS Accounting Standards that are effective from 1 January 2026. HSBC Continental Europe expects they will have an insignificant effect, when adopted, on the consolidated financial statements.

Other amendments and new IFRS Accounting Standards

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features. HSBC Continental Europe does not expect any material impact from these amendments.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it will have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. The HSBC Continental Europe is currently evaluating impacts and ensuring data readiness is adequate in anticipation of implementation.

(c) Foreign currencies

The functional currency of HSBC Continental Europe is euro which is also the presentational currency of HSBC Continental Europe's consolidated financial statements.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date. Exchange differences are recognised in other comprehensive income or in the income statement except where otherwise required such as exchange components of gains and losses on non-monetary items which are recognised in the income statement or other comprehensive income depending on where the gain or loss on the underlying item is presented.

In the consolidated financial statements, the assets and liabilities of branches, subsidiaries, joint ventures and associates whose functional currency is not euro are translated into HSBC Continental Europe's presentation currency at the rate of exchange at the balance sheet date, while their results are translated into euro at the average rates of exchange for the reporting period. Exchange differences arising are recognised in other comprehensive income. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

(d) Presentation of information

Certain disclosures required by IFRS Accounting Standards have been included in the audited sections of this Universal Registration Document 2025 as follows:

- disclosures concerning the nature and extent of risks relating to financial instruments other than insurance risk are included in the 'Risk' section on pages 123 to 189 and
- the 'Own funds' disclosure is included in the 'Capital' section on page 166.

(e) Critical estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical estimates and judgements' in section 1.2 below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of these financial statements. Management's selection of HSBC Continental Europe's accounting policies that contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

Management has considered the impact of climate-related risks on HSBC Continental Europe's financial position and performance. While the effects of climate change are a source of uncertainty, as at 31 December 2025 management did not consider there to be a material impact on our critical judgements and estimates from the physical, transition and other climate-related risks in the short to medium term. In particular, management has considered the known and observable potential impacts of climate-related risks of associated judgements and estimates in our value in use calculations.

(f) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that HSBC Continental Europe has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, liquidity, capital requirements and capital resources.

These considerations include stressed scenarios that reflect the uncertainty in the macroeconomic environment, including ongoing supply chain disruptions, uncertain inflation, rapidly changing interest rates, the impact of the Russia-Ukraine war and conflict in the Middle East, heightened strategic competition between US and China, potential trade restrictions and tariffs, as well as the potential impacts from other top and emerging risks, including climate change, as well as the related impacts on profitability, capital and liquidity.

1.2 Summary of material accounting policies

(a) Consolidation and related policies

Consolidation

HSBC Continental Europe consolidates entities that it controls as demonstrated by power over the investee, exposure to variable returns, and the ability to use its power to affect the amount of its returns. Where an entity is governed by voting rights, HSBC Continental Europe generally has power leading to control when it holds - directly or indirectly - the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including contractual arrangements.

Business combinations are accounted for using the acquisition method. The amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This election is made for each business combination.

HSBC Continental Europe sponsored structured entities

HSBC Continental Europe is considered to sponsor another entity if, in addition to ongoing involvement with the entity, it has a key role in establishing that entity or in bringing together relevant counterparties so the transaction that is the purpose of the entity could occur. HSBC Continental Europe is generally not considered a sponsor if the only involvement with the entity is merely administrative.

Interests in associates and joint arrangements

Joint arrangements are investments in which HSBC Continental Europe, together with one or more parties, has joint control. Depending on HSBC Continental Europe's rights and obligations, the joint arrangement is classified as either a joint operation or a joint venture.

HSBC Continental Europe classifies investments in entities over which it has significant influence but not control or joint control as associates and accounts for them using the equity method. Under this method the attributable share of net assets, results and reserves are included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisition of interests in joint ventures and associates is not tested separately for impairment, but is assessed as part of the carrying amount of the investment.

(b) Impairment of goodwill and other non-financial assets

Goodwill

Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes.

HSBC Continental Europe's CGUs are the global businesses within principal operating entities. Impairment testing is performed once a year, or whenever there is an indication of impairment, by comparing the recoverable amount of a CGU with its carrying amount.

Goodwill is included in a disposal group if the disposal group is a CGU to which goodwill has been allocated or it is an operation within such a CGU. The amount of goodwill included in a disposal group is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Other non-financial assets

Software under development is tested for impairment at least annually. Other non-financial assets are property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets. They are tested for impairment at the individual asset level when there is indication of impairment at that level, or at the CGU level for assets that do not have a recoverable amount at the individual asset level. In addition, impairment is also tested at the CGU level when there is indication of impairment at that level. Impairment testing compares the carrying amount of the non-financial asset or CGU with its recoverable amount, which is the higher of the fair value less costs of disposal or the value in use. The carrying amount of a CGU comprises the carrying amount of its assets and liabilities, including non-financial assets that are directly attributable to it and non-financial assets that can be allocated to it on a reasonable and consistent basis. Non-financial assets that cannot be allocated to an individual CGU are tested for impairment at an appropriate grouping of CGUs. The recoverable amount of the CGU is the higher of the fair value less costs of disposal of the CGU, which is determined by independent and qualified valuers where relevant, and the value in use, which is calculated based on appropriate inputs (see Note 22).

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised in the income statement to the extent that the impairment can be allocated on a pro-rata basis to the non-financial assets by reducing their carrying amounts to the higher of their respective individual recoverable amount or nil. Impairment is not allocated to the financial assets in a CGU.

Impairment losses recognised in prior periods for non-financial assets are reversed when there has been a change in the estimate used to determine the recoverable amount. The impairment loss is reversed to the extent that the carrying amount of the non-financial assets would not exceed the amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior periods.

Critical estimates and judgements

The review of goodwill and non-financial assets for impairment reflects management's best estimate of the future cash flows of the CGUs and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
– The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests goodwill for impairment more frequently than once a year when indicators of impairment exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future business prospects.	– The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. – The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. – Key assumptions used in estimating goodwill impairment are disclosed in Note 21.

(c) Net operating income

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'interest income' and 'interest expense' in the income statement using the effective interest method. However, as an exception to this, interest on debt instruments issued by HSBC Continental Europe for funding purposes that are designated under the fair value option to reduce an accounting mismatch and on derivatives managed in conjunction with those debt instruments is included in interest expense.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for expected credit losses).

Non-interest income and expense

HSBC Continental Europe generates fee income from services provided over time, such as account service and card fees, or when HSBC Continental Europe delivers a specific transaction at a point in time such as broking services and import/export services. Where fees are variable, for example certain fund management and performance fees, such fees are recognised when the associated uncertainties are resolved, and to the extent that it is highly probable that a significant reversal will not occur.

HSBC Continental Europe acts as principal in the majority of contracts with customers, with the exception of broking services. For most brokerage trades HSBC Continental Europe acts as agent in the transaction and recognises broking income net of fees payable to other parties in the arrangement.

HSBC Continental Europe recognises fees earned on transaction-based arrangements at a point in time when it has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Where HSBC Continental Europe offers a package of services that contains multiple non-distinct performance obligations, such as those included in account service packages, the promised services are treated as a single performance obligation. If a package of services contains distinct performance obligations, the corresponding transaction price is allocated to each performance obligation based on the estimated stand-alone selling prices.

Dividend income is recognised when the right to receive payment is established.

Gains and losses from financial instruments measured as at fair value through profit or loss includes the following:

- 'Net income from financial instruments held for trading or managed on a fair value basis'. This comprises net trading activities, which includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading and other financial instruments managed on a fair value basis, together with the related interest income, interest expense and dividend income, excluding the effect of changes in the credit risk of liabilities managed on a fair value basis. It also includes all gains and losses from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities measured at fair value through profit or loss.
- 'Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss'. This includes all gains and losses from changes in the fair value, together with related interest income, interest expense and dividend income in respect of financial assets and liabilities measured at fair value through profit or loss; and those derivatives managed in conjunction with the above that can be separately identifiable from other trading derivatives.
- Other gains and losses from financial instruments measured as at fair value through profit or loss include changes in the fair value of designated debt instruments under the fair value option and related derivatives where such designation reduces an accounting mismatch. Interest on such debt instruments and interest cash flows on related derivatives is presented in interest expense. Also included are the changes in fair value of other financial instruments mandatorily measured as at fair value through profit or loss which includes interest on instruments that fail the SPPI test. See (e) below.

Insurance income and expense

Insurance service result

Insurance revenue reflects the consideration to which HSBC Continental Europe expects to be entitled in exchange for the provision of coverage and other insurance contract services (excluding any investment components). Insurance service expenses comprise the incurred claims and other incurred insurance service expenses (excluding any investment components), and losses on onerous groups of contracts and reversals of such losses.

Insurance finance income and expenses

Insurance finance income and expense comprises the change in the carrying amount of the group of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. For contracts using the variable fee approach measurement model ('VFA'), changes in the fair value of underlying items (excluding additions and withdrawals) are recognised in insurance finance income or expenses.

(d) Valuation of financial instruments

Financial instruments are initially recognised at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and on initial recognition is generally the transaction price. However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, HSBC Continental Europe recognises the difference as a trading gain or loss at inception (a 'day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognised in the income statement over the life of the transaction until the transaction matures, is closed out, the valuation inputs become observable or HSBC Continental Europe enters into an offsetting transaction.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where HSBC Continental Europe manages a group of financial assets and liabilities according to its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis but the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria. Financial instruments are classified into one of three fair value hierarchy levels, described in Note 13, 'Fair values of financial instruments carried at fair value'.

Critical estimates and judgements

The majority of valuation techniques employ only observable market data. However, certain financial instruments are classified on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

Judgements	Estimates
– An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, greater than 5 per cent of the instrument's valuation is driven by unobservable inputs. – Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no data available at all upon which to base a determination of fair value (consensus pricing data may, for example, be used).	– Details on HSBC Continental Europe's level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonably possible alternative assumptions in determining their fair value are set out in Note 13.

(e) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include most loans and advances to banks and customers and some debt securities. In addition, most financial liabilities are measured at amortised cost. HSBC Continental Europe accounts for regular way amortised cost financial instruments using trade date accounting. The carrying amount of these financial assets at initial recognition includes any directly attributable transactions costs.

HSBC Continental Europe may commit to underwriting loans on fixed contractual terms for specified periods of time. When the loan arising from the lending commitment is expected to be sold shortly after origination, the commitment to lend is recorded as a derivative. When HSBC

Continental Europe intends to hold the loan, the loan commitment is generally not recognised but is subject to expected credit loss considerations.

Financial assets are reclassified only when the business model for their management changes. Such changes, which are expected to be infrequent, are determined by senior management as a result of external or internal changes and must be significant to operations and demonstrable to external parties. Reclassifications are applied prospectively from the first day of the first reporting period following the change of business model. Where a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category its fair value is measured at the date of reclassification. Any gain or loss arising from a difference between the previous amortised cost and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Non-trading reverse repurchase, repurchase and similar agreements

When securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet and a liability is recorded in respect of the consideration received. Securities purchased under commitments to resell ('reverse repos') are not recognised on the balance sheet and an asset is recorded in respect of the initial consideration paid. Non-trading repos and reverse repos are measured at amortised cost. The difference between the sale and repurchase price or between the purchase and resale price is treated as interest and recognised in net interest income over the life of the agreement.

Contracts that are economically equivalent to reverse repurchase or repurchase agreements (such as sales or purchases of securities entered into together with total return swaps with the same counterparty) are accounted for similarly to, and presented together with, reverse repurchase or repurchase agreements.

(f) Financial assets measured at fair value through other comprehensive income ('FVOCI')

Financial assets managed within a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. These comprise primarily debt securities. They are generally recognised on the trade date when HSBC enters into contractual arrangements to purchase and are generally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value with changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement. Financial assets measured at FVOCI are included in impairment calculations and impairment is recognised in profit or loss.

(g) Equity securities measured at fair value with fair value movements presented in other comprehensive income ('OCI')

Equity securities for which fair value movements are shown in other comprehensive income are business facilitation and other similar investments where HSBC Continental Europe holds the investments other than to generate a capital return. Dividends from such investments are recognised in profit or loss. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss. Otherwise, equity securities are measured at fair value through profit or loss.

(h) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- The use of the designation removes or significantly reduces an accounting mismatch;
- A group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- A financial liability that contains one or more non-closely related embedded derivatives.

Designated financial assets are recognised when HSBC Continental Europe enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred.

Designated financial liabilities are recognised when HSBC Continental Europe enters into contracts with counterparties, which is generally on settlement date, and are normally derecognised when extinguished. Subsequent changes in fair values are recognised in the income statement except for the effect of changes in the liabilities' credit risk, which is presented in 'Other comprehensive income', unless that treatment would create or enlarge an accounting mismatch in profit or loss.

Under the above criteria, the main classes of financial instruments designated by HSBC Continental Europe are:

- Debt instruments for funding purposes that are designated to reduce an accounting mismatch: The interest and/or foreign exchange exposure on certain fixed-rate debt securities issued has been matched with the interest and/or foreign exchange exposure on certain swaps as part of a documented risk management strategy.
- Financial assets and financial liabilities under unit-linked and non-linked investment contracts: A contract under which HSBC does not accept significant insurance risk from another party is not classified as an insurance contract, other than investment contracts with discretionary participation features ('DPF'), but is accounted for as a financial liability. Customer liabilities under linked and certain non-linked investment contracts issued by insurance subsidiaries are determined based on the fair value of the assets held in the linked funds or by a valuation method. The related financial assets and liabilities are managed and reported to management on a fair value basis.
- Designation at fair value of the financial assets and related liabilities allows changes in fair values to be recorded in the income statement and presented in the same line.
- Financial liabilities that contain both deposit and derivative components: These financial liabilities are managed and their performance evaluated on a fair value basis.

(i) Derivatives

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes embedded derivatives in financial liabilities which are bifurcated from the host contract when they meet the definition of a derivative on a stand-alone basis.

Where the derivatives are managed with debt securities issued by HSBC Continental Europe that are designated at fair value where doing so reduces an accounting mismatch, the contractual interest is shown in 'Interest expense' together with the interest payable on the issued debt.

Hedge accounting

When derivatives are not part of fair value designated relationships, if held for risk management purposes they are designated in hedge accounting relationships where the required criteria for documentation and hedge effectiveness are met. HSBC Continental Europe uses these derivatives or, where allowed, other non-derivative hedging instruments in fair value hedges, cash flow hedges or hedges of net investments in foreign operations as appropriate to the risk being hedged.

Fair value hedge

Fair value hedge accounting does not change the recording of gains and losses on derivatives and other hedging instruments, but results in recognising changes in the fair value of the hedged assets or liabilities attributable to the hedged risk that would not otherwise be recognised in the income statement. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued, and the cumulative adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to the income statement on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

Cash flow hedge

The effective portion of gains and losses on hedging instruments is recognised in other comprehensive income and the ineffective portion of the change in fair value of derivative hedging instruments that are part of a cash flow hedge relationship is recognised immediately in the income statement. The accumulated gains and losses recognised in other comprehensive income are reclassified to the income statement in the same periods in which the hedged item affects profit or loss. When a hedge relationship is discontinued, or partially discontinued, any cumulative gain or loss recognised in other comprehensive income remains in equity until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

(j) Impairment of amortised cost and FVOCI financial assets

Expected credit losses are recognised for loans and advances to banks and customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at fair value through other comprehensive income, and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is recognised for ECL resulting from possible default events within the next 12 months, or less, where the remaining life is less than 12 months, ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is recognised for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment and so are considered to be in default or otherwise credit-impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ('POCI') are treated differently as set out below.

Unimpaired and without significant increase in credit risk – (Stage 1)

ECL resulting from default events that are possible within the next 12 months ('12-month ECL') are recognised for financial instruments that remain in stage 1.

Significant increase in credit risk (Stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk and these criteria will differ for different types of lending, particularly between retail and wholesale.

However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, which are typically corporate and commercial customers, and included on a watch or worry list are included in stage 2.

For wholesale portfolios, the quantitative comparison assesses default risk using a lifetime probability of default ('PD'), which encompasses a wide range of information including the obligor's customer risk rating ('CRR'), macro-economic condition forecasts and credit transition probabilities. For origination CRRs up to 3.3, significant increase in credit risk is measured by comparing the average PD for the remaining term estimated at origination with the equivalent estimation at reporting date.

The quantitative measure of significance varies depending on the credit quality at origination as follows:

Origination CRR	Significance trigger – PD to increase by
0.1–1.2	15 bps
2.1–3.3	30 bps

For CRRs greater than 3.3 that are not impaired, a significant increase in credit risk is considered to have occurred when the origination PD has doubled. The significance of changes in PD was informed by expert credit risk judgement, referenced to historical credit migrations and to relative changes in external market rates.

For loans originated prior to the implementation of IFRS 9, the origination PD does not include adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. In the absence of this data, origination PD must be approximated assuming through-the-cycle PDs and through-the-cycle migration probabilities, consistent with the instrument's underlying modelling approach and the CRR at origination.

The quantitative comparison is supplemented with additional CRR deterioration based thresholds as set out in the table below:

Origination CRR	Additional significance criteria – Number of CRR grade notches deterioration required to identify as significant credit deterioration (stage 2) (> or equal to)
0.1	5 notches
1.1–4.2	4 notches
4.3–5.1	3 notches
5.2–7.1	2 notches
7.2–8.2	1 notch

▶ Further information about the 23-grade scale used for CRR can be found on page 139.

For retail portfolios, default risk is assessed using a reporting date 12-month PD derived from internal models, which incorporate all available information about the customer. This PD is adjusted for the effect of macroeconomic forecasts for periods longer than 12 months and is considered to be a reasonable approximation of a lifetime PD measure. Retail exposures are first segmented into homogenous portfolios, generally by country, product and brand. Within each portfolio, the stage 2 accounts include accounts with an adjusted 12-month PD greater than the average 12-month PD of loans in that portfolio 12 months before they become 30 days past due. The expert credit risk judgement is that no prior increase in credit risk is significant. This portfolio-specific threshold therefore identifies loans with a PD higher than would be expected from loans that are performing as originally expected and higher than that which would have been acceptable at origination. It therefore approximates a comparison of origination to reporting date PDs.

HSBC Continental Europe continues to refine the retail transfer criteria approach for certain portfolios, as additional data becomes available, in order to utilise a more relative approach. These enhancements take advantage of the increase in origination related data in the assessment of significant increases in credit risk by comparing remaining lifetime PD to the comparable remaining term lifetime PD at origination based on portfolio-specific origination segments.

Credit-impaired (Stage 3)

HSBC Continental Europe determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for more than 90 days;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; or
- the loan is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit-impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit-impaired.

Interest income is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount less allowance for ECL).

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Forbearance

Loans are identified as forborne and classified as either performing or non-performing when HSBC Continental Europe modifies the contractual terms due to financial difficulty of the borrower. Non-performing forborne loans are stage 3 and classified as non-performing until they meet the curing criteria, as specified by applicable credit risk policy (for example, when the loan is no longer in default and no other indicators of default have been present for at least 12 months). Any amount written off as a result of any modification of contractual terms upon entering forbearance would not be reversed.

HSBC Continental Europe applies the EBA Guidelines on the application of definition of default for our retail portfolios, which affect credit risk policies and our reporting in respect of the status of loans as credit impaired principally due to forbearance (or curing thereof). Further details are provided under 'Forborne loans and advances' on pages 156 – 157.

Performing forborne loans are initially stage 2 and remain classified as forborne until they meet applicable curing criteria (for example, they continue to not be in default and no other indicators of default are present for a period of at least 24 months). At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A forborne loan is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the forborne loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances would generally be classified as POCI and will continue to be disclosed as forborne.

Loan modifications other than forborne loans

Loan modifications that are not identified as forborne are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that HSBC's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructuring is at market rates and no payment-related concession has been provided. Modifications of certain higher credit risk wholesale loans are assessed for derecognition having regard to changes in contractual terms that either individually or in combination are judged to result in a substantially different financial instrument.

Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes, generally do not result in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

Purchased or originated credit-impaired ('POCI')

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes new financial instruments recognised in most cases following the derecognition of forborne loans. The amount of change in lifetime ECL for a POCI loan is recognised in profit or loss until the POCI loan is derecognised, even if the lifetime ECL are less than the amount of ECL included in the estimated cash flows on initial recognition.

Movement between stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. In the case of non-performing forborne loans such financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment and meet the curing criteria as described above.

Measurement of ECL

The assessment of credit risk, and the estimation of ECL, are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money and considers other factors such as climate-related risks.

In general, HSBC Continental Europe calculates ECL using three main components, a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

HSBC Continental Europe makes use of the IRB framework where possible, with recalibration to meet the differing IFRS 9 requirements as set out in the following table:

Model	Regulatory capital	IFRS 9
PD	– Represents long-run average PD throughout a full economic cycle (for mortgage portfolios a hybrid approach, which sits between the extremes of point in time and through the cycle, is used for calculating long-run averages as required by the PRA) – Default backstop of 90+ days past due for all portfolios (includes unlikely to pay ('UTP') criteria in line with internal policy) – May be subject to a sovereign cap	– Represents current portfolio quality and performance, adjusted for the impact of multiple forward-looking macroeconomic scenarios – Default backstop of 90+ days past due for all portfolios (includes UTP criteria in line with internal policy)
EAD	– Cannot be lower than current balance	– Amortisation captured for term products – Future drawdown captured for revolving products
LGD	– Downturn LGD (consistent with losses HSBC Continental Europe would expect to suffer during a severe but plausible economic downturn) – Regulatory floors may apply to mitigate risk of underestimating downturn LGD due to lack of historical data – Discounted using appropriate index (minimum 9 per cent) – All collection costs included	– LGD based on recent portfolio performance data and includes the expected impact of future economic conditions such as change in the value of collateral – No floors applied, discounted using the original effective interest rate – Only costs associated with selling collateral and certain third-party costs are included
Other		– Discounted back from point of default to balance sheet date

While 12-month PDs are recalibrated from IRB models where possible, the lifetime PDs are determined by projecting the 12-month PD using a term structure. For the wholesale methodology, the lifetime PD also takes into account credit migration, i.e. a customer migrating through the CRR bands over its life.

The ECL for wholesale stage 3 is determined primarily on an individual basis using a discounted cash flow ('DCF') methodology. The expected future cash flows are based on estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest.

Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on its estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral.

The cash flows are discounted at the original effective interest rate. For significant cases, cash flows under up to four different scenarios are probability-weighted by reference to the status of the borrower, economic scenarios applied more generally by HSBC Continental Europe and judgement of in relation to the likelihood of the workout strategy succeeding or receivership being required. For less significant cases where an individual assessment is undertaken, the effect of different economic scenarios and work-out strategies results in an ECL calculation based on a most likely outcome which is adjusted to capture losses resulting from less likely but possible outcomes. For certain less significant cases, the bank may use an LGD-based modelled approach to ECL assessment, which factors in a range of economic scenarios.

Period over which ECL is measured

Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which HSBC Continental Europe is exposed to credit risk. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit HSBC Continental Europe exposure to credit risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period HSBC Continental Europe remains exposed to credit risk that is not mitigated by credit risk management actions. This applies to retail overdrafts and credit cards, where the period is the average time taken to realise the material losses for an account determined on a portfolio basis and ranging from between two and six years. In addition, for these facilities it is not possible to identify the ECL on the loan commitment component separately from the financial asset component.

As a result, the total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision. For wholesale overdraft facilities, credit risk management actions are taken no less frequently than on an annual basis.

Forward-looking economic inputs

HSBC Continental Europe applies multiple forward-looking global economic scenarios determined with reference to external forecast distributions representative of its view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected credit loss in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate. The detailed methodology is disclosed in 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 148.

Critical estimates and judgements

The calculation of ECL under IFRS 9 requires HSBC Continental Europe to make a number of judgements, assumptions and estimates. The most significant are set out below:

JUDGEMENTS	ESTIMATES
– Defining what is considered to be a significant increase in credit risk. – Selecting and calibrating the PD, LGD and EAD models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions. – Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected credit loss. – Making management judgemental adjustments to account for late breaking events, model and data limitations and deficiencies, and expert credit judgements. – Selecting applicable recovery strategies for certain wholesale credit-impaired loans.	The section 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 148 sets out the assumptions used in determining ECL and provides an indication of the sensitivity of the result to the application of different weightings being applied to different economic assumptions.

(k) Insurance contracts

A contract is classified as an insurance contract where the entity accepts significant insurance risk from another party by agreeing to compensate that party if it is adversely affected by a specified uncertain future event. An insurance contract may also transfer financial risk, but is accounted for as an insurance contract if the insurance risk is significant. In addition, HSBC Continental Europe issues investment contracts with discretionary participation features ('DPF') which are also accounted under IFRS 17 'Insurance Contracts'.

Aggregation of insurance contracts

Individual insurance contracts that are managed together and subject to similar risks are identified as a portfolio. Contracts that are managed together usually belong to the same product group, and have similar characteristics such as being subject to a similar pricing framework or similar product management, and are issued by the same legal entity. If a contract is exposed to more than one risk, the dominant risk of the contract is used to assess whether the contract features similar risks. Each portfolio is further separated by the contract's expected profitability. The portfolios are split by their profitability into: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and (iii) the remaining contracts. These profitability groups are then divided by issue date, with most contracts the HSBC Continental Europe issues after the transition date being grouped into calendar quarter or annual cohorts. For multi-currency groups of contracts, the HSBC Continental Europe considers its groups of contracts as being denominated in a single currency. HSBC Continental Europe did not elect to apply the annual cohorts exemption.

The measurement of the insurance contract liability is based on groups of insurance contracts as established at initial recognition, and will include fulfilment cash flows as well as the contractual service margin (CSM) representing the unearned profit. The HSBC Continental Europe's accounting policy to update the estimates used in the measurement on a year-to-date basis.

Fulfilment cash flows

The fulfilment cash flows comprise the following:

Best estimates of future cash flows

The cash flows within the contract boundary of each contract in the HSBC Continental Europe include amounts expected to be collected from premiums and payouts for claims, benefits and expenses, and are projected using a range of scenarios and assumptions in an unbiased way based on the HSBC Continental Europe's demographic and operating experience along with external mortality data where the HSBC Continental Europe's own experience data is not sufficiently large in size to be credible.

Adjustment for the time value of money and financial risks associated with the future cash flows

The estimates of future cash flows are adjusted to reflect the time value of money (i.e. discounting) and the financial risks to derive an expected present value. The HSBC Continental Europe generally makes use of stochastic modelling techniques in the estimation for products with options and guarantees. A bottom-up approach is used to determine the discount rate to be applied to a given set of expected future cash flows. This is derived as the sum of the risk-free yield and an illiquidity premium. The risk-free yield is determined based on observable market data, where such markets are considered to be deep, liquid and transparent. When information is not available, management judgement is applied to determine the appropriate risk-free yield. Illiquidity premiums reflect the liquidity characteristics of the associated insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

The HSBC Continental Europe does not disaggregate changes in the risk adjustment between insurance service result (comprising insurance revenue and insurance service expense) and insurance finance income or expenses. All changes are included in the insurance service result.

Measurement models

The variable fee approach ('VFA') measurement model is used for most of the contracts issued by the HSBC Continental Europe, which is mandatory upon meeting the following eligibility criteria at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the HSBC Continental Europe expects to pay to the policyholder a substantial share of the fair value returns on the underlying items. The HSBC Continental Europe considers that a substantial share is a majority of returns; and

- the HSBC Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. The HSBC Continental Europe considers that a substantial proportion is a majority proportion of change on a present value probability weighted average of all scenarios.

For contracts measured under VFA, the other comprehensive income ('OCI') option is used. The OCI option is applied where the underlying items held by the HSBC Continental Europe are not accounted for at fair value through profit or loss. Under this option, only the amount that matches income or expenses recognised in profit or loss on underlying items is included in finance income or expenses for these insurance contracts, and hence results in the elimination of accounting mismatches. The remaining amount of finance income or expenses for these insurance contracts issued for the period is recognised in OCI. In addition, the risk mitigation option is used for a number of economic offsets against the instruments that meet specific requirements.

The remaining contracts issued and the reinsurance contracts held are accounted for under the general measurement model ('GMM').

CSM and coverage units

The CSM represents the unearned profit and results in no income or expense at initial recognition when the group of contracts is profitable. The CSM is adjusted at each subsequent reporting period for changes in fulfilment cash flows relating to future service (e.g. changes in non-economic assumptions, including mortality and morbidity rates). For initial recognition of onerous groups of contracts and when groups of contracts become onerous subsequently, losses are recognised in insurance service expense immediately.

For groups of contracts measured using the VFA, changes in the HSBC Continental Europe's share of the underlying items, and economic experience and economic assumption changes adjust the CSM. However, under the risk mitigation option for VFA contracts, the changes in the fulfilment cash flows and the changes in the HSBC Continental Europe's share in the fair value return on underlying items that the instruments mitigate are not adjusted in CSM but recognised in profit or loss. The risk mitigating instruments are primarily reinsurance contracts held.

For groups of contracts using the GMM, changes in economic experience and economic assumption do not adjust the CSM, but are recognised in profit or loss as they arise.

The CSM is systematically recognised in insurance revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts. Coverage units are determined by the quantity of benefits and the expected coverage period of the contracts.

The HSBC Continental Europe identifies the quantity of the benefits provided as follows:

- Insurance coverage: this is based on the expected net policyholder insurance benefit at each period after allowance for decrements, where net policyholder insurance benefit refers to the amount of sum assured less the fund value or surrender value.
- Investment services (including both investment-return service and investment-related service): this is based on a constant measure basis which reflects the provision of access for the policyholder to the facility, the coverage unit being the number of insurance contracts.

For contracts that provide both insurance coverage and investment services, coverage units are weighted according to the expected present value of the future cash outflows for each service.

(l) Employee compensation and benefits

Share-based payments

HSBC Continental Europe enters into equity-settled share-based payment arrangements with its employees as compensation for the provision of their services.

The vesting period for these schemes may commence before the legal grant date if the employees have started to render services in respect of the award before the legal grant date, where there is a shared understanding of the terms and conditions of the arrangement. Expenses are recognised when the employee starts to render service to which the award relates.

Cancellations result from the failure to meet a non-vesting condition during the vesting period, and are treated as an acceleration of vesting recognised immediately in the income statement. Failure to meet a vesting condition by the employee is not treated as a cancellation, and the amount of expense recognised for the award is adjusted to reflect the number of awards expected to vest.

Post-employment benefit plans

HSBC Continental Europe operates a number of pension schemes including defined benefit, defined contribution and other post-employment benefit schemes.

Payments to defined contribution schemes are charged as an expense as the employees render service.

Defined benefit pension obligations are calculated using the projected unit credit method. The net charge to the income statement mainly comprises the service cost and the net interest on the net defined benefit asset or liability, and is presented in operating expenses.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The net defined benefit asset or liability represents the present value of defined benefit obligations reduced by the fair value of plan assets, after applying the asset ceiling test, where the net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the plan.

The costs of obligations arising from other post-employment plans are accounted for on the same basis as defined benefit pension plans.

(m) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The HSBC Group provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods as the assets will be realised or the liabilities settled.

In assessing the probability and sufficiency of future taxable profit, HSBC Continental Europe consider the availability of evidence to support the recognition of deferred tax assets, taking into account the inherent risks in long-term forecasting, including climate change-related, and drivers of recent history of tax losses where applicable. HSBC Continental Europe also consider the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganisations.HSBC Continental Europe has applied the exception available under IAS 12 to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Critical estimates and judgements

The recognition of deferred tax assets depends on judgements and estimates.

JUDGEMENTS	ESTIMATES
– Assessing the probability and sufficiency of future taxable profits, considering the availability of evidence to support the recognition of deferred tax assets taking into account the inherent risk in long term forecasting and drivers of recent history of tax losses where applicable taking into account the future reversal of existing taxable temporary differences and tax planning strategies including corporate reorganisations. Specific judgements supporting deferred tax assets are described in Note 8.	– The recognition of deferred tax assets is sensitive to estimates of future cash flows projected for periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of cash flows thereafter, on which forecasts of future taxable profit are based, and which affect the expected recovery periods and the pattern of utilisation of tax losses and tax credits.

(n) Provisions, contingent liabilities and guarantees

Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Critical estimates and judgements

The recognition and measurement of provisions requires the HSBC Continental Europe to make a number of judgements, assumptions and estimates. The most significant are set out below:

JUDGEMENTS	ESTIMATES
– Determining whether a present obligation exists. Professional advice is taken on the assessment of litigation and similar obligations. – Provisions for legal proceedings and regulatory matters typically require a higher degree of judgement than other types of provisions. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better defined set of possible outcomes.	– Provisions for legal proceedings and regulatory matters remain very sensitive to the assumptions used in the estimate. There could be a wider range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result, it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved.

Contingent liabilities, contractual commitments and guarantees

Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

Financial guarantee contracts

Liabilities under financial guarantee contracts that are not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable.Subsequently, they are measured at the higher of the amount determined in accordance with IFRS 9 for ECL and the amount initially recognised less, where appropriate, any cumulative income recognised in accordance with IFRS 15.

(o) Non-current assets and disposal groups held for sale and discontinued operations

HSBC Continental Europe classifies non-current assets or disposal groups (including assets and liabilities) as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. To be classified as held for sale, the non-current asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets or disposal groups, and the sale must be highly probable. For a sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Held-for-sale assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS 5. If the carrying amount of the non-current asset (or disposal group) is greater than the fair value less costs to sell, an impairment loss for any initial or subsequent write down of the asset or disposal group to fair value less costs to sell is recognised. Any such impairment loss is first allocated against the non-current assets that are in scope of IFRS 5 for measurement. This first reduces the carrying amount of any goodwill allocated to the disposal group and then to the other non-current assets of the disposal group pro rata on the basis of the carrying amount of each asset in the disposal group. Thereafter, any impairment loss in excess of the carrying amount of the non-current assets in scope of IFRS 5 for measurement is recognised against the total assets of the disposal group.

HSBC Continental Europe classifies a component of an entity as discontinued operation when it either has been disposed of or is classified as held for sale and :

– represents a separate major line of business or geographical area of operations;
– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
– is a subsidiary acquired exclusively with a view to resale.

After operations have been classified as discontinued, results will be reported as such in the income statement and cash flow statement. Discontinued operations held for sale are measured in the same way as other disposal groups, that is, at the lower of carrying amount and fair value less costs to sell.

Critical estimates and judgements
The classification as held for sale depends on certain judgements.

JUDGEMENTS
Management judgement is required in determining whether the IFRS 5 held for sale criteria including whether a sale is highly probable and expected to complete within one year of classification. The exercise of judgement will normally consider the likelihood of successfully securing any necessary regulatory or political approvals which are almost always required for sales of banking businesses. For large and complex plans judgment will also include an assessment of the enforceability of any binding sale agreement, the nature and magnitude of any disincentives for non-performance, and the ability of the counterparty to undertake necessary pre-completion preparatory work, comply with conditions precedent, and otherwise be able to comply with contractual undertakings to achieve completion within the expected timescale. Once classified as held for sale, judgement is required to be applied on a continuous basis to ensure that classification remains appropriate in future accounting periods.

1.3 Significant events during the year

Business disposals

For details on business disposals refer to Note 2 ‘Assets held for sale, liabilities of disposal groups held for sale and discontinued operations’. For related accounting policies and judgements refer to Note 1.2 (o).

Retained portfolio of home and certain other loans in France
Following the sale of our French retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of home and certain other loans, with a carrying value of EUR 7.1 billion at the time of sale. On 31 October 2025, HSBC Continental Europe completed the sale of its retained portfolio to a consortium comprising Rothesay Life plc and CCF. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at EUR 5 billion in loans. The completion of the transaction resulted in the recycling of cumulative fair value losses of EUR 1.3 billion to the income statement that were previously recognised through other comprehensive income. For the year ended 31 December 2025, we additionally recognised a EUR 0.1 billion mark-to-market gain in ‘net income from financial instruments held for trading or managed on a fair value basis arising on certain non-qualifying economic hedges that were used to hedge interest rate risk on the portfolio. These non-qualifying economic hedges were derecognised following completion of the transaction.

French life insurance business
On 31 October 2025, HSBC Continental Europe completed the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d’Assurance Mutuelle. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at EUR 24.1 billion in assets and EUR 23.2 billion in liabilities. For the year ended 31 December 2025, we recognised a EUR 0.1 billion pre-tax loss inclusive of migration costs and the recycling of related reserves.

Private banking business in Germany
On 3 October 2025, HSBC Continental Europe completed the sale of its private banking business in Germany to BNP Paribas at which point we recognised a pre-tax gain on disposal of EUR 0.1 billion. Prior to their derecognition at completion, as at 30 September 2025, related balances stood at EUR 1.3 billion in assets and EUR 1.3 billion in liabilities.

Business in Malta
On 16 September 2025, HSBC Continental Europe signed a put option agreement with CrediaBank S.A. regarding the potential sale of its majority shareholding of 70.03% in HSBC Bank Malta plc. On 22 December 2025, pursuant to the terms of the put option agreement and following completion of HSBC Continental Europe's employee information and consultation process in France, a Sale and Purchase Agreement for the transaction was signed. The transaction, which remains subject to regulatory approvals, did not meet the criteria for held for sale in the fourth quarter of 2025, given completion is now expected in the first half of 2027. The sale is expected to generate an estimated pre-tax loss of EUR 0.3 billion, inclusive of migration costs, which we expect to recognise largely in the first half of 2026 upon classification of the disposal group as held for sale.

Fund administration business in Germany
On 11 July 2025, HSBC Continental Europe reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH, to BlackFin Capital Partners S.A.S. The disposal group met the held for sale criteria in the third quarter of 2025, with immaterial balances remaining classified as held for sale at 31 December 2025. This transaction, which remains subject to regulatory approval, is expected to complete in the second half of 2026, at which point an immaterial gain on disposal will be recognised.

Custody business in Germany
On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction is anticipated to be completed in a phased manner, starting in the first quarter of 2026. While client consent and related operational requirements may extend the timing for completion of all client transfers, given the signing of a sale and purchase agreement, the disposal group met the held for sale criteria in the second quarter of 2025, with balances remaining classified as held for sale at 31 December 2025 of EUR 0.3 billion in assets and EUR 10.6 billion in liabilities. The sale is expected to generate an estimated pre-tax gain on disposal of EUR 0.1 billion, which will be recognised in line with completion of client transfers.

Issuances and repayments

In February 2025, HSBC Continental Europe redeemed perpetual floating rate notes previously recognised as Tier 2 Capital with a total outstanding amount of EUR 16 million.

In May 2025, HSBC Continental Europe redeemed a Tier 2 loan at the first call date five years before maturity for EUR 500 million and issued a new Tier 2 loan to HSBC Bank plc with maturity of eleven years for a notional amount of EUR 500 million.

In May 2025, HSBC Continental Europe redeemed a Tier 2 promissory note loan (Schuldscheindarlehen), which was issued by the Germany branch of EUR 10 million, maturing in June 2028.

In June 2025, HSBC Continental Europe redeemed two further Tier 2 promissory note loans (Schuldscheindarlehen), both issued by the Germany branch of EUR 10 million and EUR 5 million respectively, both maturing in July 2025.

In December 2025, HSBC Continental Europe redeemed Senior Non Preferred Debt of EUR 500 million without replacement.

In December 2025, HSBC Continental Europe called Additional Tier 1 instruments of EUR 200 million, issued by the Germany branch, with redemption date 2 January 2026. After the call in December 2025, this instrument was de-recognised from equity and recognised as liability.

Irrevocable Payment Commitments of Single Resolution Fund

HSBC Continental Europe has reviewed the accounting treatment for the Irrevocable Payment Commitment ('IPC') after the confirmation of the European Union Court of Justice adverse decision against BNPPB Public Sector and concluded that this decision does not impact the financial statements. The cash deposit continues to be presented as an asset, and the associated IPC continues to be disclosed. A provision will be recognized when an event likely to trigger a call for funds by the Single Resolution Board (through a bank resolution or a license withdrawal) and will impact the amount is expected to occur. At 31 December 2025, the cash asset and the IPC amounted to EUR 150 million, including a EUR 10 million provision related to HSBC Germany.

Recognition of restructuring provision

On 14 May 2025, following HSBC Group announcements, HSBC Continental Europe proposed developments for the bank that reflected the acceleration of the implementation of HSBC's strategy aimed at simplifying the organisation to make it more agile, bringing together Commercial Banking activities and Global Banking and Markets activities. This project across 10 countries was subject to a consultation with the European Works Council. Local consultations were also required in France (through a 'Plan de Sauvegarde de l'Emploi' (Social Plan) including a voluntary scheme) and in Germany before any implementation. The implementation of the reorganisation of HSBC Continental Europe's activities began in November 2025. During 2025, HSBC Continental Europe recognised EUR 292 million of restructuring costs relating to these actions, primarily termination benefits.

Resegmentation

On 22 October 2024, HSBC Holdings plc announced that the HSBC Group would simplify its organisational structure to help accelerate delivery against its strategic priorities. Effective 1 January 2025, the HSBC Group started to operate through four new businesses – Hong Kong, UK, Corporate and Institutional Banking ('CIB'), International Wealth and Premier Banking ('IWPB').

HSBC Continental Europe comprises CIB and IWPB businesses in Europe and acts as a global connector, linking European clients to opportunities across the HSBC global network, and global clients to opportunities in Europe. It deploys capital to support European clients, that in turn drives business booked through the HSBC network.

Corporate and Institutional Banking, International Wealth and Premier Banking, as well as the Corporate Centre (comprising: certain legacy assets and central stewardship costs) operating segment results are presented on this basis in Note 11 'Segmental analysis' on page 228.

2 Assets held for sale, liabilities of disposal groups held for sale and discontinued operations

Held for sale at 31 December

	2025 €m	2024 €m
Held for sale at 31 December		
Disposal groups	**329**	25,493
Impairment losses[1]	**—**	(19)
Non-current assets held for sale[2]	**48**	3
Assets held for sale	**377**	25,477
Liabilities of disposal groups held for sale	**10,648**	24,718

1 This represents impairment losses in excess of the carrying amount on the non-current assets, excluded from the measurement scope of IFRS 5.
2 At 31 December 2025 this includes shares of sino AG, following the decision to divest the 24.9 per cent stake in a controlled manner with the aim of maximising the value for HSBC shareholders.

Disposal groups

Custody business in Germany

On 27 June 2025, HSBC Continental Europe reached an agreement to sell its custody business in Germany to BNP Paribas. This transaction is anticipated to be completed in a phased manner, starting in the first quarter of 2026. While client consent and related operational requirements may extend the timing for completion of all client transfers, given the signing of a sale and purchase agreement, the disposal group met the held for sale criteria in the second quarter of 2025, with balances remaining classified as held for sale at 31 December 2025 of EUR 0.3 billion in assets and EUR 10.6 billion in liabilities. The sale is expected to generate an estimated pre-tax gain on disposal of EUR 0.1 billion, which will be recognised in line with completion of client transfers.

Fund administration business in Germany

On 11 July 2025, HSBC Continental Europe reached an agreement to sell its fund administration business, Internationale Kapitalanlagegesellschaft mbH, to BlackFin Capital Partners S.A.S. The disposal group met the held for sale criteria in the third quarter of 2025, with immaterial balances remaining classified as held for sale at 31 December 2025. This transaction, which remains subject to regulatory approval, is expected to complete in the second half of 2026, at which point an immaterial gain on disposal will be recognised.

At 31 December 2025, the major classes of assets and associated liabilities of disposal groups held for sale, including allocated impairment losses, were as follows:

	Custody business in Germany[1] €m	Fund administration business in Germany €m	Total €m
Assets of disposal group held for sale			
Loans and advances to banks	**13**	**—**	**13**
Loans and advances to customers	**276**	**18**	**294**
Prepayments, accrued income and other assets	**14**	**8**	**22**
Total assets at 31 Dec 2025	**303**	**26**	**329**
Liabilities of disposal group held for sale			
Deposits by banks	**99**	**—**	**99**
Customer accounts	**10,504**	**2**	**10,506**
Accruals, deferred income and other liabilities	**28**	**15**	**43**
Total liabilities at 31 Dec 2025	**10,631**	**17**	**10,648**
Fair value of selected financial instruments which are not carried at fair value on balance sheet			
Loan and advances to customers	**276**	**18**	**294**
Customers accounts	**10,504**	**2**	**10,506**
Expected date of completion	**Second half of 2027**	**Second half of 2026**	
Operating segment	**CIB**	**CIB**	

1 Under the financial terms of the sale of our German custody business, HSBC Continental Europe will transfer a nil net asset value for each client transferred, by way of inclusion of additional cash.

Discontinued operations

Along with the above classification to held for sale, at the HSBC Continental Europe level, the sale of the life insurance business in France also met the criteria of discontinued operations classification and presentation under IFRS 5. Accordingly, the loss of the discontinued operations amounting to EUR 25 million (2024: profit of EUR 79 million) has been reported separately in the income statement.

Along with the above classification to held for sale, at the HSBC Continental Europe level, the retained portfolio of home and certain other loans in France also met the criteria of discontinued operations classification and presentation under IFRS 5. Accordingly, the loss of the discontinued operations amounting to EUR 1.3 billion (2024: EUR 0.2 billion) has been reported separately in the income statement.

Discontinued operations income statement

	2025 €m	2024[1] €m
Net operating income	**(1,303)**	(80)
Total operating expenses	**(23)**	(28)
Profit/(loss) before tax	**(1,326)**	(108)
Tax expense	**21**	(21)
Profit/(loss) for the year	**(1,305)**	(129)
– non-controlling interests	**—**	—

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

Other comprehensive income relating to discontinued operations is as follows:

	2025 €m	2024[1] €m
Profit/(loss) for the period in respect of discontinued operations	**(1,305)**	(129)
Items that will not be reclassified subsequently to profit or loss:		
Debt instruments at fair value though other comprehensive income	**618**	138
Finance income/(expenses) from insurance contracts	**(580)**	(129)
Exchange differences and other	**(10)**	2
Remeasurement of defined benefit asset/liability	**—**	—
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**—**	—
Other comprehensive income/(expense) for the period, net of tax in respect of discontinued operations[2]	**28**	11
Total comprehensive income/(expense) for the period in respect of discontinued operations	**(1,277)**	(118)

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Following the completion of the sale as on 31 October 2025, the cumulative losses recognised in other comprehensive income in respect of discontinued operations amounting to EUR 40 million related to the life insurance business in France and EUR 1.3 billion related to the retained portfolio of home and certain other loans in France were reclassified to the Income statement (2024: EUR 34 million related to the life insurance business in France)

The cash flows attributed to the discontinued operations are as follows:

	2025 €m	2024[1] €m
Cash and cash equivalents at beginning of the period	**336**	9,837
Net cash from operating activities	**(336)**	30
Net cash from investing activities	**—**	(9,531)
Net cash from financing activities	**—**	—
Net cash from discontinued operations	**(336)**	(9,501)
– cash and cash equivalents from discontinued operations	**—**	336

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

3 Net fee income

Net fee income by product type (continuing operations)

	2025 €m	2024[1] €m
Funds under management	**429**	378
Credit facilities	**260**	254
Broking income	**212**	236
Account services	**144**	161
Underwriting	**144**	173
Remittances	**120**	95
Global custody	**108**	96
Cards	**16**	16
Imports/exports	**12**	14
Insurance agency commission	**6**	6
Unit trusts	**—**	1
Other[2]	**394**	325
Fee income	**1,845**	1,755
Less: fee expense	**(665)**	(541)
Net fee income	**1,180**	1,214

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Other includes intercompany fees and third party fees not included in other categories.

Net fee income by global business (continuing operations)

	CIB €m	IWPB €m	Corporate Centre €m	Total €m
At 31 Dec 2025				
Fee income	**1,672**	**341**	**(168)**	**1,845**
Less: fee expense	**(736)**	**(97)**	**168**	**(665)**
Net fee income	**936**	**244**	**—**	**1,180**
At 31 Dec 2024[1,2]				
Fee income	1,615	361	(221)	1,755
Less: fee expense	(650)	(105)	214	(541)
Net fee income	965	256	(7)	1,214

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.

Net fee income includes EUR 528 million in fees earned on financial assets that are not at fair value through profit or loss (other than amounts included in determining the effective interest rate) (2024: EUR 540 million), EUR 172 million in fees payable on financial liabilities that are not at fair value through profit of loss (other than amounts included in determining the effective interest rate) (2024: EUR 146 million), EUR 537 million in fees earned on trust and other fiduciary activities (2024: EUR 474 million) and EUR 22 million in fees payable relating to unit trust and other fiduciary activities (2024: EUR 22 million).

4 Net income/(expense) from financial instruments measured at fair value through profit or loss (continuing operations)

	2025 €m	2024[1] €m
Net income/(expense) arising on:		
Net trading activities	**1,099**	708
Other instruments designated and mandatorily measured at fair value and related derivatives	**(281)**	(224)
Net income/(expense) from financial instruments held for trading or managed on a fair value basis	**818**	484
Financial assets held to meet liabilities under insurance and investment contracts	**39**	40
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**39**	40
Derivatives managed in conjunction with HSBC Continental Europe's issued debt securities	**32**	92
Other changes in fair value	**(30)**	(89)
Changes in fair value of designated debt and related derivatives	**2**	3
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**35**	63
Year ended 31 Dec	**894**	590

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

5 Insurance business

On 20 December 2024, HSBC Continental Europe signed a Memorandum of Understanding for the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The Share Sale Agreement for the transaction was signed on 21 March 2025 following completion of all relevant works council information and consultation processes. The transaction completed on 31 October 2025.

Balance sheet of insurance manufacturing subsidiaries by type of contract

(Audited)

	Life Direct Participating and investment DPF contracts[1]	Life other[2]	Other contracts[3]	Shareholder assets and liabilities	Total
	€m	€m	€m	€m	€m
Financial assets	**494**	**32**	**166**	**72**	**764**
– trading assets	**—**	**—**	**—**	**—**	**—**
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**484**	**30**	**164**	**43**	**721**
– derivatives	**—**	**—**	**—**	**—**	**—**
– financial investments – at amortised cost	**—**	**—**	**—**	**1**	**1**
– financial investments at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**—**
– other financial assets[4]	**10**	**2**	**2**	**28**	**42**
Insurance contract assets	**—**	**—**	**—**	**—**	**—**
Reinsurance contract assets	**—**	**4**	**—**	**—**	**4**
Other assets and investment properties	**2**	**1**	**—**	**1**	**4**
Total assets at 31 Dec 2025	**496**	**37**	**166**	**73**	**772**
Liabilities under investment contracts designated at fair value	**—**	**—**	**166**	**—**	**166**
Insurance contract liabilities	**483**	**48**	**—**	**—**	**531**
Reinsurance contract liabilities	**—**	**4**	**—**	**—**	**4**
Deferred tax	**—**	**—**	**—**	**—**	**—**
Other liabilities	**—**	**—**	**—**	**9**	**9**
Total liabilities at 31 Dec 2025	**483**	**52**	**166**	**9**	**710**
Total equity at 31 Dec 2025	**—**	**—**	**—**	**62**	**62**
Total liabilities and equity at 31 Dec 2025	**483**	**52**	**166**	**71**	**772**
Financial assets	1,167	39	105	106	1,417
– trading assets	—	—	—	—	—
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	531	39	105	41	716
– derivatives	5	—	—	—	5
– financial investments – at amortised cost	—	—	—	1	1
– financial investments at fair value through other comprehensive income	—	—	—	—	—
– other financial assets[4]	631	—	—	64	695
Insurance contract assets	—	—	—	—	—
Reinsurance contract assets	—	3	—	—	3
Assets held for sale[5]	22,030	—	—	1,318	23,348
Other assets and investment properties	11	1	—	32	44
Total assets at 31 Dec 2024	23,208	43	105	1,456	24,812
Liabilities under investment contracts designated at fair value	—	—	167	—	167
Insurance contract liabilities	464	53	—	—	517
Reinsurance contract liabilities	—	—	—	—	—
Deferred tax	—	—	—	—	—
Liabilities of disposal groups held for sale[5]	20,985	38	—	1,550	22,573
Other liabilities	—	—	—	535	535
Total liabilities at 31 Dec 2024	21,449	91	167	2,085	23,792
Total equity at 31 Dec 2024	—	—	—	1,020	1,020
Total liabilities and equity at 31 Dec 2024	21,449	91	167	3,105	24,812

1 'Life direct participating and investment DPF' contracts are substantially measured under the variable fee approach measurement model.
2 'Life other' contracts are measured under the general measurement model and mainly includes protection insurance contracts as well as reinsurance contracts. The reinsurance contracts primarily provide diversification benefits over the life direct participating and investment discretionary participation feature ('DPF') contracts.
3 'Other contracts' includes investment contracts for which HSBC does not bear significant insurance risk.
4 'Other financial assets' comprise mainly loans and advances to banks, cash and intercompany balances with other non-insurance legal entities.
5 Includes EUR 23.3 billion of assets and EUR 22.6 billion of liabilities, related to planned sale of the life insurance business in France classified as held for sale in 2024.

Movements in carrying amounts of insurance contracts - Analysis by remaining coverage and incurred claims

	Year ended 31 Dec 2025								
	Life direct participating and Investment DPF				Other life contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Opening assets	—	—	—	—	—	—	—	—	—
Opening liabilities	462	—	3	465	51	—	2	53	518
Net opening balance 1 Jan 2025	462	—	3	465	51	—	2	53	518
Changes in the statement of profit or loss and OCI				—				—	—
Insurance revenue				—				—	—
Contract under fair value approach	(6)	—	—	(6)	(10)	—	—	(10)	(16)
Contracts under the modified retrospective approach	—	—	—	—	—	—	—	—	—
Other contracts[1]	(2)	—	—	(2)	(3)	—	—	(3)	(5)
Total insurance revenue	(8)	—	—	(8)	(13)	—	—	(13)	(21)
Insurance service expenses				—				—	—
Incurred claims and other insurance service expenses	—	—	8	8	—	—	1	1	9
Amortisation of insurance acquisition cash flows	—	—	—	—	1	—	—	1	1
Losses and reversal of losses on onerous contracts	—	—	—	—	—	—	—	—	—
Adjustments to liabilities for incurred claims	—	—	—	—	—	—	—	—	—
Total insurance service expenses	—	—	8	8	1	—	1	2	10
Investment components	(54)	—	54	—	(1)	—	1	—	—
Insurance service result	(62)	—	62	—	(13)	—	2	(11)	(11)
Net finance expenses from insurance contracts	38	—	—	38	(4)	—	—	(4)	34
Other movements recognised in the statement of profit or loss and OCI	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—	—	—	—
Total changes in the statement of profit or loss and OCI	(24)	—	62	38	(17)	—	2	(15)	23
Cash flows				—				—	—
Premiums received	43	—	—	43	14	—	—	14	57
Claims and other insurance service expenses paid	(1)	—	(62)	(63)	—	—	(3)	(3)	(66)
Insurance acquisition cash flows	—	—	—	—	(1)	—	—	(1)	(1)
Total cash flows	42	—	(62)	(20)	13	—	(3)	10	(10)
Other movements	—	—	—	—	—	—	—	—	—
Net closing balance 31 Dec 2025	480	—	3	483	47	—	1	48	531
Closing assets	—	—	—	—	—	—	—	—	—
Closing liabilities	480	—	3	483	47	—	1	48	531
Net closing balance 31 Dec 2025	480	—	3	483	47	—	1	48	531

Movements in carrying amounts of insurance contracts – Analysis by remaining coverage and incurred claims (continued)

	Year ended 31 Dec 2024								
	Life direct participating and Investment DPF				Other life contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Opening assets	—	—	—	—	—	—	—	—	—
Opening liabilities	20,939	2	1	20,942	57	3	33	93	21,035
Net opening balance 1 Jan 2024	20,939	2	1	20,942	57	3	33	93	21,035
Changes in the statement of profit or loss and OCI									
Insurance revenue									
Contract under fair value approach	(11)	—	—	(11)	(11)	—	—	(11)	(22)
Contracts under the modified retrospective approach	(131)	—	—	(131)	(16)	—	—	(16)	(147)
Other contracts[1]	(36)	—	—	(36)	(30)	—	—	(30)	(66)
Total insurance revenue	(178)	—	—	(178)	(57)	—	—	(57)	(235)
Insurance service expenses									
Incurred claims and other insurance service expenses	—	—	81	81	—	—	37	37	118
Amortisation of insurance acquisition cash flows	3	—	—	3	1	—	—	1	4
Losses and reversal of losses on onerous contracts	—	(1)	—	(1)	—	—	—	—	(1)
Adjustments to liabilities for incurred claims	—	—	—	—	—	—	(7)	(7)	(7)
Total insurance service expenses	3	(1)	81	83	1	—	30	31	114
Investment components	(1,976)	—	1,976	—	—	—	—	—	—
Insurance service result	(2,151)	(1)	2,057	(95)	(56)	—	30	(26)	(121)
Net finance expenses from insurance contracts	1,049	—	—	1,049	—	—	—	—	1,049
Other movements recognised in the statement of profit or loss and OCI	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—	—	—	—
Total changes in the statement of profit or loss and OCI	(1,102)	(1)	2,057	954	(56)	—	30	(26)	928
Cash flows									
Premiums received	1,683	—	—	1,683	60	—	—	60	1,743
Claims and other insurance service expenses paid	(58)	—	(2,054)	(2,112)	—	—	(32)	(32)	(2,144)
Insurance acquisition cash flows	(15)	—	—	(15)	(2)	—	—	(2)	(17)
Total cash flows	1,610	—	(2,054)	(444)	58	—	(32)	26	(418)
Liabilities of disposal groups held for sale	(20,985)	—	—	(20,985)	(9)	(2)	(27)	(38)	(21,023)
Other movements	—	(1)	(1)	(2)	1	(1)	(2)	(2)	(4)
Net closing balance 31 Dec 2024	462	—	3	465	51	—	2	53	518
Closing assets	—	—	—	—	—	—	—	—	—
Closing liabilities	462	—	3	465	51	—	2	53	518
Net closing balance 31 Dec 2024	462	—	3	465	51	—	2	53	518

1 Other contracts are those contracts measured by applying IFRS 17 from inception of the contracts. This includes contracts measured under the full retrospective approach at Transition and contracts incepted after Transition.

Movements in carrying amounts of insurance contracts - Analysis by measurement component

	Insurance contracts – Life direct participating and investment discretionary participating contracts					Insurance contracts – Life Other contracts					
	2025					2025					
		Contractual service margin					Contractual service margin				
	Estimates of present value of future cash flows and risk adjustment	Contracts under fair value approach	Contracts under modified retros-pective approach	Other contracts[1]	Total	Estimates of present value of future cash flows and risk adjustment	Contract under fair value approach	Contracts under modified retros-pective approach	Other contracts[1]	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Opening assets	—	—	—	—	—	—	—	—	—	—	—
Opening liabilities	453	7	—	5	465	(2)	45	—	10	53	518
Net opening balance 01 Jan 2025	453	7	—	5	465	(2)	45	—	10	53	518
Changes in the statement of profit or loss and OCI											
Changes that relate to current services											
CSM recognised for services provided	—	(2)	—	(1)	(3)	—	(5)	—	(1)	(6)	(9)
Change in risk adjustment for non-financial risk for risk expired	—	—	—	—	—	—	—	—	—	—	—
Experience adjustments	4	—	—	—	4	(4)	—	—	—	(4)	—
Other movements recognised in insurance service result	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to future services					—					—	—
Contracts initially recognised in the year	(1)	—	—	1	—	(2)	—	—	2	—	—
Changes in estimates that adjust the CSM	(10)	7	—	2	(1)	(3)	2	—	1	—	(1)
Changes in estimates that result in losses and reversal of losses on onerous contracts	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to past services					—					—	—
Adjustments to liabilities for incurred claims	—	—	—	—	—	—	—	—	—	—	—
Insurance service result	(7)	5	—	2	—	(9)	(3)	—	2	(10)	(10)
Net finance expenses from insurance contracts	38	—	—	—	38	(5)	—	—	—	(5)	33
Other movements recognised in the statement of profit or loss and other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—	—	—	—	—	—
Total changes in the statement of profit or loss and OCI	31	5	—	2	38	(14)	(3)	—	2	(15)	23
Cash flows					—					—	—
Premiums received	43	—	—	—	43	14	—	—	—	14	57
Claims, other insurance service expenses paid (including investment components) and other cash flows	(63)	—	—	—	(63)	(3)	—	—	—	(3)	(66)
Insurance acquisition cash flows	—	—	—	—	—	(1)	—	—	—	(1)	(1)
Total cash flows	(20)	—	—	—	(20)	10	—	—	—	10	(10)
Other movements	—	—	—	—	—	—	—	—	—	—	—
Net closing balance 31 Dec 2025	464	12	—	7	483	(6)	42	—	12	48	531
Closing assets	—	—	—	—	—	—	—	—	—	—	—
Closing liabilities	464	12	—	7	483	(6)	42	—	12	48	531
Net closing balance 31 Dec 2025	464	12	—	7	483	(6)	42	—	12	48	531

Movements in carrying amounts of insurance contracts - Analysis by measurement component (continued)

	Insurance contracts – Life direct participating and investment discretionary participating contracts					Insurance contracts – Life Other contracts					
	2024					2024					
		Contractual service margin					Contractual service margin				
	Estimates of present value of future cash flows and risk adjustment	Contracts under fair value approach	Contracts under modified retros-pective approach	Other contracts[1]	Total	Estimates of present value of future cash flows and risk adjustment	Contract under fair value approach	Contracts under modified retros-pective approach	Other contracts[1]	Total	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Opening assets	—	—	—	—	—	(1)	—	—	1	—	—
Opening liabilities	20,080	10	645	207	20,942	(1)	48	16	30	93	21,035
Net opening balance 01 Jan 2024	20,080	10	645	207	20,942	(2)	48	16	31	93	21,035
Changes in the statement of profit or loss and OCI											
Changes that relate to current services											
CSM recognised for services provided	—	(8)	(55)	(16)	(79)	—	(5)	(5)	(9)	(19)	(98)
Change in risk adjustment for non-financial risk for risk expired	(10)	—	—	—	(10)	(2)	—	—	—	(2)	(12)
Experience adjustments	(5)	—	—	—	(5)	2	—	—	—	2	(3)
Other movements recognised in insurance service result	—	—	—	—	—	—	—	—	—	—	—
Changes that relate to future services											
Contracts initially recognised in the year	(37)	—	—	37	—	(10)	—	—	10	—	—
Changes in estimates that adjust the CSM	26	9	(5)	(30)	—	(3)	2	7	(6)	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1)	—	—	—	(1)	—	—	—	—	—	(1)
Changes that relate to past services											
Adjustments to liabilities for incurred claims	—	—	—	—	—	(7)	—	—	—	(7)	(7)
Insurance service result	(27)	1	(60)	(9)	(95)	(20)	(3)	2	(5)	(26)	(121)
Net finance expenses from insurance contracts	1,049	—	—	—	1,049	—	—	—	—	—	1,049
Other movements recognised in the statement of profit or loss and other comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—	—	—	—	—	—	—
Total changes in the statement of profit or loss and OCI	1,022	1	(60)	(9)	954	(20)	(3)	2	(5)	(26)	928
Cash flows											
Premiums received	1,683	—	—	—	1,683	60	—	—	—	60	1,743
Claims, other insurance service expenses paid (including investment components) and other cash flows	(2,112)	—	—	—	(2,112)	(32)	—	—	—	(32)	(2,144)
Insurance acquisition cash flows	(15)	—	—	—	(15)	(2)	—	—	—	(2)	(17)
Total cash flows	(444)	—	—	—	(444)	26	—	—	—	26	(418)
Liabilities of disposal groups held for sale	(20,206)	—	(587)	(192)	(20,985)	(5)	—	(19)	(14)	(38)	(21,023)
Other movements	1	(4)	2	(1)	(2)	(1)	—	1	(2)	(2)	(4)
Net closing balance 31 Dec 2024	453	7	—	5	465	(2)	45	—	10	53	518
Closing assets	—	—	—	—	—	—	—	—	—	—	—
Closing liabilities	453	7	—	5	465	(2)	45	—	10	53	518
Net closing balance 31 Dec 2024	453	7	—	5	465	(2)	45	—	10	53	518

1 Other contracts are those contracts measured by applying IFRS 17 from inception of the contracts. This includes contracts measured under the full retrospective approach at Transition and contracts incepted after Transition.

Discount rates

The Group has elected to apply a bottom-up approach whereby the discount rate is derived using the risk-free rate adjusted for an illiquidity premium as set out in the Summary of material accounting policies (k) Insurance contracts on page 207. The blended average of discount rates used within our most material manufacturing entities are as follows:

	Malta EUR
At 31 December 2025	
rate 10Y (%)	**2.86**
rate 20Y (%)	**3.21**
At 31 December 2024	
rate 10Y (%)	2.27
rate 20Y (%)	2.26

Amounts Payable on Demand

	At 31 Dec 2025		At 31 Dec 2024[1]	
	Amounts Payable on Demand	**Carrying Amount for these Contracts**	Amounts Payable on Demand	Carrying Amount for these Contracts
	€m	**€m**	€m	€m
Life direct participating and investment DPF contracts	**259**	**483**	252	465
Life other contracts	**—**	**48**	—	53
Total	**259**	**531**	252	518

1 'Excludes the amounts of disposal group related to the planned sale of the life insurance business in France.

6 Employee compensation and benefits

Employee compensation and average number of employees

Employee compensation (continuing operations)

	2025	2024[1]
	€m	€m
Wages and salaries	**1,106**	780
Social security costs	**209**	200
Post-employment benefits	**4**	27
Year ended 31 Dec	**1,319**	1,007

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

Average number of persons employed by HSBC Continental Europe during the year

	2025	2024[1]
International Wealth and Premier Banking	**1,367**	1,399
Corporate and Institutional Banking	**3,184**	3,284
Corporate Centre	**20**	19
Support functions and others[2]	**2,572**	2,842
Year ended 31 Dec[3]	**7,143**	7,544

1 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.
2 Including pre-retirement ('CFCS') and expatriates.
3 Permanent contracts ('CDI') and fixed terms contracts ('CDD') within HSBC Continental Europe (including the European branches) and its subsidiaries.

Share-based payments

HSBC Group policy

Since 2006, the general policy of the HSBC Group is to award shares instead of share options (except in the case of a country specific legal and tax regulation).

The shares can be:

– 'Group Performance Shares' subject to performance conditions, granted only to Group Executives; and
– Restricted Shares' without performance conditions, awarded to other employees, part of whose variable compensation is paid in the form of HSBC shares.

Practice at HSBC Continental Europe

HSBC Continental Europe's employees are not granted Group Performance Shares which are reserved for Group Executives.

Employees for whom part of the variable compensation is deferred pursuant to Group rules are granted restricted shares. The same is true for employees identified as risk takers who are subject to special rules regarding variable compensation, 50 per cent of which must be paid in shares for both the immediate and deferred portions.

For employees under French contracts, these shares take the form of "French qualified shares", which benefit from a special social and tax regime.

Movement on 'Restricted Shares'

	Number (000s)
Outstanding at 1 Jan 2025	**5,466**
Granted during the year[1]	**2,300**
Exercised during the year[2]	**(2,689)**
Movements of staff during the year[3]	**(592)**
Outstanding at 31 Dec 2025	**4,485**
– of which: exercisable	**—**
Weighted average remaining contractual life (years)	**—**
Outstanding at 1 Jan 2024	6,091
Granted during the year[1]	3,921
Exercised during the year[2]	(3,432)
Movements of staff during the year[3]	(1,114)
Outstanding at 31 Dec 2024	5,466
– of which: exercisable	—
Weighted average remaining contractual life (years)	—

1 The weighted average price at grant date in 2025 was EUR 10.96 (2024: EUR 7.00).
2 The weighted average price at vesting date in 2025 was EUR 10.40 (2024: EUR 6.91).
3 Corresponds to the shares granted to Group employees who joined HSBC Continental Europe during the year net of shares granted to HSBC Continental Europe employees who joined other Group entities, to the shares expired during the year and to the shares exercised during the year by employees no more present as at 31 December 2025.

In 2025, EUR 9 million was charged to the income statement in respect of amortisation of the existing plans for HSBC in France (in 2024: EUR 9 million).

The vesting period for deferred share awards expected to be granted in 2025, in respect of the 2024 performance year, was determined to have started on 1 January 2024.

Employee share offering

In 2025, HSBC Continental Europe did not issue shares reserved for employees.

Income statement charge (continuing operations)

	2025 €m	2024 €m
Restricted share awards	**26**	22
Savings related and other share option plans	**—**	—
Year ended 31 Dec	**26**	22

Pension and other post-retirement benefits

HSBC Continental Europe operates a number of pension and other post-retirement benefit plans. These plans include both defined benefit and defined contribution plans of which the pension plan of the branch of HSBC Continental Europe in Germany is the most prominent.

HSBC Continental Europe pension plan in Germany

The pension plan of the branch of HSBC Continental Europe in Germany is a final salary scheme and is calculated based on the employee length of service multiplied by a predefined benefit accrual and earnings. The pension is paid when the benefit falls due and is a specified pension payment, lump-sum or combination thereof. The plan is overseen by an independent corporate trustee, who has a fiduciary responsibility for the operation of the plan. Its assets are held separately from the assets of the HSBC Group.

The strategic aim of the investment is to achieve, as continuously as possible, an increase in value over time. For this purpose, the fund invests mainly in government bonds, corporate bonds, investment funds and equities. It invests predominantly in developed regions. Overall, emphasis is placed on having a high degree of diversification.

Plan assets were created to fund the pension obligations and separated through what is known as a contractual trust agreement ('CTA'). HSBC Trinkaus Vermögenstreuhänder e. V. and HSBC Trinkaus Mitarbeitertreuhänder e. V. assume the role of trustee. Active members of the trustee are Bank employees.

The Bank regularly aims to comprehensively finance the committed benefits externally. There is no obligation to allocate contributions to the CTA. The Bank is entitled to assets that are not needed to fund the committed benefits. No further additions to the plan assets are envisaged at the present time.

In accordance with the Memorandum and Articles of Association, the revenues may only be used, for example, for pension payments or for reinvestment. Similarly, withdrawals may only be made in accordance with the Memorandum and Articles of Association.

The latest measurement of the defined benefit obligation of the plan at 31 December 2025 was carried out by Hans-Peter Kieselmann (Fellow of the German Association of Actuaries ('DAV')) and Helga Bader, at Willis Towers Watson GmbH, using the projected unit credit method. The next measurement will have an effective date of 31 December 2026.

HSBC Continental Europe pension plan in France

HSBC Continental Europe pays each retiree in France a retiring indemnity. The amount is determined by the final earnings, the length of service in the company at this date and the guarantees under collective and internal agreements. Those plans represent 59 per cent of all commitments in France.

In addition, certain retired employees from the bank and HSBC Continental Europe Executive Directors are entitled to defined benefits pension plan. These plans provide the payment of benefits from the date of retirement and represent roughly 36 per cent of all commitments in France. The latest measurement of the defined benefit obligation of the plan at 31 December 2025 was carried out by SPAC Actuaries and the costs recognised for funding these post-employment plans are determined using the projected unit credit method, with annual actuarial valuations performed on each plan. The next measurement will have an effective date of 31 December 2026. Payments to defined contribution plans and state-managed retirement benefit plans, where HSBC Continental Europe obligations under the plans are equivalent to a defined contribution plan, are charged as an expense as they fall due.

Recognition of defined benefit plans

Net (assets)/liabilities recognised on the balance sheet in respect of defined benefit plans

	Fair value of plan assets	Present value of defined benefit obligations	Effect of limit on plan surpluses	Total
	€m	€m	€m	€m
Defined benefit pension plans	**393**	**(346)**	**—**	**47**
Defined benefit healthcare plans	**—**	**—**	**—**	**—**
At 31 Dec 2025	**393**	**(346)**	**—**	**47**
Total employee benefit liabilities (within 'Accruals, deferred income and other liabilities')				**(63)**
Total employee benefit assets (within 'Prepayments, accrued income and other assets')				**111**
Defined benefit pension plans	399	(407)	—	(8)
Defined benefit healthcare plans	—	—	—	—
At 31 Dec 2024	399	(407)	—	(8)
Total employee benefit liabilities (within 'Accruals, deferred income and other liabilities')				(75)
Total employee benefit assets (within 'Prepayments, accrued income and other assets')				66

Defined benefit pension plans

Net asset/(liability) under defined benefit pension plans

	Fair value of plan assets		Present value of defined benefit obligations		Net defined benefit asset/(liability)	
	France & Other plans	Germany	France & Other plans	Germany	France & Other Plans	Germany
	€m	€m	€m	€m	€m	€m
At 1 Jan 2025	**4**	**395**	**(69)**	**(338)**	**(65)**	**57**
Service cost	**—**	**—**	**4**	**9**	**4**	**9**
– current service cost	**—**	**—**	**(2)**	**8**	**(2)**	**8**
– past service cost and gains/(losses) from settlements	**—**	**—**	**6**	**1**	**6**	**1**
Net interest income/(cost) on the net defined benefit asset/(liability)	**—**	**11**	**(2)**	**(11)**	**(2)**	**—**
Re-measurement effects recognised in other comprehensive income	**—**	**(1)**	**—**	**25**	**—**	**24**
– return on plan assets (excluding interest income)	**—**	**(1)**	**—**	**—**	**—**	**(1)**
– actuarial gains/(losses)	**—**	**—**	**—**	**25**	**—**	**25**
– other changes	**—**	**—**	**—**	**—**	**—**	**—**
Benefits paid	**—**	**—**	**4**	**16**	**4**	**16**
Other movements[1]	**—**	**(16)**	**2**	**14**	**2**	**(2)**
At 31 Dec 2025	**4**	**389**	**(61)**	**(285)**	**(57)**	**104**

Net asset/(liability) under defined benefit pension plans (continued)

	Fair value of plan assets		Present value of defined benefit obligations		Net defined benefit asset/(liability)	
	France & Other plans	Germany	France & Other plans	Germany	France & Other Plans	Germany
	€m	€m	€m	€m	€m	€m
At Jan 2024	5	388	(71)	(350)	(66)	38
Service cost	—	—	(3)	(6)	(3)	(6)
– current service cost	—	—	(3)	(6)	(3)	(6)
– past service cost and gains/(losses) from settlements	—	—	—	—	—	—
Net interest income/(cost) on the net defined benefit asset/(liability)	—	8	(2)	(10)	(2)	(2)
Re-measurement effects recognised in other comprehensive income	—	(1)	(2)	8	(2)	7
– return on plan assets (excluding interest income)	—	(1)	—	—	—	(1)
– actuarial gains/(losses)	—	—	(2)	8	(2)	8
– other changes	—	—	—	—	—	—
Benefits paid	(1)	—	5	14	4	14
Other movements[2]	—	—	4	6	4	6
At 31 Dec 2024	4	395	(69)	(338)	(65)	57

1 Other movements in Germany pension plans include EUR 16 million of the plan assets and EUR 14 million of the defined benefit obligations related to the planned sale of the fund administration business in Germany reclassified to assets/liabilities of disposal group held for sale.
2 Other movements in Germany pension plans include EUR 10 million of the defined benefit obligations related to the planned sale of the private banking business in Germany reclassified to liabilities of disposal group held for sale. Other movements in France and Other plans includes EUR 3 million of the defined benefit obligations related to the planned sale of life insurance business in France reclassified to liabilities of disposal group held for sale.

The branch of HSBC Continental Europe in Germany does not expect to make contributions to the pension plan of the branch of HSBC Continental Europe in Germany during 2026. Benefits expected to be paid from the plans to retirees over each of the next five years, and in aggregate for the five years thereafter, are as follows:

Benefits expected to be paid from plans

	2026	2027	2028	2029	2030	2031–2035
	€m	€m	€m	€m	€m	€m
France[1]	**8**	4	4	4	4	20
Germany[2]	**17**	14	14	15	16	85

1 The duration of the defined benefit obligation is 9 years for the principal plan under the disclosure assumptions adopted (2024: 9 years) and 9 years for all other plans combined (2024: 9 years). The maturity of commitments remains at 11 years in 2025, as was the case in 2024.
2 The duration of the defined benefit obligation is 12.41 years for the pension plan of the branch of HSBC Continental Europe in Germany under the disclosure assumptions adopted (2024: 13.6).

Fair value of plan assets by asset classes

	At 31 Dec 2025				At 31 Dec 2024			
	Fair value	**Quoted market price in active market**	**No quoted market price in active market**	**Thereof HSBC**	Fair value	Quoted market price in active market	No quoted market price in active market	Thereof HSBC
	€m	**€m**	**€m**	**€m**	€m	€m	€m	€m
France and Other plans								
Fair value of plan assets	**4**	**4**	**—**	**—**	4	4	—	—
– equities	**—**	**—**	**—**	**—**	—	—	—	—
– bonds fixed income	**3**	**3**	**—**	**—**	4	4	—	—
– bonds indexed linked	**—**	**—**	**—**	**—**	—	—	—	—
– other	**1**	**1**	**—**	**—**	—	—	—	—
Germany								
Fair value of plan assets	**389**	**379**	**10**	**—**	395	379	16	—
– equities	**3**	**3**	**—**	**—**	3	3	—	—
– bonds fixed income	**231**	**231**	**—**	**—**	258	258	—	—
– bonds indexed linked	**6**	**6**	**—**	**—**	8	8	—	—
– other	**149**	**139**	**10**	**—**	126	110	16	—

Post-employment defined benefit plans' principal actuarial assumptions

HSBC Continental Europe determines discount rates to be applied to its obligations in consultation with the plans' local actuaries, based upon the current average yields of high quality (AA rated or equivalent) debt instruments, with maturities consistent with that of the defined benefit obligations.

Key actuarial assumptions

	France				Germany			
	Discount rate	Inflation rate	Rate of increase for pensions	Rate of pay increase	Discount rate	Inflation rate	Rate of increase for pensions	Rate of pay increase
	%	%	%	%	%	%	%	%
At 31 Dec 2025	**3.50**	**2.00**	**2.00**	**2.85**	**4.12**	**2.10**	**2.10**	**2.10**
At 31 Dec 2024	3.25	2.00	2.00	2.92	3.41	2.25	2.25	2.25

Mortality tables and average life expectancy at age 60

France	Mortality table	Life expectancy at age 60 for a male member currently:	Life expectancy at age 60 for a female member currently:
		Aged 60	Aged 60
At 31 Dec 2025	**TV–TD 2019 2021**	**25.26**	**27.49**
At 31 Dec 2024	TV–TD 2018 2020	23.14	27.58

Mortality tables and average life expectancy at age 60

Germany	Mortality table	Life expectancy at age 60 for a male member currently:		Life expectancy at age 60 for a female member currently:	
		Aged 60	Aged 40	Aged 60	Aged 40
At 31 Dec 2025	**RT 2018 G[1]**	**25.7**	**28.7**	**29.3**	**31.6**
At 31 Dec 2024	RT 2018 G[1]	25.5	28.5	29.2	31.5

1 Heubeck tables – RT 2018G – are generally accepted and used mortality tables for occupational pension plans in Germany taking into account future mortality improvements and lighter mortality for higher-paid pensioners.

Actuarial assumption sensitivities

The following table shows the effect of changes in actuarial assumptions on the principal plans. The discount rate is sensitive to changes in market conditions arising during the reporting period. The mortality rates used are sensitive to experience from the plan member profile.

	France				Germany			
	Financial impact of increase		Financial impact of decrease		Financial impact of increase		Financial impact of decrease	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	€m	€m	**€m**	€m	**€m**	€m	**€m**	€m
Discount rate – increase/decrease of 0.25%	**(1)**	(2)	**1**	2	**(8)**	(9)	**8**	10
Inflation rate – increase/decrease of 0.25%	**1**	1	**(1)**	(1)	**6**	7	**(6)**	(8)
Pension payments and deferred pensions – increase/decrease of 0.25%	**1**	1	**(1)**	(1)	**5**	7	**(5)**	(7)
Pay – increase/decrease of 0.25%	**1**	1	**(1)**	(1)	**1**	1	**(1)**	(1)
Change in mortality – increase of 1 year	**1**	1	**N/A**	N/A	**8**	10	**N/A**	N/A

7 Auditors' remuneration

	PricewaterhouseCoopers Audit France[1]		BDO Paris[1]	
	Amount (excluding VAT)		Amount (excluding VAT)	
	€k	%	€k	%
Fees for account certifications	**4,241**	**83**	**777**	**88**
Fees related to the Corporate and Sustainability Report Directive ('CSRD')	**680**	**13**	**—**	**—**
Fees for other services provided to HSBC Continental Europe	**208**	**4**	**104**	**12**
Year ended 31 Dec 2025	**5,129**	**100**	**881**	**100**
Fees for account certifications	3,984	79	652	87
Fees related to the Corporate and Sustainability Report Directive ('CSRD')	580	12	—	—
Fees for other services provided to HSBC Continental Europe	471	9	95	13
Year ended 31 Dec 2024	5,035	100	747	100

1 This Note is prepared in compliance with ANC regulation 2016-08, 2016-09, 2016-10 and 2016-11 and includes only the fees paid to PricewaterhouseCoopers Audit France and BDO Paris.

Account certifications as of 31 December 2025 for PricewaterhouseCoopers Audit France and BDO Paris mainly concern statutory audit, legal, or regulatory services. Services other than the account certification concern assurance services (e.g.certification on internal control in accordance to ISAE 3402).

8 Tax

Tax expense (continuing operations)

	2025	2024[1]
	€m	€m
Current tax	**286**	179
Deferred tax	**(222)**	227
– current year deferred tax	**(236)**	212
– adjustment in respect of prior years deferred tax	**3**	15
– effect of change in tax rate on deferred tax	**11**	—
Year ended 31 Dec	**64**	406

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

HSBC Continental Europe's profits are taxed at different rates depending on the country in which the profits arise. The key applicable corporate income tax rate is France and for fiscal year 2025 the rate is 25 per cent. The social contribution on profit (CSB at 3.3 per cent of the corporate income tax) is maintained and is added to the corporate income tax. Consequently, the applicable tax rate for fiscal year 2025 for French entities is 25.83 per cent (2024: 25.83 per cent).

The final effective tax rate varies depending on the contribution from entities outside of France, notably Germany which has an income tax rate for fiscal year 2025 of 31.4 per cent and other European branches. Enacted in the 2025 German Finance Act, the corporate income tax rate will reduce by 1 per cent each year beginning in 2028 until 2032 resulting in a total reduction of 5 per cent.

Tax risks

Following a tax audit for the years 2015 to 2018, HSBC Leasing France ('HLF') and its SPVs have been reassessed on the tax treatment of provisions related to aircraft leasing transactions. Since then HLF continued to dispute these reassessments but French Tax Authorities have rejected the claims filed by HSBC. The actions brought in 2023 and 2024 by HSBC before the Administrative Court, for the years in question, is still ongoing.

Analysis of overall tax charge

Reconciliation of tax charge (credit) (continuing operations)

	2025		2024[1]	
	Continuing tax charges (credit)		Continuing tax charges (credit)	
	€m	**%**	€m	%
Profit/(loss) before tax	**725**		930	
Tax expense				
Taxation at French corporate tax rate	**187**	**25.8**	240	25.8
Impact of differently taxed overseas profits in overseas locations	**(6)**	**(0.8)**	5	0.6
Items impacting tax charge:				
– Permanent disallowables	**(16)**	**(2.2)**	2	0.2
– Local taxes and overseas withholding taxes	**12**	**1.7**	4	0.4
– Changes in tax rates	**11**	**1.5**	—	—
– Non-taxable income and gains subject to tax at a lower rate	**(1)**	**(0.1)**	(1)	—
– Adjustment in respect of prior years	**3**	**0.4**	(3)	(0.3)
– (Recognition) / Derecognition of recognised deferred tax on losses and credits[2]	**(102)**	**(14.1)**	150	16.1
– Non-recognition of current period generated deferred tax on losses and credits	**—**	**—**	27	2.9
– Other exceptional adjustments	**—**	**—**	5	0.5
– Other items[3]	**(24)**	**(3.4)**	(23)	(2.5)
Year ended 31 Dec	**64**	**8.8**	406	43.7

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Driven by recognition of EUR 100m deferred tax assets on previously unrecognised losses of France Tax Group.
3 Majorly driven by AT1 dividends which are deductible in the French Tax regime in 2025 similar to the year 2024.

The closing effective tax rate for 2025 of 8.8 per cent (2024: 43.7 per cent, adjusted to exclude HSBC insurance business) is lower than the French current tax rate of 25.8 per cent (2024: 25.8 per cent).

Movement of deferred tax assets and liabilities

	Retirement benefits	Loans impairment allowances	Financial assets at FVOCI	Goodwill and intangibles	Tax losses	Expenses / loss provisions	Other	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Assets	**37**	**47**	**55**	**2**	**501**	**39**		**681**
Liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**(34)**	**(34)**
At 1 Jan 2025	**37**	**47**	**55**	**2**	**501**	**39**	**(34)**	**647**
Income statement (continuing operations)	**(1)**	**21**	**—**	**—**	**100**	**42**	**60**	**222**
Income statement (discontinued operations)			**—**				**(7)**	**(7)**
Other comprehensive income (continuing operations)	**(6)**		**(30)**				**59**	**23**
Other comprehensive income (discontinued operations)								**—**
Equity								**—**
Foreign exchange and other adjustments[1]	**(3)**	**(1)**	**(29)**				**40**	**7**
At 31 Dec 2025	**27**	**67**	**(4)**	**2**	**601**	**81**	**118**	**892**
Assets	**27**	**67**		**2**	**601**	**81**	**118**	**896**
Liabilities	**—**	**—**	**(4)**	**—**	**—**	**—**		**(4)**
Assets	46	63	325	5	660	91		1,190
Liabilities	—	—	—	—	—	—	(238)	(238)
At 1 Jan 2024[2]	46	63	325	5	660	91	(238)	952
Income statement (continuing operations)	(6)	(17)	—	(4)	(159)	(24)	(17)	(227)
Income statement (discontinued operations)			—				12	12
Other comprehensive income (continuing operations)	(2)		(4)				(25)	(31)
Other comprehensive income (discontinued operations)	—		(47)				46	(1)
Equity						(26)		(26)
Foreign exchange and other adjustments	(1)	1	(219)	1		(2)	188	(32)
At 31 Dec 2024[2]	37	47	55	2	501	39	(34)	647
Assets[2]	37	47	55	2	501	39		681
Liabilities[2]							(34)	(34)

1 The movement in this line reflects the life insurance business in France.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

French tax group

At 31 December 2025, HSBC Continental Europe had a net deferred tax asset of EUR 892 million (2024: EUR 647 million) of which the French tax group reported a net deferred tax asset of EUR 712 million (2024: EUR 536 million) including EUR 601 million (2024: EUR 501 million) in respect of tax losses to be carried forward.

During 2025, management reassessed the likely availability of future taxable profits against which to recover the deferred tax assets of the French tax group, taking into consideration the reversal of existing taxable temporary differences, the drivers of past business performance, and management's latest forecasts of future business performance, taking into account forecasting uncertainty. The assessment concluded the recognition of deferred tax assets on tax losses of EUR 100 million during the year. These tax losses have no expiry date and the recognised tax losses are forecast to be recovered in 10 years.

Unrecognised deferred tax

The French tax group has unrecognised deferred tax on losses carried forward of EUR 313 million tax value (EUR 1,210 million gross value) at 31 December 2025 (2024: EUR 177 million (EUR 685 million gross value).

CVAE

Since 2014, the CVAE contribution (cotisation sur la valeur ajoutée des entreprises) is included in 'Income Tax'. In 2025, the current tax charge is EUR 3 million (2024: EUR 4million) and the deferred tax credit is EUR 1 million (2024: deferred tax credit of EUR 1 million). Announced in the 2024 France Finance Act the CVAE rate will be reduced each year with full cancellation expected in 2030.

Tax expense (discontinued operations)

	2025		2024[1]	
	Tax charge/(credit) on loss on discontinuance	**Tax charge/(credit) on ordinary activities**	Tax charge/(credit) on loss on discontinuance	Tax charge/(credit) on ordinary activities
	€m	**€m**	€m	€m
Profit/(loss) before tax	**(1,370)**	**44**	66	(173)
Current Tax	**(60)**	**32**		33
Deferred Tax charge/(credit)	**—**	**7**	(5)	(7)
Total tax charge /(credit)	**(60)**	**39**	(5)	26

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

The sale of the life insurance business and the retained portfolio of home and certain other loans in France meets the criteria of discontinued operations under IFRS 5 and, accordingly, the tax expense associated with the loss on discontinuance and the ordinary activities of the discontinued operations are shown above.

9 Dividends

Dividends to shareholders of the parent company

	2025		2024	
	Per share	**Total**	Per share	Total
	€	**€m**	€	€m
Dividends paid on ordinary shares				
In respect of previous year:				
– exceptional dividend	**—**	**—**	—	—
– dividend paid	**—**	**—**	—	—
In respect of current year:				
– interim dividend	**1.06**	**282**	—	—
Total dividend paid to shareholders	**1.06**	**282**	—	—
Total coupons on capital instruments classified as equity[1]		**98**		83

1 Coupons paid on other equity instruments are not included in the calculation of the dividends per share.

Dividends related to 2025

The Board of Directors held on 23 October 2025 decided the distribution of an interim dividend of EUR 1.06 per share in respect of the year 2025, to be paid to the 265,583,192 outstanding shares at this date. The interim dividend was paid on 27 November 2025.

Dividends related to 2024

On 24 March 2025, the Combined General Meeting approved the recommendation made by the Board of Directors, on 18 February 2025, not to distribute a dividend in respect of the year 2024.

Other equity instruments

Total coupons on capital instruments classified as equity

		2025	2024
	First call date	**€m**	€m
Perpetual subordinated capital instruments			
– EUR 200 million issued at 5.73%	May 2022	**12**	12
– EUR 300 million issued at 6.45%	March 2023	**19**	20
– EUR 250 million issued at 3.46%[1]	December 2024	**—**	9
– EUR 250 million issued at 5.625%[1]	December 2029	**14**	—
– EUR 250 million issued at 3M Euribor+ 4.06%	March 2027	**16**	19
– EUR 235 million issued at 5Y Euro Swap Rate + 5.55%	January 2022	**13**	13
– EUR 200 million issued at 6.907%[2,3]	January 2025	**24**	10
Total		**98**	83

1 On 18 December 2024, EUR 250 million instrument was redeemed and replaced with the instrument of the same nominal and the interest rate of 5.625%.
2 On 30 December 2024, the interest on the EUR 200 million perpetual subordinated security issued on 21 January 2019 at 5.039 per cent was revised to 6.907 per cent.
3 Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The Principal repayment of the instrument was completed on 2 January 2026. A EUR 14 million dividend relating to the above AT1 instrument, payable in April 2026, was also recognised for the year 2025.

10 Earnings per share

Basic earnings per ordinary share were calculated by dividing the basic earnings of EUR (657) million by the weighted average number of ordinary shares outstanding during the year, excluding own shares held, of 265,583,192 (full year 2024: earnings of EUR 568 million and 214,212,855 weighted average number of shares).

Diluted earnings per share were calculated by dividing the basic earnings, which require no adjustment for the dilutive of potential ordinary shares (including share options outstanding not yet exercised), by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on ordinary conversion of all the potential dilutive ordinary shares of 265,583,192 (full year 2024: 214,212,855 shares). At 31 December 2025, no potentially dilutive ordinary share had been issued.

Basic and diluted earnings per share

	2025			2024[1]		
	Profit/ (loss)	**Number of shares**	**Per share**	Profit/ (loss)	Number of shares	Per share
	€m	**(million)**	**€**	€m	(million)	€
Basic earnings per share	**(657)**	**266**	**(2.47)**	568	214	2.65
Diluted earnings per share	**(657)**	**266**	**(2.47)**	568	214	2.65
– Basic/Diluted earnings per ordinary share in respect of continuing operations	**648**	**266**	**2.44**	697	214	3.25
– Basic/Diluted earnings per ordinary share in respect of discontinued operations	**(1,305)**	**266**	**(4.91)**	(129)	214	(0.6)

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

11 Segmental analysis

Profit/(loss) for the period by global business (continuing operations)

	At 31 Dec 2025			
	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
Net operating income before change in expected credit losses and other credit risk provisions	**2,971**	**576**	**136**	**3,683**
– of which: net interest income/(expense)	**1,475**	**147**	**(240)**	**1,382**
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	**484**	**6**	**328**	**818**
Change in expected credit losses and other credit impairment charges	**(172)**	**5**	**1**	**(166)**
Net operating income	**2,799**	**581**	**137**	**3,517**
Total operating expenses	**(2,141)**	**(450)**	**(201)**	**(2,792)**
Profit/(loss) before tax	**658**	**131**	**(64)**	**725**

Profit/(loss) for the period by global business (continuing operations) (continued)

	At 31 Dec 2024[1,2]			
	CIB	IWPB	Corporate Centre	Total
	€m	€m	€m	€m
Net operating income before change in expected credit losses and other credit risk provisions	2,971	444	132	3,547
– of which: net interest income/(expense)	1,570	175	(50)	1,695
– of which: Net income/(expense) from financial instruments held for trading or managed on a fair value basis	314	4	166	484
Change in expected credit losses and other credit impairment charges	(100)	7	2	(91)
Net operating income	2,871	451	134	3,456
Total operating expenses	(1,868)	(388)	(62)	(2,318)
Profit/(loss) before tax	1,003	63	72	1,138

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
2 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.

Revenue by country (continuing operations)[1]

	At 31 Dec 2025			
	CIB	**IWPB**	**Corporate Centre**	**Total**
	€m	**€m**	**€m**	**€m**
France	**1,290**	**137**	**121**	**1,548**
Germany	**847**	**248**	**10**	**1,105**
EEA Branches	**750**	**—**	**2**	**752**
Malta and Other countries	**84**	**191**	**3**	**278**
Revenue[1]	**2,971**	**576**	**136**	**3,683**
	At 31 Dec 2024[2,3]			
France	1,262	90	126	1,478
Germany	861	124	1	986
EEA Branches	760	1	4	765
Malta and Other Countries	88	229	1	318
Revenue[1]	2,971	444	132	3,547

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.
3 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.

Balance sheet information

	CIB €m	IWPB €m	Corporate Centre €m	Total €m
At 31 Dec 2025				
Loans and advances to customers[4]	**38,581**	**4,245**	**9**	**42,835**
Loans and advances to customers classified as held for sale[1]	**294**	**—**	**—**	**294**
Customer accounts	**90,988**	**6,454**	**(335)**	**97,107**
Customer accounts classified as held for sale[1]	**10,506**	**—**	**—**	**10,506**
At 31 Dec 2024[3]				
Loans and advances to customers[4]	40,337	4,267	6,684	51,288
Loans and advances to customers classified as held for sale[2]	—	298	—	298
Customer accounts	90,431	7,055	(421)	97,065
Customer accounts classified as held for sale[2]	—	2,010	—	2,010

1 Includes loans and advances and customers accounts related to the custody and fund administration business in Germany.
2 Includes loans and advances and customers accounts related to the private banking business in Germany.
3 Comparative information for the prior year has been represented to reflect the revised operating segment structure in HSBC Continental Europe, which became effective on 1 January 2025.
4 Includes EUR 30,346 million (2024: EUR 33,737 million) related to corporate and commercial loans and advances to customers with a total provision of EUR 516 million (2024: EUR 432 million).

12 Trading assets

	2025 €m	2024 €m
Treasury and other eligible bills	**3,310**	1,231
Debt securities	**20,182**	14,818
Equity securities	**6,903**	6,297
Trading securities	**30,395**	22,346
Loans and advances to banks	**286**	184
Loans and advances to customers	**120**	323
Year ended 31 Dec	**30,801**	22,853

13 Fair values of financial instruments carried at fair value

Control framework

Fair values are subject to a control framework designed to ensure that they are either determined, or validated, by a function independent of the risk taker.

For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is utilised. In inactive markets, we source alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable. The factors that are considered in this regard are, inter alia:

- the extent to which prices may be expected to represent genuine traded or tradeable prices;
- the degree of similarity between financial instruments;
- the degree of consistency between different sources;
- the process followed by the pricing provider to derive the data;
- the elapsed time between the date to which the market data relates and the balance sheet date; and
- the manner in which the data was sourced.

For fair values determined using valuation models, the control framework includes development or validation by independent support functions of the model logic, inputs, model outputs and adjustments. Valuation models are subject to a process of due diligence before becoming operational and are calibrated against external market data on an ongoing basis.

Changes in fair value are generally subject to a profit and loss analysis process and are disaggregated into high-level categories including portfolio changes, market movements and other fair value adjustments.Fair value adjustments take into consideration additional factors not incorporated within the primary product valuation model that would otherwise be considered by a market participant. Adjustments are calculated using model infrastructure including those within primary valuation systems.

The majority of financial instruments measured at fair value are in MSS. MSS's fair value governance structure comprises its Finance function and Valuation Committees. Finance is responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards. The fair values are reviewed by the Valuation Committees, which consist of independent support functions.

Financial liabilities measured at fair value

In certain circumstances, HSBC Continental Europe records its own debt in issue at fair value, based on quoted prices in an active market for the specific instrument. When quoted market prices are unavailable, the own debt in issue is valued using valuation techniques, the inputs for which are based either on quoted prices in an inactive market for the instrument or are estimated by comparison with quoted prices in an active market for similar instruments. In both cases, the fair value includes the effect of applying the credit spread that is appropriate to the HSBC Continental Europe's liabilities.

Structured notes issued and certain other hybrid instruments are included within trading liabilities and are measured at fair value.The spread applied to these instruments is derived from the spreads at which HSBC Continental Europe issues structured notes.

Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

– Level 1 – Valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that HSBC Continental Europe can access at the measurement date.
– Level 2 – Valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
– Level 3 – Valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Breakdown of financial instruments recorded at fair value by level of fair value measurement

Financial instruments carried at fair value and bases of valuation

	2025				2024			
	Level 1 – quoted market price	**Level 2 – using observable inputs**	**Level 3 – with significant non-observable inputs**	**Total**	Level 1 – quoted market price	Level 2 – using observable inputs	Level 3 – with significant non-observable inputs	Total
At 31 Dec	**€m**	**€m**	**€m**	**€m**	€m	€m	€m	€m
Assets								
Trading assets	**27,856**	**2,913**	**32**	**30,801**	21,531	1,156	166	22,853
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**764**	**663**	**192**	**1,619**	719	592	252	1,563
Derivatives	**838**	**39,540**	**201**	**40,579**	595	42,405	251	43,251
Financial investments	**15,676**	**4,185**	**18**	**19,879**	11,918	4,396	1,088	17,402
Assets held for sale[1]	**—**	**—**	**—**	**—**	5,415	13,870	2,968	22,253
Liabilities								
Trading liabilities	**16,857**	**1,519**	**—**	**18,376**	16,200	280	—	16,480
Financial liabilities designated at fair value	**166**	**9,409**	**1,511**	**11,086**	167	8,252	1,487	9,906
Derivatives	**809**	**32,035**	**334**	**33,178**	714	40,862	281	41,857
Liabilities of disposal groups held for sale[1]	**—**	**—**	**—**	**—**	—	125	—	125

1 The 2024 assets and liabilities held for sale include disposal group related to the planned sale of the life insurance business in France and the private banking business in Germany.

There were no material transfers between Level 1 and Level 2 during the reporting period.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers into and out of levels of the fair value hierarchy are normally attributable to observability of valuation inputs and price transparency.

Fair value adjustments

Fair value adjustments are adopted when we determine there are additional factors considered by market participants that are not incorporated within the valuation model.

Movements in the level of fair value adjustments do not necessarily result in the recognition of profits or losses within the income statement, such as when models are enhanced and fair value adjustments may no longer be required.

Bid-offer

IFRS 13 'Fair value measurement' requires use of the price within the bid-offer spread that is most representative of fair value. Valuation models will typically generate mid-market values. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of or unwinding the position.

Uncertainty

Certain model inputs may be less readily determinable from market data, and/or the choice of model itself may be more subjective. In these circumstances, an adjustment may be necessary to reflect the likelihood that market participants would adopt more conservative values for uncertain parameters and/or model assumptions than those used in the valuation model.

Credit Valuation adjustment ('CVA')
The CVA is an adjustment to the valuation of over-the-counter ('OTC') derivative contracts to reflect the possibility that the counterparty may default and that HSBC Continental Europe may not receive the full market value of the transactions.

Debit valuation adjustment ('DVA')
The DVA is an adjustment to the valuation of OTC derivative contracts to reflect the possibility that HSBC Continental Europe may default, and that it may not pay the full market value of the transactions.

Funding fair value adjustment ('FFVA')
The FFVA is calculated by applying future market funding spreads to the expected future funding exposure of any uncollateralised component of the OTC derivative portfolio. The expected future funding exposure is calculated by a simulation methodology, where available, and is adjusted for events that may terminate the exposure, such as the default of HSBC Continental Europe or the counterparty. The FFVA and DVA are calculated independently.

Model limitation

Models used for portfolio valuation purposes may be based upon a simplifying set of assumptions that do not capture all current and future material market characteristics. In these circumstances, model limitation adjustments are adopted.

Inception profit (Day 1 P&L reserves)
Inception profit adjustments are adopted by HSBC Continental Europe when the fair value estimated by a valuation model is based on one or more significant unobservable inputs.

Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets					Liabilities			
	Financial Invest-ments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Total Assets	Trading liabilities	Designated at fair value	Derivatives	Total liabilities
	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 31 Dec 2025									
Private equity including strategic investments	**18**	**1**	**192**	**—**	**211**	**—**	**1**	**—**	**1**
Structured notes	**—**	**—**	**—**	**—**	**—**	**—**	**1,510**	**—**	**1,510**
Derivatives	**—**	**—**	**—**	**201**	**201**	**—**	**—**	**334**	**334**
Bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Loans	**—**	**31**	**—**	**—**	**31**	**—**	**—**	**—**	**—**
Other portfolios	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**18**	**32**	**192**	**201**	**443**	**—**	**1,511**	**334**	**1,845**
At 31 Dec 2024									
Private equity including strategic investments	16	1	236	—	253	—	1	—	1
Structured notes	—	—	—	—	—	—	1,483	—	1,483
Derivatives	—	—	—	251	251	—	—	281	281
Bonds	1,072	—	16	—	1,088	—	—	—	—
Loans	—	165	—	—	165	—	—	—	—
Other portfolios	—	—	—	—	—	—	3	—	3
Total	1,088	166	252	251	1,757	—	1,487	281	1,768

Private equity including strategic investments

The fair value of a private equity investment (including strategic investments) is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors; by reference to market valuations for similar entities quoted in an active market; the price at which similar companies have changed ownership; or from published net asset values ('NAV') received. If necessary, adjustments are made to the NAV of funds to obtain the best estimate of fair value.

Structured notes

The fair value of Level 3 structured notes is derived from the fair value of the underlying debt security, and the fair value of the embedded derivative is determined as described in the section below on derivatives. These structured notes comprise principally equity-linked notes and rate-linked notes, issued by HSBC Continental Europe, which provide the counterparty with a return linked to the performance of equity securities and other portfolios. Examples of the unobservable parameters include long-dated equity volatilities and correlations between equity prices, and interest and foreign exchange rates.

Derivatives

Over-the-counter (i.e. non-exchange traded) derivatives valuation models calculate the present value of expected future cash flows, based upon 'no-arbitrage' principles. For many vanilla derivative products, such as interest rate swaps and European options, the modelling approaches used are standard across the industry. For more complex derivative products, there may be some divergence in market practice. Inputs to valuation models are determined from observable market data wherever possible, including prices available from exchanges, dealers, brokers or providers of consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures. Finally, some inputs are not observable, but can generally be estimated from historic data or other sources.

Bonds and Loans

The fair value input for bonds and secondary market loans is price, determined utilising market standard valuation techniques such as price-based, discounted cash flows, and internal models. Where uncertainty of inputs and assumptions exist in the determination of a fair value price and are significant, the position will be considered Level 3. Examples of such inputs are credit spreads, interest rate spreads, choice of comparables, earning projections and liquidity/ observability of the underlying currency.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

	Assets				Liabilities		
	Financial Investments	**Trading assets**	**Designated and otherwise mandatorily measured at fair value through profit or loss**	**Derivatives**	**Trading liabilities**	**Designaed at fair value**	**Derivatives**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
At 1 Jan 2025	**1,088**	**166**	**252**	**251**	**—**	**1,487**	**281**
Total gains/(losses) on assets and total (gains)/ losses on liabilities recognised in profit or loss	**—**	**(1)**	**(10)**	**145**	**—**	**224**	**(238)**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis[1]	**—**	**(1)**	**—**	**145**	**—**	**224**	**(238)**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**(4)**	**—**	**—**	**—**	**—**
– other income/ (losses)	**—**	**—**	**(6)**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income	**12**	**—**	**—**	**—**	**—**	**—**	**—**
Purchases	**101**	**29**	**—**	**—**	**—**	**—**	**—**
New issuances	**—**	**—**	**—**	**—**	**—**	**942**	**—**
Sales	**(25)**	**(25)**	**(1)**	**—**	**—**	**—**	**—**
Settlements	**(27)**	**(115)**	**(49)**	**(136)**	**—**	**(272)**	**325**
Transfer out	**(1,131)**	**(22)**	**—**	**(91)**	**—**	**(962)**	**(93)**
Transfer in	**—**	**—**	**—**	**32**	**—**	**92**	**59**
At 31 Dec 2025	**18**	**32**	**192**	**201**	**—**	**1,511**	**334**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2025	**—**	**(1)**	**(6)**	**62**	**—**	**(197)**	**(149)**
– net income/(losses) from financial instruments	**—**	**(1)**	**—**	**62**	**—**	**—**	**(149)**
– other income/ (losses)	**—**	**—**	**(6)**	**—**	**—**	**(197)**	**—**
At 1 Jan 2024	797	240	2,172	178	—	1,523	256
Total gains/(losses) on assets and total (gains)/ losses on liabilities recognised in profit or loss	—	(2)	(15)	161	—	131	156
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	(2)	—	161	—	131	156
– net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	(41)	—	—	—	—
– other income/ (losses)	—	—	26	—	—	—	—
Total gains/(losses) recognised in other comprehensive income	(10)	—	—	—	—	—	—
Purchases	1,222	11	339	—	—	—	—
New issuances	—	—	—	—	—	771	—
Sales	(41)	(29)	(30)	—	—	—	—
Settlements[1]	(732)	(11)	(2,242)	(98)	—	(604)	(151)
Transfer out	(148)	(44)	(7)	(81)	—	(754)	(74)
Transfer in	—	1	35	91	—	420	94
At 31 Dec 2024	1,088	166	252	251	—	1,487	281
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2024	—	(2)	27	112	—	(14)	(94)
– net income/(losses) from financial instruments	—	(2)	—	112	—	—	(94)
– other income/ (losses)	—	—	27	—	—	(14)	—

1 "Settlements" in 2024 includes re-classification to held for sale of financial investments of EUR 486 million and financial assets designated and otherwise mandatorily measured at fair value through profit or loss of EUR 2.5 billion, related to the planned sale of the life insurance business in France.

Effects of changes in significant unobservable assumptions to reasonably possible alternatives

Sensitivity of Level 3 fair values to reasonably possible alternative assumptions

	At 31 Dec 2025				At 31 Dec 2024			
	Reflected in profit or loss		Reflected in other comprehensive Income		Reflected in profit or loss		Reflected in other comprehensive Income	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m	€m	€m	€m	€m
Derivatives/trading assets/ trading liabilities[1]	14	(14)	—	—	11	(11)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value	48	(49)	—	—	22	(22)	—	—
Financial investments	—	—	1	(1)	—	—	3	(6)
Total	62	(63)	1	(1)	33	(33)	3	(6)

1 Derivatives, trading assets and trading liabilities are presented as one category to reflect the manner in which these financial instruments are risk-managed.

Sensitivity of Level 3 fair values to reasonably possible alternative assumptions by instrument type

	Reflected in profit or loss		Reflected in OCI	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	€m	€m	€m	€m
At 31 Dec 2025				
Private equity including strategic investments	41	(42)	1	(1)
Structured notes	7	(7)	—	—
Derivatives	13	(13)	—	—
Bonds	—	—	—	—
Loans	1	(1)	—	—
Other portfolios	—	—	—	—
Total	62	(63)	1	(1)
At 31 Dec 2024				
Private equity including strategic investments	15	(15)	1	(1)
Structured notes	7	(7)	—	—
Derivatives	10	(10)	—	—
Bonds	—	—	2	(5)
Loans	1	(1)	—	—
Other portfolios	—	—	—	—
Total	33	(33)	3	(6)

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95 per cent confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value[1]				2025 Full range of inputs		2024 Full range of inputs	
	Assets €m	Liabilities €m	Valuation technique	Key unobservable inputs	Lower %	Higher %	Lower %	Higher %
Private equity including strategic investments	211	1	Price - Net asset value	Current Value/Cost	—	1	—	1
Structured notes	—	1,510						
– equity-linked notes	—	1,087	Model - Option model	Equity Volatility	15	25	14	18
			Model - Option model	Equity / Equity and Equity Index Correlation	29	100	26	99
– FX-linked notes	—	—	Model - Option model	FX Volatility	—	—	—	—
– other	—	423						
Derivatives	201	334						
Interest rate derivatives	119	200						
– securitisation swaps	3	65	Model - DCF[2]	Constant Prepayment Rate	5	10	5	10
– long-dated swaptions	—	—	Model - Option model	IR Volatility	—	—	—	—
– other	116	135						
Foreign exchange derivatives	14	14						
– foreign exchange options	2	3	Model - Option model	FX Volatility	4	14	4	14
– foreign exchange other	12	11						
Equity derivatives	68	113						
– long-dated single stock options	—	—	Model - Option model	Equity Volatility	—	—	—	—
– other	68	113						
Credit derivatives	—	7						
– other	—	7						
Bonds	—	—	Market proxy	Mid quotes	—	—	—	—
Loans	31	—	Market proxy	Mid quotes	—	—	—	—
Other portfolio	—	—						
At 31 Dec 2025	443	1,845						

1 Including Level 3 balances with HSBC entities.
2 Discounted cash flow.

Private equity including strategic investments

Given the bespoke nature of the analysis in respect of each holding, it is not practical to quote a range of key unobservable inputs. The key unobservable inputs would be price and correlation. The valuation approach includes using a range of inputs that include company specific financials, traded comparable companies multiples, published net asset values and qualitative assumptions, which are not directly comparable or quantifiable.

Prepayment rates

Prepayment rates are a measure of the anticipated future speed at which a loan portfolio will be repaid in advance of the due date. They vary according to the nature of the loan portfolio and expectations of future market conditions, and may be estimated using a variety of evidence, such as prepayment rates implied from proxy observable security prices, current or historical prepayment rates and macroeconomic modelling.

Market proxy

Market proxy pricing may be used for an instrument for which specific market pricing is not available, but evidence is available in respect of instruments that have some characteristics in common. In some cases it might be possible to identify a specific proxy, but more generally evidence across a wider range of instruments will be used to understand the factors that influence current market pricing and the manner of that influence.

Volatility

Volatility is a measure of the anticipated future variability of a market price. It varies by underlying reference market price, and by strike and maturity of the option.

Certain volatilities, typically those of a longer-dated nature, are unobservable and estimated from observable data. The range of unobservable volatilities reflects the wide variation in volatility inputs by reference market price. The core range is significantly narrower than the full range because these examples with extreme volatilities occur relatively rarely within the HSBC Continental Europe portfolio.

Correlation

Correlation is a measure of the inter-relationship between two market prices, and is expressed as a number between minus one and one. It is used to value more complex instruments where the payout is dependent upon more than one market price. There is a wide range of instruments for which correlation is an input, and consequently a wide range of both same-asset correlations and cross-asset correlations is used. In general, the range of same-asset correlations will be narrower than the range of cross-asset correlations.

Unobservable correlations may be estimated based upon a range of evidence, including consensus pricing services, HSBC Continental Europe trade prices, proxy correlations and examination of historical price relationships. The range of unobservable correlations quoted in the table reflects the wide variation in correlation inputs by market price pair.

Credit spread

Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality. In a discounted cash flow model, the credit spread increases the discount factors applied to future cash flows, thereby reducing the value of an asset. Credit spreads may be implied from market prices and may not be observable in more illiquid markets.

Inter-relationships between key unobservable inputs

Key unobservable inputs to Level 3 financial instruments may not be independent of each other. As described above, market variables may be correlated. This correlation typically reflects the manner in which different markets tend to react to macroeconomic or other events. Furthermore, the effect of changing market variables on the HSBC Continental Europe portfolio will depend on its net risk position in respect of each variable.

14 Fair values of financial instruments not carried at fair value

Fair value of financial instruments not carried at fair value and basis of valuation

		Fair value			
	Carrying amount	Level 1 – Quoted market price	Level 2 – Using observable inputs	Level 3 – Significant unobservable inputs	Total
	€m	€m	€m	€m	€m
At 31 Dec 2025					
Assets					
Loans and advances to banks	**5,715**	**—**	**5,715**	**—**	**5,715**
Loans and advances to customers	**42,835**	**—**	**—**	**42,837**	**42,837**
Reverse repurchase agreements – non-trading	**29,308**	**—**	**29,308**	**—**	**29,308**
Financial investments – at amortised cost	**8,124**	**7,166**	**994**	**—**	**8,160**
Liabilities					
Deposits by banks	**14,514**	**—**	**14,514**	**—**	**14,514**
Customer accounts	**97,107**	**—**	**97,113**	**—**	**97,113**
Repurchase agreements – non-trading	**14,486**	**—**	**14,486**	**—**	**14,486**
Debt securities in issue	**14,129**	**—**	**14,275**	**—**	**14,275**
Subordinated liabilities	**1,894**	**—**	**1,964**	**—**	**1,964**
At 31 Dec 2024					
Assets					
Loans and advances to banks	5,703	—	5,703	—	5,703
Loans and advances to customers[1]	51,288	—	—	50,159	50,159
Reverse repurchase agreements – non-trading	25,764	—	25,764	—	25,764
Financial investments – at amortised cost	3,338	2,363	965	—	3,328
Liabilities					
Deposits by banks	11,820	—	11,820	—	11,820
Customer accounts	97,065	—	97,078	—	97,078
Repurchase agreements – non-trading	12,344	—	12,344	—	12,344
Debt securities in issue	15,257	—	15,367	—	15,367
Subordinated liabilities	1,941	—	1,993	—	1,993

1 Includes retained portfolio of French home and other loans following the sale of retail banking operations in France, with carrying amount of EUR 6.7 billion.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and balances at central banks which is measured at amortised cost.

Valuation

The fair value measurement is HSBC Continental Europe's estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It does not reflect the economic benefits and costs expected to flow from the instruments' cash flows over their expected future lives. Other reporting entities may use different valuation methodologies and assumptions in determining fair values for which no observable market prices are available.

Loans and advances to banks and customers

The fair value of loans and advances is based on observable market transactions, where available. In the absence of observable market transactions, fair value is estimated using valuation models that incorporate a range of input assumptions. These assumptions may include value estimates from third-party brokers which reflect over-the-counter trading activity; forward-looking discounted cash flow models using assumptions which HSBC Continental Europe believes are consistent with those which would be used by market participants in valuing such loans; and trading inputs from other market participants which includes observed primary and secondary trades.

Loans are grouped, as far as possible, into homogeneous groups and stratified by loans with similar characteristics to improve the accuracy of estimated valuation outputs. The stratification of a loan book considers all material factors, including vintage, origination period, estimates of future interest rates, prepayment speeds, delinquency rates, loan-to-value ratios, the quality of collateral, default probability, and internal credit risk ratings.

The fair value of a loan reflects both loan impairments at the balance sheet date and estimates of market participants' expectations of credit losses over the life of the loans, and the fair value impact of repricing between origination and the balance sheet date.

Financial investments

The fair values of listed financial investments are determined using bid market prices. The fair values of unlisted financial investments are determined using valuation techniques that incorporate the prices and future earnings streams of equivalent quoted securities.

Deposits by banks and customer accounts

Fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. The fair value of a deposit repayable on demand is approximated by its carrying value.

Debt securities in issue and subordinated liabilities

Fair values are determined using quoted market prices at the balance sheet date where available, or by reference to quoted market prices for similar instruments.

Repurchase and reverse repurchase agreements – non-trading

Fair values approximate carrying amounts as their balances are generally short dated.

15 Financial assets designated and otherwise mandatorily measured at fair value through profit or loss

	2025	2024
	Designated at fair value and otherwise mandatorily measured at fair value	Designated at fair value and otherwise mandatorily measured at fair value
	€m	€m
Securities	**974**	1,039
– treasury and other eligible bills	**—**	10
– debt securities	**216**	279
– equity securities	**758**	750
Loans and advances to banks and customers	**—**	—
Other[1]	**645**	524
Year ended 31 Dec	**1,619**	1,563

1 Includes default fund contribution.

16 Derivatives

Notional contract amounts and fair values of derivatives by product contract type held by HSBC Continental Europe

	Notional contract amount		**Fair value – Assets**			**Fair value – Liabilities**		
	Trading	**Hedging**	**Trading**	**Hedging**	**Total**	**Trading**	**Hedging**	**Total**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Foreign exchange	**1,223,781**	**252**	**8,335**	**36**	**8,371**	**8,461**	**—**	**8,461**
Interest rate	**3,655,604**	**41,382**	**44,319**	**45**	**44,364**	**36,160**	**116**	**36,276**
Equities	**143,345**	**—**	**965**	**—**	**965**	**1,501**	**—**	**1,501**
Credit	**17,414**	**—**	**163**	**—**	**163**	**224**	**—**	**224**
Commodity and other	**2,336**	**—**	**258**	**—**	**258**	**258**	**—**	**258**
Gross total fair values	**5,042,480**	**41,634**	**54,040**	**81**	**54,121**	**46,604**	**116**	**46,720**
Offset (Note 28)	**—**	**—**	**(13,542)**	**—**	**(13,542)**	**(13,542)**	**—**	**(13,542)**
At 31 Dec 2025	**5,042,480**	**41,634**	**40,498**	**81**	**40,579**	**33,062**	**116**	**33,178**
Foreign exchange	1,307,338	261	15,988	9	15,997	15,794	—	15,794
Interest rate	4,351,904	39,993	40,933	89	41,022	39,647	67	39,714
Equities	135,643	—	948	—	948	1,025	—	1,025
Credit	6,708	—	54	—	54	93	—	93
Commodity and other	2,095	—	69	—	69	70	—	70
Gross total fair values	5,803,688	40,254	57,992	98	58,090	56,629	67	56,696
Offset (Note 28)	—	—	(14,839)	—	(14,839)	(14,839)	—	(14,839)
At 31 Dec 2024	5,803,688	40,254	43,153	98	43,251	41,790	67	41,857

The notional contract amounts of derivatives held for trading purposes and derivatives designated in hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

Derivative asset and liability fair values decreased during 2025, driven mainly by yield curve movements and changes in foreign exchange rates.

Use of derivatives

HSBC Continental Europe undertakes derivatives activity for three primary purposes: to create risk management solutions for clients, to manage the portfolio risks arising from client business and to manage and hedge our own risks.

Trading derivatives

Most of HSBC Continental Europe's derivative transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities include market-making and risk management. Market-making entails quoting bid and offer prices to other market participants for the purpose of generating revenues based on spread and volume. Risk management activity is undertaken to manage the risk arising from client transactions, with the principal purpose of retaining client margin.

Derivatives valued using models with unobservable inputs

The difference between the fair value at initial recognition (the transaction price) and the value that would have been derived had the valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is in the following table:

Unamortised balance of derivatives valued using models with significant unobservable inputs

	2025	2024
	€m	€m
Unamortised balance at 1 Jan	**2**	4
Deferral on new transactions	**6**	—
Recognised in the income statement during the year:	**(7)**	(2)
– amortisation	**(7)**	(2)
– subsequent to unobservable inputs becoming observable	**—**	—
– maturity, termination or offsetting derivative	**—**	—
– risk hedged	**—**	—
Exchange differences and other	**—**	—
At 31 Dec	**1**	2

Hedge Accounting derivatives

HSBC Continental Europe uses derivatives (principally interest rate swaps) for hedging purposes in the management of its own asset and liability portfolios and structural positions. This enables us to optimise the overall cost of accessing debt capital markets, and to mitigate the market risk which would otherwise arise from structural imbalances in the maturity and other profiles of its assets and liabilities.

The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and the type of hedge transactions. Derivatives may qualify as hedges for accounting purposes if they are fair value hedges, or cash flow hedges, or hedges in net investment of foreign operations. These are described under the relevant headings below.

Fair value hedges

HSBC Continental Europe's fair value hedges principally consist of interest rate swaps that are used to protect against changes due to movements in market interest rates in the fair value of fixed-rate long-term financial instruments of portfolio and fixed rates loans. For qualifying fair value hedges, all changes in the fair value of the derivative and in the fair value of the item in relation to the risk being hedged are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortised to the income statement as a yield adjustment over the remainder of the hedging period.

Hedging instrument by hedged risk

	Hedging Instrument				
		Carrying amount			
	Notional amount[1]	Assets	Liabilities	Balance sheet presentation	Change in fair value
Hedged Risk	**€m**	**€m**	**€m**		**€m**
Interest rate[2]	**13,501**	**45**	**114**	**Derivatives**	**(93)**
At 31 Dec 2025	**13,501**	**45**	**114**		**(93)**
Interest rate[2]	13,334	89	64	Derivatives	(102)
At 31 Dec 2024	13,334	89	64		(102)

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.
2 The hedged risk 'interest rate' includes inflation risk.

Hedged item by hedged risk

	Hedged Item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount					
	Assets	Liabilities	Assets	Liabilities	Balance sheet presentation	Change in fair value[1]	Recognised in profit and loss	Profit and loss presentation
Hedged Risk	**€m**	**€m**	**€m**	**€m**		**€m**	**€m**	
Interest rate[2]	**13,817**	**—**	**97**	**—**	**Financial assets at fair value through other comprehensive income**	**82**	**(8)**	**Net income from financial instruments held for trading or managed on a fair value basis**
	—	**—**	**—**	**—**	**L&A to Banks**	**—**		
	208	**—**	**(4)**	**—**	**L&A to Customers**	**3**		
	—	**—**	**—**	**—**	**Reverse repurchase agreements non-trading**	**—**		
	—	**—**	**—**	**—**	**HTC (Amortised Cost)**	**—**		
	—	**33**	**—**	**(4)**	**Debt securities in issue**	**—**		
	—	**—**	**—**	**—**	**Subordinated liabilities and deposits by Banks**	**—**		
At 31 Dec 2025	**14,025**	**33**	**93**	**(4)**		**85**	**(8)**	
Interest rate[2]	13,149	—	6	—	Financial assets at fair value through other comprehensive income	87	(3)	Net income from financial instruments held for trading or managed on a fair value basis
	—	—	—	—	L&A to Banks	—		
	435	—	(8)	—	L&A to Customers	12		
	—	—	—	—	Reverse repurchase agreements non-trading	—		
	—	—	—	—	HTC (Amortised Cost)	—		
	—	33	—	(4)	Debt securities in issue	—		
	—	—	—	—	Subordinated liabilities and deposits by Banks	—		
At 31 Dec 2024	13,584	33	(2)	(4)		99	(3)	

1 Used in effectiveness assessment; comprising amount attributable to the designated hedged risk that can be a risk component.
2 The hedged risk 'interest rate' includes inflation risk.

Cash flow hedges

HSBC Continental Europe's cash flow hedging instruments consist principally of interest rate swaps and cross-currency swaps that are used to manage the variability in future interest cash flows of non-trading financial assets and liabilities, arising due to changes in market interest rates and foreign-currency basis.

HSBC Continental Europe applies macro cash flow hedging for interest-rate risk exposures on portfolios of replenishing current and forecasted issuances of non-trading assets and liabilities that bear interest at variable rates, including rolling such instruments. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate cash flows representing both principal balances and interest cash flows across all portfolios are used to determine the effectiveness and ineffectiveness. Macro cash flow hedges are considered to be dynamic hedges.

Hedging instrument by hedged risk

	Hedging Instrument					Hedged Item	Ineffectiveness	
	Notional amount[1]	Carrying amount		Balance sheet presentation	Change in fair value[2]	Change in fair value[3]	Recognised in profit and loss	Profit and loss presentation
		Assets	Liabilities					
Hedged Risk	**€m**	**€m**	**€m**		**€m**	**€m**	**€m**	
Foreign currency	**252**	**36**	**—**	**Derivatives**	**6**	**6**	**—**	**Net income from financial instruments held for trading or managed on a fair value basis**
Interest rate	**27,881**	**—**	**2**		**(126)**	**(122)**	**(4)**	
At 31 Dec 2025	**28,133**	**36**	**2**		**(120)**	**(116)**	**(4)**	

Hedging instrument by hedged risk (continued)

	Hedging Instrument				Hedged Item		Ineffectiveness	
	Notional amount[1]	Carrying amount		Balance sheet presentation	Change in fair value[2]	Change in fair value[3]	Recognised in profit and loss	Profit and loss presentation
		Assets	Liabilities					
Hedged Risk	€m	€m	€m		€m	€m	€m	
Foreign currency	261	9	—	Derivatives	2	2	—	Net income from financial instruments held for trading or managed on a fair value basis
Interest rate	26,659	1	3		(104)	(113)	9	
At 31 Dec 2024	26,920	10	3		(102)	(111)	9	

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk.
2 Used in effectiveness testing; comprising the full fair value change of the hedging instrument not excluding any component.
3 Used in effectiveness assessment; comprising amount attributable to the designated hedged risk that can be a risk component.

Sources of hedge ineffectiveness may arise from basis risk including, but not limited to timing differences between the hedged items and hedging instruments, and hedges using instruments with a non-zero fair value.

Analysis of other comprehensive income by risk type

	Interest rate	**Foreign Currency**
	€m	**€m**
Cash flow hedging reserve at 1 Jan 2025	**23**	**—**
Fair value gains/(losses)	**(122)**	**6**
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of hedged items that has affected profit or loss	**9**	**(6)**
Income taxes	**28**	**—**
Others	**—**	**—**
Cash flow hedging reserve at 31 Dec 2025	**(62)**	**—**
Cash flow hedging reserve at 1 Jan 2024	(63)	—
Fair value gains/(losses)	(113)	2
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of hedged items that has affected profit or loss	230	(2)
Income taxes	(31)	—
Others	—	—
Cash flow hedging reserve at 31 Dec 2024	23	—

17 Financial investments

Carrying amount of financial investments

	2025	2024
	€m	€m
Financial investments measured at fair value through other comprehensive income	**19,879**	17,402
– treasury and other eligible bills	**2,416**	893
– debt securities	**17,054**	16,074
– equity securities	**46**	27
– other instruments	**363**	408
Debt instruments measured at amortised cost	**8,124**	3,338
– debt securities	**8,124**	3,338
At 31 Dec	**28,003**	20,740

Equity instruments measured at fair value through other comprehensive income

	2025		2024	
	Fair value	**Dividends recognised**	Fair value	Dividends recognised
Type of equity instruments	**€m**	**€m**	€m	€m
Business facilitation	**28**	**—**	11	1
Investments required by central institutions	**18**	**—**	16	—
At 31 Dec	**46**	**—**	27	1

18 Assets pledged, collateral received and assets transferred

Assets pledged[1]

Financial assets pledged as collateral

	2025	2024
	€m	€m
Treasury bills and other eligible securities	**2,246**	1,231
Loans and advances to customers	**770**	759
Debt securities	**18,257**	12,967
Equity securities	**271**	363
Other	**9,939**	14,836
Assets pledged at 31 Dec	**31,483**	30,156

The amount of assets pledged to secure liabilities may be greater than the book value of assets utilised as collateral. For example, in the case of securitisations and covered bonds, the amount of liabilities issued, plus mandatory over-collateralisation, is less than the book value of the pool of assets available for use as collateral. This is also the case where assets are placed with a custodian or a settlement agent that has a floating charge over all the assets placed to secure any liabilities under settlement accounts.

These transactions are conducted under terms that are usual and customary to collateralised transactions including, where relevant, standard securities lending and borrowing, repurchase agreements and derivative margining.

HSBC Continental Europe places both cash and non-cash collateral in relation to derivative transactions.

Financial assets pledged as collateral that the counterparty has the right to sell or repledge

	2025	2024
	€m	€m
Trading assets	**18,134**	13,575
Financial investments	**1,808**	224
At 31 Dec	**19,942**	13,799

Collateral received[1]

The fair value of financial assets accepted as collateral, relating primarily to standard securities lending, reverse repurchase agreements and derivative margining, that HSBC Continental Europe is permitted to sell or repledge in the absence of default was EUR 85,689 million at 31 December 2025 (EUR 61,419 million at 31 December 2024).

The fair value of any such collateral sold or repledged was EUR 55,902 million at 31 December 2025 (EUR 43,830 million at 31 December 2024). HSBC Continental Europe is obliged to return equivalent securities.

These transactions are conducted under terms that are usual and customary to standard securities lending, reverse repurchase agreements and derivative margining.

Assets transferred[1]

The assets pledged include transfers to third parties that do not qualify for derecognition, notably secured borrowings such as debt securities held by counterparties as collateral under repurchase agreements and equity securities lent under securities lending agreements, as well as swaps of equity and debt securities. For secured borrowings, the transferred asset collateral continues to be recognised in full and a related liability, reflecting HSBC Continental Europe's obligation to repurchase the assets for a fixed price at a future date is also recognised on the balance sheet. Where securities are swapped, the transferred asset continues to be recognised in full. There is no associated liability as the non-cash collateral received is not recognised on the balance sheet. HSBC Continental Europe is unable to use, sell or pledge the transferred assets for the duration of these transactions, and remains exposed to interest rate risk and credit risk on these pledged assets. The counterparty's recourse is not limited to the transferred assets.

Transferred financial assets not qualifying for full derecognition and associated financial liabilities

	Carrying amount of:	
	Transferred assets	**Associated liabilities**
	€m	€m
Repurchase agreements	**16,932**	**16,959**
Securities lending agreements	**3,010**	**1**
At 31 Dec 2025	**19,942**	**16,960**
Repurchase agreements	10,834	10,837
Securities lending agreements	2,965	—
At 31 Dec 2024	13,799	10,837

1 Excludes assets classified as held for sale.

19 Related information on foreign subsidiaries and branches country by country

Related information on foreign subsidiaries and branches country by country required by the directive 2013/36/UE ('CRD IV') has been transposed in article L. 511-45 of the French Monetary and Financial Code.

	Revenue (continuing operations)[1]	Profit/(loss) Before Tax (continuing operations)	Current Tax (continuing operations)	Deferred Tax (continuing operations)	Public subsidies received	Number of employees (Full Time Equivalent)
	€m	€m	€m	€m	€m	
At 31 Dec 2025						
HSBC Continental Europe	**3,683**	**725**	**(286)**	**222**	**—**	**6,101**
– France	**1,548**	**39**	**(51)**	**172**	**—**	**2,453**
– Germany	**1,105**	**135**	**(101)**	**41**	**—**	**1,969**
– Malta	**222**	**109**	**(37)**	**(1)**	**—**	**865**
– Ireland	**177**	**138**	**(20)**	**—**	**—**	**110**
– Luxembourg	**170**	**81**	**(19)**	**—**	**—**	**197**
– Netherlands	**144**	**114**	**(30)**	**—**	**—**	**63**
– Poland	**88**	**60**	**(13)**	**2**	**—**	**62**
– Spain	**75**	**26**	**(8)**	**—**	**—**	**91**
– Italy	**42**	**6**	**(1)**	**—**	**—**	**59**
– Belgium	**23**	**11**	**(3)**	**—**	**—**	**20**
– Czech Republic	**22**	**9**	**(2)**	**—**	**—**	**48**
– Sweden	**11**	**3**	**—**	**—**	**—**	**21**
– Greece	**—**	**(2)**	**—**	**—**	**—**	**—**
– Others[2]	**56**	**(4)**	**(1)**	**8**	**—**	**143**
At 31 Dec 2024[3]						
HSBC Continental Europe	3,547	1,138	(179)	(227)	—	6,739
– France	1,478	317	32	(231)	—	2,837
– Germany	986	196	(73)	14	—	2,155
– Malta	263	163	(49)	(6)	—	860
– Ireland	177	135	(16)	—	—	112
– Luxembourg	171	73	(17)	—	—	205
– Netherlands	135	108	(28)	—	—	71
– Poland	94	67	(12)	—	—	92
– Spain	75	43	(2)	(8)	—	101
– Italy	50	18	(5)	—	—	61
– Belgium	27	15	(5)	—	—	21
– Czech Republic	27	13	(3)	—	—	48
– Sweden	9	2	—	—	—	22
– Greece	—	—	—	—	—	—
– Others[2]	55	(12)	(1)	4	—	154

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 Others include HSBC Private Bank (Luxembourg) S.A. post its acquisition on 2 November 2023.
3 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

The list of subsidiaries by country detailing the names of entities, nature of activity and geographical location, is presented in the Note 36 on pages 256 to 257. The addresses of main locations abroad are presented on page 307.

20 Structured entities

Consolidated structured entities by HSBC Continental Europe

Total assets of HSBC Continental Europe's consolidated structured entities, split by entity type

	Conduits	Securitisations	HSBC managed funds	Other	Total
	€m	€m	€m	€m	€m
At 31 Dec 2025	**—**	**—**	**134**	**227**	**361**
At 31 Dec 2024	—	—	5,028	509	5,537

General policy

A structured entity is an entity designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual arrangements. Thus, these entities have a limited scope of activities and a well-defined purpose.

Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 1.

HSBC Continental Europe is involved directly or indirectly with structured entities mainly through securitisation of financial assets, conduits and investment funds.

Group arrangements that involve structured entities are authorised centrally when they are established to ensure appropriate purpose and governance. The activities of structured entities administered by HSBC Continental Europe are closely monitored by senior management. HSBC Continental Europe has involvement with both consolidated and unconsolidated structured entities, which may be established by the HSBC Group or by a third party, detailed below.

Securitisations

HSBC Continental Europe has interests in consolidated securitisation vehicles through holding notes issued by these entities.

HSBC managed funds

HSBC Continental Europe together with other HSBC entities has established and managed a number of money market and non-money market investment funds in order to offer its customer investment opportunities. Where it is deemed to be acting as principal rather than agent in its role as investment manager, HSBC Continental Europe will control and hence consolidate these funds.

HSBC Continental Europe, as fund manager, may be entitled to receive management and performance fees based on the assets under management. HSBC Continental Europe may also retain units in these funds.

Non-HSBC managed funds

HSBC Continental Europe purchases and holds units of third party managed funds in order to facilitate business and meet customer needs.

HSBC Continental Europe sponsored structured entities

The amount of assets transferred to and income received from such sponsored entities during 2025 and 2024 was not significant.

Others

HSBC Continental Europe also enters into a number of transactions in the normal course of business, including asset and structured finance transactions where it has control of the structured entity.

Unconsolidated structured entities by HSBC Continental Europe

The term ‘unconsolidated structured entities’ refers to all structured entities that are not controlled by the HSBC Group. It includes interests in structured entities that are not consolidated. The HSBC Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

The table below shows the total assets of unconsolidated structured entities in which the HSBC Group has an interest at the reporting date, as well as the HSBC Group’s maximum exposure to loss in relation to those interests.

Nature and risks associated with HSBC Continental Europe interests in unconsolidated structured entities

	Securitisations	HSBC managed funds	Non-HSBC managed funds	Other	Total
Total asset values of the entities (€m)					
0 – 500	**—**	**46**	**14**	**4**	**64**
500 – 2,000	**—**	**3**	**17**	**—**	**20**
2,000 – 5,000	**—**	**6**	**7**	**—**	**13**
5,000 – 25,000	**—**	**4**	**6**	**—**	**10**
25,000+	**—**	**2**	**2**	**—**	**4**
Number of entities at 31 Dec 2025	**—**	**61**	**46**	**4**	**111**
	€m	**€m**	**€m**	**€m**	**€m**
Total assets in relation to HSBC Continental Europe's interests in the unconsolidated structured entities	**—**	**270**	**232**	**5**	**507**
– trading assets	**—**	**1**	**—**	**—**	**1**
– financial assets designated and otherwise mandatorily measured at fair value	**—**	**257**	**231**	**—**	**488**
– financial investments	**—**	**12**	**1**	**5**	**18**
Total liabilities in relation to HSBC Continental Europe’s interests in the unconsolidated structured entities	**—**	**3**	**1**	**—**	**4**
HSBC Continental Europe's maximum exposure at 31 Dec 2025	**—**	**267**	**231**	**5**	**503**
Total asset values of the entities (€m)					
0 – 500	—	101	128	3	232
500 – 2,000	—	18	68	—	86
2,000 – 5,000	—	8	35	—	43
5,000 – 25,000	—	5	17	—	22
25,000+	—	1	2	—	3
Number of entities at 31 Dec 2024[1]	—	133	250	3	386

Nature and risks associated with HSBC Continental Europe interests in unconsolidated structured entities (continued)

	Securitisations	HSBC managed funds	Non-HSBC managed funds[1]	Other	Total
	€m	€m	€m	€m	€m
Total assets in relation to HSBC Continental Europe's interests in the unconsolidated structured entities[1]	—	4,139	2,081	—	6,220
– trading assets	—	1	—	—	1
– financial assets designated and otherwise mandatorily measured at fair value[1]	—	248	222		470
– financial investment	—	6	—	—	6
– assets held for sale[2]	—	3,884	1,859	—	5,743
Total liabilities in relation to HSBC Continental Europe's interests in the unconsolidated structured entities	—	7	—	—	7
HSBC Continental Europe's maximum exposure at 31 Dec 2024[1]	—	4,132	2,081	—	6,213

1 Following the identification of an error relating the structured entities, the comparative figures as at 31 December 2024 have been restated. The impact is on non-HSBC managed funds, resulting in an increase in number of non-HSBC managed funds by 43. Additionally, total assets associated with HSBC Continental Europe's interests in unconsolidated structured entities, as reported under financial assets designated and otherwise mandatorily measured at fair value, increased by EUR 208 million.
2 The assets held for sale in 2024 represent the disposal group associated with the planned sale of the life insurance business in France, which was completed on 31 October 2025.

The maximum exposure to loss from HSBC Continental Europe's interests in unconsolidated structured entities represents the maximum loss it could incur as a result of its involvement with unconsolidated structured entities regardless of the probability of the loss being incurred.

- For commitments and guarantees, and written credit default swaps, the maximum exposure of HSBC Continental Europe to loss is the notional amount of potential future losses.
- For retained and purchased investments and loans to unconsolidated structured entities, the maximum exposure of HSBC Continental Europe loss is the carrying value of these interests at the balance sheet reporting date.

The maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements entered into to mitigate HSBC Continental Europe's exposure to loss.

21 Goodwill and intangible assets

	2025	2024
	€m	€m
Goodwill	**64**	66
Other intangible assets	**255**	153
At 31 Dec	**319**	219

Goodwill

Movement analysis of goodwill

	2025	2024
	€m	€m
Gross amount		
At 1 Jan	**358**	441
Amount written off[1]	**(12)**	(83)
At 31 Dec	**346**	358
Accumulated impairment losses		
At 1 Jan	**(292)**	(375)
Impairment charge for the year	**(2)**	—
Amount written off[1]	**12**	83
At 31 Dec	**(282)**	(292)
Net carrying amount at 31 Dec	**64**	66

1 In 2025, EUR 10 million of goodwill was written off following the sale of private banking operations in Germany and EUR 2 million following the closure of Asset Management France ('AMFR') Spanish Branch. In 2024,EUR 83 million of goodwill was written off following the sale of retail operations in France.

Impairment testing

During 2025, impairment testing was performed and EUR 2 million of impairment was recognised on Asset Management goodwill, which was subsequently written off following the closure of Asset Management France ('AMFR') Spanish Branch.

Impairment results and key assumptions in VIU calculation

	Carrying amount at 31 Dec 2025	of which goodwill	Value in use at 31 Dec 2025	Discount rate	Growth rate beyond initial cash flow projections	Carrying amount at 31 Dec 2024	of which goodwill	Value in use at 31 Dec 2024	Discount rate	Growth rate beyond initial cash flow projections
	€m	€m	€m	%	%	€m	€m	€m	%	%
Asset Management	**152**	**64**	**324**	**10.6**	**1.9**	147	66	317	10.9	1.9

Sensitivities of key assumptions in calculating VIU
Given the extent by which VIU exceeds carrying amount, the Asset Management France ('AMFR') within IWPB CGU was not sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount, as detailed under Impairment of goodwill and other non-financial assets in Note 1.2 Summary of Material Accounting Policies. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the VIU calculation, such as the external range of discount rates observable, historical performance against forecast, and risks attaching to the key assumptions underlying cash flow projections.

Other intangible assets

Other intangible assets include purchased and internally generated software. The cost of internally generated software comprises all directly attributable costs necessary to create, produce and prepare the software to be capable of operating in the manner intended by management. Costs incurred in the ongoing maintenance of software are expensed immediately as incurred.

Intangible assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. Where intangible assets have a finite useful life, they are stated at cost less amortisation and accumulated impairment losses and are amortised over their estimated useful lives. Estimated useful life is the lower of legal duration and expected useful life.

Intangible assets with finite useful lives are amortised, generally on a straight-line basis, over their useful lives as follows:

- Internally generated software — between 3 and 10 years
- Purchased software — between 3 and 10 years
- Other — generally 10 years.

The analysis of intangible assets movements at 31 December is as follows:

	Internally generated software €m	Purchased software €m	Other €m	Total €m
Cost				
At 1 Jan 2025	**616**	**100**	**1**	**717**
Additions	**170**	**6**	**—**	**176**
Disposals	**(9)**	**—**	**—**	**(9)**
Amount written off	**(5)**	**(2)**	**—**	**(7)**
Reclassified as held for sale[1]	**(10)**	**—**	**—**	**(10)**
Other changes	**1**	**—**	**(1)**	**—**
At 31 Dec 2025	**763**	**104**	**—**	**867**
Accumulated amortisation and impairment				
At 1 Jan 2025	**(472)**	**(92)**	**—**	**(564)**
Amortisation charge for the year	**(192)**	**(10)**	**(1)**	**(203)**
Impairment charge for the year	**(89)**	**(5)**	**—**	**(94)**
Reversal of Impairment	**215**	**8**	**—**	**223**
Amount written off	**5**	**2**	**—**	**7**
Disposals	**9**	**—**	**—**	**9**
Reclassified as held for sale[1]	**10**	**—**	**—**	**10**
Other changes	**(1)**	**—**	**1**	**—**
At 31 Dec 2025	**(515)**	**(97)**	**—**	**(612)**
Net carrying amount at 31 Dec 2025	**248**	**7**	**—**	**255**
Cost				
At 1 Jan 2024	446	115	13	574
Additions[2]	219	5	—	224
Disposals	(1)	—	—	(1)
Amount written off	(44)	(12)	(12)	(68)
Reclassified as held for sale[1]	—	(5)	—	(5)
Other changes	(4)	(3)	—	(7)
At 31 Dec 2024[2]	616	100	1	717
Accumulated amortisation and impairment				—
At 1 Jan 2024	(328)	(112)	(12)	(452)
Amortisation charge for the year	(30)	—	—	(30)
Impairment charge for the year[2]	(157)	—	—	(157)
Reversal of Impairment	—	—	—	—
Amount written off	44	12	12	68
Disposals	—	—	—	—
Reclassified as held for sale[1]	—	5	—	5
Other changes	(1)	3	—	2
At 31 Dec 2024[2]	(472)	(92)	—	(564)
Net carrying amount at 31 Dec 2024	144	8	1	153

1 Amounts reclassified as held for sale in 2025 correspond to assets of the fund administration services in Germany, whereas in 2024 they relate to assets of the insurance business in France.
2 The comparatives have been represented to reflect capitalisation of the internally generated software with carrying amount of EUR 154 million and accumulated impairment of EUR 154 million, which was previously expensed in the income statement.

Impairment testing

During 2025, impairment testing performed resulted in recognition of EUR 94 million of impairment. This included a EUR 64 million impairment in Germany following the announced sale of the custody and fund administration business and EUR 24 million in Malta after the announcement of the sale of HSBC Continental Europe's majority shareholding in HSBC Malta.

Furthermore, with effect from 1 January 2025, the revised operating segment structure in HSBC Continental Europe resulted in a EUR 223 million reversal of previously recognized impairment on intangible asset, offset by EUR 127 million amortization catch-up within the CIB business in France including EEA branches.

22 Prepayments, accrued income and other assets

	2025	2024
	€m	€m
Cash collateral and margin receivables	9,007	14,128
Settlement accounts and items in course of collection from other banks	1,253	1,193
Prepayments and accrued income	1,137	1,089
Bullion	—	3
Property plant and equipment	107	134
Right of use assets[1]	110	131
Reinsurance contract assets (Note 5)	4	3
Employee benefit assets (Note 6)	111	66
Endorsements and acceptances	—	1
Other accounts	955	1,250
At 31 Dec	**12,684**	17,998

1 The net value of the right of use breaks down into EUR 421 million as gross value (2024: EUR 388 million) and EUR (311) million as depreciation and provisions (2024: EUR (257) million).

Prepayments, accrued income and other assets include EUR 11,980 million (2024: EUR 17,165 million) of financial assets, the majority of which are measured at amortised cost.

Property, plant and equipment

Land and buildings are stated at historical cost, or fair value at the date of transition to IFRS, less any impairment losses and depreciation calculated as per below:

- freehold land is not depreciated;
- acquisition-related expenses on buildings are expensed in the year in which they occur, same as preliminary costs; and
- depreciation of buildings is calculated over their estimated useful lives, which are generally between 25 to 75 years.

Equipment, fixtures and fittings (including equipment on operating leases where HSBC Continental Europe is the lessor) are stated at cost less impairment losses and depreciation is calculated on a straight-line basis to write off the assets over their estimated useful lives, which are generally between 5 to 25 years. HSBC Continental Europe holds certain properties as investments to earn rentals or for capital appreciation, or both. Investment properties are included in the balance sheet at fair value with changes in fair value recognised in the income statement in the period of change. Fair values are determined by independent professional valuers who apply recognised valuation techniques. Property, plant and equipment is subject to review for impairment if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

	Freehold land and buildings[1]	Equipment, fixtures and fittings	Total
	€m	€m	€m
Cost or fair value			
At 1 Jan 2025	63	424	487
Additions at cost	3	16	19
Fair value adjustments	—	—	—
Disposals	—	(5)	(5)
Transfers	—	—	—
Other changes	(6)	(5)	(11)
Reclassified as held for sale	—	—	—
At 31 Dec 2025	60	430	490
Accumulated depreciation			
At 1 Jan 2025	(24)	(329)	(353)
Depreciation charge for the year	(1)	(35)	(36)
Disposals	—	5	5
Transfers	—	—	—
Impairment loss recognised	—	(31)	(31)
Reversal on impairment	2	19	21
Other changes	6	5	11
Reclassified as held for sale	—	—	—
At 31 Dec 2025	(17)	(366)	(383)
Net book value at 31 Dec 2025	43	64	107

	Freehold land and buildings[1]	Equipment, fixtures and fittings	Total
	€m	€m	€m
Cost or fair value			
At 1 Jan 2024	792	448	1,240
Additions at cost	3	20	23
Fair value adjustments	(65)	—	(65)
Disposals	(6)	(40)	(46)
Transfers	—	—	—
Other changes	—	—	—
Reclassified as held for sale[2]	(661)	(4)	(665)
At 31 Dec 2024	63	424	487
Accumulated depreciation			
At 1 Jan 2024	(27)	(351)	(378)
Depreciation charge for the year	—	(27)	(27)
Disposals	3	39	42
Transfers	—	—	—
Impairment loss recognised	—	(4)	(4)
Reversal on impairment	—	10	10
Other changes	—	—	—
Reclassified as held for sale[2]	—	4	4
At 31 Dec 2024	(24)	(329)	(353)
Net book value at 31 Dec 2024	39	95	134

1 Includes EUR 8 million of leasehold land and building for which the rights of use are considered sufficient to constitute control and for which there are insignificant lease liabilities (2024: EUR 13 million). They are therefore presented as owned assets.
2 Represents reclassification to held for sale related to HSBC Assurances Vie (France) in the fourth quarter of 2024.

Impairment Testing

Impairment of non-financial assets, including tangible assets and right-of-use assets is assessed in line with our policy outlined in Note 1.2(b). This involves comparing the net carrying value of Cash Generating Units (CGUs) to their recoverable amounts.

During 2025, impairment testing performed resulted in the recognition of EUR 31 million of impairment on tangible assets and EUR 28 million of impairment on right of use assets. This included EUR 18 million impairment on tangible assets, EUR 23 million impairment on right of use assets in Germany following the announcement of the sale of the custody and fund administration business and EUR 13 million impairment on tangible assets, EUR 3 million impairment on right of use assets in Malta after the announcement of the sale of HSBC Continental Europe's majority shareholding in HSBC Malta.

Furthermore, with effect from 1 January 2025, the revised operating segment structure in HSBC Continental Europe resulted in EUR 21 million reversal of previously recognized impairment on tangible assets, offset by EUR 12 million depreciation catch-up and EUR 26 million of reversal of impairment on right of use assets, offset by EUR 14 million depreciation catch-up within the CIB business in France including EEA branches.

23 Trading liabilities

	2025	2024
	€m	€m
Deposits by banks[1]	**1**	—
Customer accounts[1]	**—**	1
Other debt securities in issue	**—**	—
Other liabilities – net short positions in securities	**18,375**	16,479
At 31 Dec	**18,376**	16,480

1 'Deposits by banks' and 'Customer accounts' include repos, stock lending and other amounts.

24 Financial liabilities designated at fair value

	2025	2024
	€m	€m
Deposits by banks and customer accounts	**129**	58
Liabilities to customers under investment contracts	**166**	168
Debt securities in issue	**10,791**	9,680
At 31 Dec	**11,086**	9,906

At 31 December 2025 the carrying amount of financial liabilities designated at fair value was EUR (130) million lower than the contractual amount at maturity (at 31 December 2024: EUR (356) million lower). At 31 December 2025, the cumulative amount of change in fair value attributable to changes in credit risk was EUR 32 million (at 31 December 2024: EUR (72) million). In 2025, HSBC Continental Europe recognised a variation of EUR (112) million in other comprehensive income in respect of HSBC Continental Europe's own credit risk (at 31 December 2024: EUR (26) million).

25 Accruals, deferred income and other liabilities

	2025	2024
	€m	€m
Cash collateral and margin payables	**17,406**	13,528
Settlement accounts and items in the course of transmission to other banks	**1,031**	1,247
Accruals and deferred income	**1,127**	1,137
Lease liabilities	**166**	174
Employee benefit liabilities (Note 6)	**63**	75
Endorsements and acceptances	**—**	1
Reinsurance contract liabilities	**4**	—
Other liabilities	**1,424**	1,686
At 31 Dec	**21,221**	17,848

At 31 December 2025 Accruals, deferred income and other liabilities include EUR 20,862 million (at 31 December 2024: EUR 17,052 million), of financial liabilities, the majority of which are measured at amortised cost.

26 Provisions

	Restructuring costs[1]	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
	€m	**€m**	**€m**	**€m**	**€m**
Provisions (excluding contractual commitments)					
At 1 Jan 2025	21	7	4	82	114
Additions	**292**	**5**	**1**	**19**	**317**
Amounts utilised	**(27)**	**(2)**	**(1)**	**(16)**	**(46)**
Unused amounts reversed	**(2)**	**(1)**	**(3)**	**(2)**	**(8)**
Exchange and other movements	**—**	**1**	**—**	**(6)**	**(5)**
At 31 Dec 2025	**284**	**10**	**1**	**77**	**372**
Contractual commitments[2]					
At 1 Jan 2025					70
Net change in expected credit loss provisions and other movements					**2**
At 31 Dec 2025					**72**
Total provisions					
At 31 Dec 2024					184
At 31 Dec 2025					**444**

1 Includes restructuring provision of EUR 292 million (primarily in France EUR 155 million and Germany EUR 113 million).Further details of the provision are disclosed in section 'Significant events during the year' within Note 1 on page 211.
2 The contractual commitments provision includes off-balance sheet loan commitments and guarantees, for which expected credit losses are provided under IFRS 9. Further analysis of the movement in the expected credit loss is disclosed within the 'Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees' table under section 'Credit Risk'.

	Restructuring costs	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
	€m	€m	€m	€m	€m
Provisions (excluding contractual commitments)					
At 1 Jan 2024	78	10	4	95	187
Additions	3	3	1	22	29
Amounts utilised	(43)	(3)	—	(53)	(99)
Unused amounts reversed	(16)	(3)	(1)	(14)	(34)
Exchange and other movements	(1)	—	—	32	31
At 31 Dec 2024	21	7	4	82	114
Contractual commitments[1]					
At 1 Jan 2024					58
Net change in expected credit loss provisions and other movements					12
At 31 Dec 2024					70
Total provisions					
At 31 Dec 2023					245
At 31 Dec 2024					184

1 The contractual commitments provision includes off-balance sheet loan commitments and guarantees, for which expected credit losses are provided under IFRS 9. Further analysis of the movement in the expected credit loss is disclosed within the 'Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees' table under section 'Credit Risk'.

▶ Further details of 'Legal proceedings and regulatory matters' regarding the HSBC Group entities are set out in Note 33.

27 Subordinated liabilities

Subordinated liabilities are initially measured at fair value, which is the consideration received net of directly attributable transaction costs incurred. Subsequent measurement is at amortised cost, using the effective interest rate method to amortise the difference between proceeds net of directly attributable transaction costs and the redemption amount over the expected life of the debt, unless the instruments are designated at fair value.

	2025	2024
	€m	€m
At amortised cost	1,894	1,941
Total at 31 Dec	**1,894**	1,941

		Book value	
		2025	2024
		€m	€m
Tier 2 instruments issued by HSBC Continental Europe and its subsidiaries			
EUR 16 million	Undated subordinated variable rate notes	—	16
EUR 500 million	Floating rate Subordinated Loan maturing 2030	—	500
EUR 10 million	4.21% Subordinated Loan maturing 2025	—	10
EUR 5 million	4.21% Subordinated Loan maturing 2025	—	5
EUR 10 million	5.50% Subordinated Loan maturing 2028	—	10
EUR 200 million	Floating Rate Subordinated Loan maturing 2034	200	200
EUR 400 million	Floating Rate Subordinated Loan maturing 2035	399	400
EUR 300 million	Floating Rate Subordinated Loan maturing 2035	299	300
EUR 500 million	Floating Rate Subordinated Loan maturing 2036	498	500
EUR 500 million	Floating Rate Subordinated Loan maturing 2036	498	—
At 31 Dec		**1,894**	1,941

28 Maturity analysis of financial assets, liabilities and off-balance sheet commitments

Contractual maturity of financial liabilities

The balances in the table below do not agree directly with those in the consolidated balance sheet as the table incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading liabilities and derivatives not treated as hedging derivatives).

Undiscounted cash flows payable in relation to hedging derivative liabilities are classified according to their contractual maturities. Trading liabilities and derivatives not treated as hedging derivatives are included in the 'On demand' time bucket and not by contractual maturity.

In addition, loans and other credit-related commitments, financial guarantees and similar contracts are generally not recognised on the balance sheet. The undiscounted cash flows potentially payable under financial guarantees and similar contracts are classified on the basis of the earliest date they can be called.

Distribution of cash flows payable by maturity

	2025					
	Due not more than 1 month	Due over 1 month but not over 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	€m	€m	€m	€m	€m	€m
Deposits by banks	12,994	70	398	805	372	14,639
Customer accounts	86,425	5,509	5,141	40	114	97,229
Repurchase Agreements – non–trading	13,031	1,288	220	—	—	14,539
Trading liabilities	18,376	—	—	—	—	18,376
Financial liabilities designated at fair value	553	563	2,446	4,278	3,974	11,814
Derivatives	33,061	—	—	82	35	33,178
Debt securities in issue	2,191	1,485	2,635	7,227	1,300	14,838
Subordinated liabilities	—	—	—	973	1,114	2,087
Other financial liabilities	19,666	109	331	143	26	20,275
Liabilities of disposal groups held for sale[1]	10,625	—	—	—	—	10,625
Sub Total	**196,922**	**9,024**	**11,171**	**13,548**	**6,935**	**237,600**
Loan and other credit-related commitments	126,976	—	—	—	—	126,976
Financial guarantees[2]	1,863	—	—	—	—	1,863
Total at 31 Dec 2025	**325,761**	**9,024**	**11,171**	**13,548**	**6,935**	**366,439**
Proportion of cash flows payable in period (%)	89	2	3	4	2	

Distribution of cash flows payable by maturity (continued)

	2024					
	Due not more than 1 month	Due over 1 month but not over 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	€m	€m	€m	€m	€m	€m
Deposits by banks	10,284	58	242	979	382	11,945
Customer accounts	89,069	4,502	3,166	378	107	97,222
Repurchase Agreements – non–trading	11,262	823	303	—	—	12,388
Trading liabilities	16,480	—	—	—	—	16,480
Financial liabilities designated at fair value[3]	346	591	2,278	3,869	3,569	10,653
Derivatives	41,791	—	—	40	26	41,857
Debt securities in issue	878	1,451	4,072	6,253	3,863	16,517
Subordinated liabilities	—	—	522	240	1,422	2,184
Other financial liabilities	16,220	102	304	136	27	16,789
Liabilities of disposal groups held for sale[1]	2,037	124	111	—	1,396	3,668
Sub Total	188,367	7,651	10,998	11,895	10,792	229,703
Loan and other credit-related commitments	110,820	—	—	—	—	110,820
Financial guarantees[2]	1,950	—	—	—	—	1,950
Total at 31 Dec 2024	301,137	7,651	10,998	11,895	10,792	342,473
Proportion of cash flows payable in period (%)	88	2	3	4	3	

1 The 2025 liabilities held for sale include disposal group related to the planned sale of custody business in Germany. The 2024 liabilities held for sale include disposal group related to the planned sale of the life insurance business in France and the private banking business in Germany.
2 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.
3 Following the identification of a maturity classification error, the comparative figures as at 31 December 2024 have been restated. An amount of EUR 1.5 billion previously classified under 'Due between 1 and 5 years' has been reallocated as follows: EUR 901 million to 'Due between 3 and 12 months', EUR 362 million to 'Due after 5 years', EUR 163 million to 'Due over 1 month but not over 3 months' and EUR 41 million to 'Due not more than 1 month'.

Maturity analysis of financial assets and liabilities

The following tables provides an analysis of financial assets and liabilities by residual contractual maturity at the balance sheet date. These balances are included in the maturity analysis as follows:

- trading assets and liabilities (including trading derivatives but excluding reverse repos, repos and debt securities in issue) are included in the 'Due within 1 year' time bucket, because trading balances are typically held for short periods of time;
- financial assets and liabilities with no contractual maturity (such as equity securities) are included in the 'Due after more than 1 year' time bucket. Undated or perpetual instruments are classified based on the contractual notice period which the counterparty of the instrument is entitled to give. Where there is no contractual notice period, undated or perpetual contracts are included in the 'Due after more than 1 year' time bucket;
- financial instruments included within assets and liabilities of disposal groups held for sale are classified on the basis of the contractual maturity of the underlying instruments and not on the basis of the disposal transaction; and
- liabilities under investment contracts are classified in accordance with their contractual maturity. Undated investment contracts are included in the 'Due after more than 1 year' time bucket, however, such contracts are subject to surrender and transfer options by the policyholders.

Maturity analysis of financial assets and financial liabilities

	2025			2024		
	Due within 1 year	**Due after more than 1 year**	**Total**	Due within 1 year	Due after more than 1 year	Total
	€m	**€m**	**€m**	€m	€m	€m
Financial assets						
Cash and balances at central banks	**58,092**	**—**	**58,092**	48,907	—	48,907
Trading assets	**30,733**	**68**	**30,801**	22,840	13	22,853
Financial assets designated or otherwise mandatorily measured at fair value	**660**	**959**	**1,619**	561	1,002	1,563
Derivatives	**40,537**	**42**	**40,579**	43,162	89	43,251
Loans and advances to banks	**5,633**	**82**	**5,715**	5,460	243	5,703
Loans and advances to customers	**19,778**	**23,057**	**42,835**	18,058	33,230	51,288
Reverse repurchase agreements – non-trading	**28,283**	**1,025**	**29,308**	25,647	117	25,764
Financial investments	**6,177**	**21,826**	**28,003**	3,863	16,877	20,740
Assets held for sale[1]	**303**	**48**	**351**	3,578	21,168	24,746
Other financial assets	**11,467**	**512**	**11,979**	17,000	349	17,349
Total at 31 Dec	**201,663**	**47,619**	**249,282**	189,076	73,088	262,164

Maturity analysis of financial assets and financial liabilities (continued)

	2025			2024		
	Due within 1 year	Due after more than 1 year	Total	Due within 1 year	Due after more than 1 year	Total
	€m	€m	€m	€m	€m	€m
Financial liabilities						
Deposits by banks	**13,443**	**1,071**	**14,514**	10,564	1,256	11,820
Customer accounts	**96,953**	**154**	**97,107**	96,609	456	97,065
Repurchase agreements – non-trading	**14,486**	**—**	**14,486**	12,344	—	12,344
Trading liabilities	**18,376**	**—**	**18,376**	16,480	—	16,480
Financial liabilities designated at fair value[2]	**3,526**	**7,560**	**11,086**	3,061	6,845	9,906
Derivatives	**33,061**	**117**	**33,178**	41,791	66	41,857
Debt securities in issue	**6,303**	**7,826**	**14,129**	6,398	8,859	15,257
Liabilities of disposal groups held for sale[1]	**10,627**	**4**	**10,631**	2,279	1,398	3,677
Other financial liabilities	**20,520**	**340**	**20,860**	17,104	315	17,419
Subordinated liabilities	**—**	**1,894**	**1,894**	515	1,426	1,941
Total at 31 Dec	**217,295**	**18,966**	**236,261**	207,145	20,621	227,766

1 The 2025 assets and liabilities held for sale include disposal group related to the planned sale of custody business in Germany. The 2024 assets and liabilities held for sale include disposal group related to the planned sale of the life insurance business in France and the private banking business in Germany.
2 Following the identification of a maturity classification error, the comparative figures as at 31 December 2024 have been restated. An amount of EUR 1.1 billion previously classified under 'Due after more than 1 year' has been reallocated to 'Due within 1 year'.

▶ Further information regarding HSBC Continental Europe's liquidity and funding management is available in the Risk Management section page 168 and following.

29 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

In the following table, the 'Amounts not set off in the balance sheet' include transactions where:

– the counterparty has an offsetting exposure with HSBC Continental Europe and a master netting or similar arrangement is in place with a right of set off only in the event of default, insolvency or bankruptcy, or the offset criteria are not otherwise satisfied; and
– in the case of derivatives, reverse repurchase/repurchase, stock borrowing/lending and similar agreements, cash and non-cash collateral (debt securities and equities) has been received/pledged to cover net exposure in the event of a default or other predetermined events.

The effect of over-collateralisation is excluded.

'Amounts not subject to enforceable master netting agreements' include contracts executed in jurisdictions where the rights of set off may not be upheld under the local bankruptcy laws, and transactions where a legal opinion evidencing enforceability of the right of offset may not have been sought, or may have been unable to obtain.

Offsetting of financial assets and financial liabilities

	Amounts subject to enforceable netting arrangements							
				Amounts not offset in the balance sheet				
	Gross amounts	Amounts offset	Net amounts in the balance sheet	Financial Instruments including non-cash collateral	Cash collateral	Net amount	Amounts not subject to enforceable netting arrangements[3]	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Financial assets								
Derivatives (Note 16)[1]	**53,485**	**(13,542)**	**39,943**	**(24,636)**	**(15,047)**	**260**	**636**	**40,579**
Reverse repos, stock borrowing and similar agreements classified as:[2]	**85,357**	**(55,936)**	**29,421**	**(29,338)**	**(83)**	**—**	**186**	**29,607**
– trading assets	**113**	**—**	**113**	**(113)**	**—**	**—**	**186**	**299**
– non-trading assets	**85,244**	**(55,936)**	**29,308**	**(29,225)**	**(83)**	**—**	**—**	**29,308**
At 31 Dec 2025	**138,842**	**(69,478)**	**69,364**	**(53,974)**	**(15,130)**	**260**	**822**	**70,186**
Derivatives (Note 16)[1]	55,491	(14,839)	40,652	(30,260)	(9,785)	607	2,599	43,251
Reverse repos, stock borrowing and similar agreements classified as:[2]	62,970	(37,167)	25,803	(25,587)	(216)	—	186	25,989
– trading assets	39	—	39	(39)	—	—	186	225
– non-trading assets	62,931	(37,167)	25,764	(25,548)	(216)	—	—	25,764
At 31 Dec 2024	118,461	(52,006)	66,455	(55,847)	(10,001)	607	2,785	69,240

Offsetting of financial assets and financial liabilities (continued)

	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting arrangements[3]	Total
				Amounts not offset in the balance sheet				
	Gross amounts	Amounts offset	Net amounts in the balance sheet	Financial Instruments including non-cash collateral	Cash collateral	Net amount		
	€m	€m	€m	€m	€m	€m	€m	€m
Financial Liabilities								
Derivatives (Note 16)[1]	**45,687**	**(13,542)**	**32,145**	**(24,891)**	**(7,109)**	**145**	**1,033**	**33,178**
Repos, stock lending and similar agreements classified as:[2]	**70,422**	**(55,936)**	**14,486**	**(14,290)**	**(196)**	**—**	**1**	**14,487**
– trading liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**1**
– non-trading liabilities	**70,422**	**(55,936)**	**14,486**	**(14,290)**	**(196)**	**—**	**—**	**14,486**
At 31 Dec 2025	**116,109**	**(69,478)**	**46,631**	**(39,181)**	**(7,305)**	**145**	**1,034**	**47,665**
Derivatives (Note 16)[1]	55,816	(14,839)	40,977	(29,513)	(10,408)	1,056	880	41,857
Repos, stock lending and similar agreements classified as:[2]	49,511	(37,167)	12,344	(12,166)	(178)	—	1	12,345
– trading liabilities	—	—	—	—	—	—	1	1
– non-trading liabilities	49,511	(37,167)	12,344	(12,166)	(178)	—	—	12,344
At 31 Dec 2024	105,327	(52,006)	53,321	(41,679)	(10,586)	1,056	881	54,202

1 At 31 December 2025, the amount of cash margin received that had been offset against the gross derivatives assets was EUR 421 million (2024: EUR 720 million). The amount of cash margin paid that had been offset against the gross derivatives liabilities was EUR 8,192 million (2024: EUR 1,592 million).
2 For the amount of repos, reverse repos, stock lending, stock borrowing and similar agreements recognised on the balance sheet within 'Trading Assets' and 'Trading Liabilities', see the 'Funding sources and uses' table on page 169.
3 These exposures continue to be secured by financial collateral, but HSBC Continental Europe may not have sought or been able to obtain a legal opinion evidencing enforceability of the right of offset.

30 Called up share capital and other equity instruments

Called up share capital and share premium

At 31 December 2025, HSBC Continental Europe's capital amounted to EUR 1,328 million divided into 265,583,192 ordinary shares with a nominal value of EUR 5, fully paid up.

HSBC Continental Europe ordinary shares of EUR 5 each

	2025		2024	
	Number	€m	Number	€m
At 1 Jan	**265,583,192**	**1,328**	212,466,555	1,062
Shares issued	**—**	**—**	53,116,637	266
At 31 Dec	**265,583,192**	**1,328**	265,583,192	1,328

HSBC Continental Europe share premium

	2025	2024
	€m	€m
At 31 Dec	**6,747**	6,747

Total called up share capital and share premium

	2025	2024
	€m	€m
At 31 Dec	**8,075**	8,075

Other equity instruments

Additional tier 1 capital instruments

HSBC Continental Europe's additional tier 1 capital instruments in issue which are accounted for as equity

		First call date	2025 €m	2024 €m
EUR 200 million	Perpetual Subordinated additional Tier 1 instruments issued in 2017	26/05/2022	**200**	200
EUR 300 million	Perpetual Subordinated additional Tier 1 instruments issued in 2018	28/03/2023	**300**	300
EUR 250 million	Perpetual Subordinated additional Tier 1 instruments issued in 2022	23/03/2027	**248**	248
EUR 250 million	Perpetual Subordinated additional Tier 1 instruments issued in 2024	18/12/2029	**247**	247
EUR 235 million	Perpetual Subordinated Resettable Additional Tier 1 instrument issued in 2016	01/01/2022	**235**	235
EUR 200 million	Perpetual Subordinated Resettable Additional Tier 1 instrument issued in 2019[1]	01/01/2025	**—**	200
At 31 Dec			**1,230**	1,430

1 Following ECB approval in December 2025 for the redemption of the EUR 200 million Perpetual Subordinated Resettable Additional Tier 1 instrument (issued in 2019), the instrument was reclassified from equity to liabilities as at 31 December 2025. The principal repayment of the instrument was completed on 2 January 2026.

31 Contingent liabilities, contractual commitments and guarantees

Contingent liabilities and commitments

	2025 €m	2024 €m
Guarantees and other contingent liabilities:[1]		
– financial guarantees	**1,863**	1,950
– performance and other guarantees	**18,155**	16,899
– other contingent liabilities	**16**	16
At 31 Dec	**20,034**	18,865
Commitments:[1,2]		
– documentary credits and short-term trade-related transactions	**743**	1,099
– forward asset purchases and forward deposits placed	**51,073**	35,132
– standby facilities, credit lines and other commitments to lend	**75,160**	74,589
At 31 Dec	**126,976**	110,820

1 HSBC Continental Europe successfully completed the sale of its Private Banking business in Germany on 3 October 2025. As at 31 December 2024, the German Private Banking business was associated with EUR 0.3 million in guarantees and other contingent liabilities, in addition to EUR 454 million in commitments.

2 Includes EUR 121,407 million of commitments at 31 December 2025 (2024: EUR 104,656 million), to which the impairment requirements in IFRS 9 are applied where HSBC Continental Europe has become party to an irrevocable commitment.

The amounts disclosed in the above table reflect HSBC Continental Europe's maximum exposure under a large number of individual guarantee undertakings. The risks and exposures arising from guarantees are captured and managed in accordance with HSBC Continental Europe's overall credit risk management policies and procedures. Guarantees with terms of more than one year are subject to HSBC Continental Europe's annual credit review process. The total of the nominal principal amounts is not representative of future liquidity needs.

Guarantees

HSBC Continental Europe provides guarantees and similar undertakings on behalf of both third-party customers and other entities within the HSBC Group. These guarantees are generally provided in the normal course of HSBC Continental Europe's banking business. The principal types of guarantees provided, and the maximum potential amount of future payments which HSBC Continental Europe could be required to make at 31 December were as follows:

	2025		2024	
	In favour of third parties €m	**In favour of other HSBC Group entities €m**	In favour of third parties €m	In favour of other HSBC Group entities €m
Guarantee type				
Financial guarantees contracts	**1,297**	**566**	1,389	561
Performance and other guarantees	**16,599**	**1,556**	15,551	1,348
At 31 Dec	**17,896**	**2,122**	16,940	1,909

Financial guarantees include undertakings to fulfil the obligations of customers or group entities, should the obligated party fail to do so. Financial guarantees also include stand-by letters of credit, which are financial guarantees given irrevocable obligations on the part of HSBC Continental Europe to pay a third party when a customer fails to meet a commitment.

Performance guarantees include performance bonds, direct credit substitutes, stand-by letters of credit related to particular transactions which are undertakings by which the requirement to make payment under the guarantee depends on the outcome of a future event which is unconnected to the creditworthiness of the customer. Other guarantees includes bid bonds and another transaction-related guarantees which are undertakings by which the requirement to make payment under the guarantee depends on the outcome of a future event which is unconnected to the creditworthiness of the customer.

The amounts disclosed in the above table reflect HSBC Continental Europe's maximum exposure under a large number of individual guarantee undertakings. The risks and exposures arising from guarantees are captured and managed in accordance with our overall credit risk management policies and procedures.

Guarantees with terms of more than one year are subject to the annual credit review process.

HSBC Continental Europe has no contingent liabilities or commitments in relation to joint ventures or associates, incurred jointly or otherwise.

The majority of the above guarantees have a term of more than one year. Those guarantees are subject to HSBC Continental Europe's annual credit review process.

When HSBC Continental Europe gives a guarantee on behalf of a customer, it retains the right to recover from that customer amounts paid under the guarantee.

32 Finance lease receivables

HSBC Continental Europe leases a variety of assets to third parties under finance leases, including transport assets (such as aircraft), property and general plant and machinery. At the end of lease terms, assets may be sold to third parties or leased for further terms. Rentals are calculated to recover the cost of assets less their residual value, and earn finance income.

	2025			2024		
	Total future minimum payments	**Unearned finance income**	**Present Value**	Total future minimum payments	Unearned finance income	Present Value
	€m	**€m**	**€m**	€m	€m	€m
Lease receivables						
– **No later than one year**	**80**	**(12)**	**68**	131	(16)	115
– **Later than one year and no later than five years**	**261**	**(37)**	**224**	366	(54)	312
– One to two years	**76**	**(12)**	**64**	111	(16)	95
– Two to three years	**71**	**(10)**	**61**	96	(14)	82
– Three to four years	**63**	**(8)**	**55**	90	(12)	78
– Four to five years	**51**	**(7)**	**44**	69	(12)	57
– **Later than five years**	**253**	**(17)**	**236**	291	(22)	269
Total at 31 Dec	**594**	**(66)**	**528**	788	(92)	696

33 Legal proceedings and regulatory matters relating to HSBC Group entities generally

HSBC Group entities, including HSBC Continental Europe, are party to various legal proceedings and regulatory matters arising out of their normal business operations. Apart from the matters described below and in the section 'Legal risks and litigation management' on pages 175 to 176 of the Universal Registration Document 2025, HSBC Continental Europe considers that none of these matters is significant. HSBC Continental Europe recognises a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation. Any provision recognised does not constitute an admission of wrongdoing or legal liability. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions, as necessary, have been made in respect of such legal proceedings as at 31 December 2025.

Bernard L. Madoff Investment Securities LLC

Various HSBC companies that provided custodial, administration and similar services to a number of funds whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities') have been named as defendants in lawsuits arising out of Madoff Securities' fraud. HSBC Institutional Trust Services (Ireland) DAC ('HTIE') and/or its subsidiary Somers Dublin DAC ('Somers') face claims alongside other HSBC companies.

On 1 August 2018, HSBC Continental Europe acquired from HSBC Bank plc 100 per cent of the shares of HTIE. Pursuant to the terms of the Sale and Purchase Agreement, HSBC Continental Europe and/or its subsidiaries will be indemnified by HSBC Bank plc in respect of certain liabilities relating to the activities of HTIE and/or Somers. (HTIE subsequently merged into HSBC Continental Europe Dublin Branch).

The Madoff Securities trustee (the 'Trustee') has brought lawsuits in the US against various HSBC companies, including Somers, seeking recovery of alleged transfers from Madoff Securities to the HSBC companies in the amount of $508m (plus interest). In September 2025, the US Bankruptcy Court for the Southern District of New York dismissed certain claims (not relating to Somers) in the amount of $324m. The Trustee has appealed. The Trustee's remaining claims (including those against Somers) which amount to $184m are pending.

The Trustee has filed a claim against various HSBC companies, including HTIE, in the High Court of England and Wales seeking recovery of alleged transfers from Madoff Securities to the HSBC companies. The claim has not yet been served and the amount claimed has not been specified.

Tax-related investigations

Since 2023, the French National Financial Prosecutor ('PNF') had been investigating HSBC Continental Europe and the Paris branch of HSBC Bank plc, in connection with alleged tax fraud related to the dividend withholding tax treatment of certain trading activities. In January 2026, HSBC Bank plc reached an agreement with the PNF to resolve its investigation. HSBC Bank plc paid a total of €302m and this matter is now closed. The investigation into HSBC Continental Europe was closed with no further action.

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Other regulatory investigations, reviews and litigation

HSBC Continental Europe and/or certain of its affiliates are also subject to a number of other enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings including litigation and other contentious proceedings in connection with various matters arising out of its businesses and operations.

At the present time, HSBC Continental Europe does not expect the ultimate resolution of any of these matters to be material to its financial position. However, given the uncertainties involved in legal proceedings and regulatory matters, there can be no assurance regarding the eventual outcome of a particular matter or matters.

34 Related party transactions

The ultimate parent company of the Group is HSBC Holdings plc, which is incorporated in the United Kingdom.

Copies of the Group financial statements may be obtained from the following address:

HSBC Holdings plc

8 Canada Square

London

E14 5HQ

All transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Key Management Personnel

The table below sets out transactions which fall under IAS 24 'Related Party Disclosures' between HSBC Continental Europe and the Key Management Personnel of HSBC Continental Europe and on one hand, their respective spouses and children living in the family home, and on the other hand, controlled companies.

Transactions and balances during the year with Key Management Personnel

	2025			2024		
	Number of persons	**Balance at 31 Dec[2]**	**Highest amounts outstanding during year[2]**	Number of persons	Balance at 31 Dec[2]	Highest amounts outstanding during year[2]
		€k	**€k**		€k	€k
Key Management Personnel[1]						
Advances and credits	**21**	**5,097**	**19,605**	20	—	—
Guarantees	**21**			20	—	—
Deposits	**21**	**4**		20	—	480

1 Includes Key Management Personnel, close family members of Key Management Personnel and entities which are controlled or jointly controlled by Key Management Personnel or their close family members.
2 The highest balance during the year and the balance at 31 December are considered to be the most significant information to show the transactions during the year.

Compensation to the Key Management Personnel of HSBC Continental Europe under IAS 24 is disclosed as follows:

Compensation of Key Management Personnel

	2025	2024
	€k	€k
Short-term employee benefits	**220**	213
Post-employment benefits	**184**	186
Other long-term employee benefits	**—**	—
Termination benefits	**59**	84
Share-based payments	**1,066**	923
At 31 Dec	**1,529**	1,406

Shareholdings, options and other securities of Key Management Personnel

	2025	2024
Number of options held over HSBC Holdings ordinary shares under employee share plans	**—**	—
Number of HSBC Holdings ordinary shares held beneficially and non-beneficially	**59,768**	67,438
At 31 Dec	**59,768**	67,438

The Corporate governance report also includes a detailed description of Directors' remuneration (see page 35 and following).

Transactions with other related parties

There is no significant amount due to joint ventures and associates.

Transactions detailed below include amounts due to/from HSBC Continental Europe and fellow subsidiaries of the HSBC Group.

Transactions and balances during the year with HSBC Bank plc, subsidiaries of HSBC Bank plc, HSBC Holdings plc and its subsidiaries[1]

	2025					
	Due to/from HSBC Bank plc (Parent)		Due to/from subsidiaries of HSBC Bank plc		Due to/from HSBC Holding plc and its subsidiaries	
	Highest balance during the year until 31 December	Balance at 31 December	Highest balance during the year until 31 December	Balance at 31 December	Highest balance during the year until 31 December	Balance at 31 December
	€m	€m	€m	€m	€m	€m
Assets						
Trading assets	**180**	**144**	**—**	**—**	**79**	**26**
Derivatives	**13,257**	**8,861**	**6**	**2**	**2,728**	**1,521**
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**52**	**—**	**—**	**—**	**—**	**—**
Loans and advances to banks	**1,230**	**1,087**	**442**	**3**	**1,023**	**986**
Loans and advances to customers	**—**	**—**	**4**	**—**	**497**	**438**
Financial investments	**—**	**—**	**—**	**—**	**96**	**—**
Reverse repurchase agreements – non-trading	**4,851**	**2,691**	**—**	**—**	**6,807**	**3,573**
Prepayments, accrued income and Other assets	**5,555**	**890**	**117**	**38**	**1,515**	**639**
Total related party assets at 31 Dec	**25,125**	**13,673**	**569**	**43**	**12,745**	**7,183**
Liabilities						
Trading liabilities	**2**	**—**	**—**	**—**	**51**	**13**
Deposits by banks	**1,491**	**813**	**422**	**284**	**1,552**	**752**
Customer accounts	**—**	**—**	**1,012**	**1,012**	**463**	**284**
Derivatives	**13,868**	**7,899**	**15**	**1**	**2,816**	**1,467**
Subordinated amount due	**1,900**	**1,894**	**—**	**—**	**—**	**—**
Repurchase agreements – non-trading	**4,458**	**3,710**	**43**	**—**	**2,124**	**856**
Provisions, accruals, deferred income and other liabilities	**6,451**	**2,002**	**57**	**18**	**2,159**	**580**
Total related party liabilities at 31 Dec	**28,170**	**16,318**	**1,549**	**1,315**	**9,165**	**3,952**
Guarantees and commitments	**12,134**	**3,291**	**310**	**257**	**2,544**	**1,796**

	2024					
Assets						
Trading assets	117	117	—	—	16	—
Derivatives	11,635	11,635	6	6	1,947	1,647
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	52	50	—	—	31	—
Loans and advances to banks	1,297	1,230	481	442	1,440	537
Loans and advances to customers	—	—	4	—	549	298
Financial investments	—	—	—	—	223	95
Reverse repurchase agreements – non-trading	3,654	2,413	—	—	3,984	3,712
Prepayments,accrued income and Other assets	7,853	3,039	121	92	1,957	1,515
Total related party assets at 31 Dec	24,608	18,484	612	540	10,147	7,804
Liabilities						
Trading liabilities	2	—	—	—	2	1
Deposits by banks	1,447	652	470	423	2,270	1,322
Customer accounts	—	—	60	59	420	250
Derivatives	13,869	13,869	5	1	2,816	2,816
Subordinated amount due	1,900	1,900	—	—	260	—
Repurchase agreements – non-trading	4,578	1,717	19	19	764	165
Provisions, accruals, deferred income and other liabilities	5,978	691	75	43	1,380	351
Total related party liabilities at 31 Dec	27,774	18,829	629	545	7,912	4,905
Guarantees and commitments	4,224	265	243	231	2,559	2,416

Transactions and balances during the year with HSBC Bank plc, subsidiaries of HSBC Bank plc, HSBC Holdings plc and its subsidiaries

	2025			2024[1]		
	Due to/from HSBC Bank plc (Parent)	**Due to/from subsidiaries of HSBC Bank plc**	**Due to/from HSBC Holding plc and its subsidiaries**	Due to/from HSBC Bank plc (Parent)	Due to/from subsidiaries of HSBC Bank plc	Due to/from HSBC Holding plc and its subsidiaries
	€m	**€m**	**€m**	€m	€m	€m
Income Statement (continuing operations)						
Interest income	**515**	**2**	**93**	478	6	135
Interest expense	**531**	**14**	**52**	555	19	78
Fee income	**133**	**1**	**58**	105	1	46
Fee expense	**104**	**1**	**43**	100	2	37
Gains less losses from financial investments	**—**	**—**	**—**	—	—	—
Other operating income	**12**	**2**	**71**	15	2	31
Dividend income	**—**	**—**	**—**	—	—	—
General and administrative expenses	**11**	**2**	**945**	10	1	789

1 In compliance with IFRS 5 standards, the comparatives have been represented to reflect discontinued operations related to the retained portfolio of home and certain other loans in France.

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

35 Events after the balance sheet date

At its meeting on 24 February 2026, the Board of Directors resolved to distribute a dividend of EUR 5.20 per share (representing a total payout of approximately EUR 1.4 billion) in respect of the 2025 financial year. This dividend, if approved by shareholders at the Combined General Meeting, will be payable after deducting the interim dividend of EUR 1.06 per share already paid to shareholders in respect of the 2025 financial year.

There have been no other significant events between 31 December 2025 and the date of approval of these financial statements by the Board of Directors which would require an adjustment or additional disclosure in the financial statements.

36 HSBC Continental Europe subsidiaries, joint ventures and associates

HSBC Continental Europe classifies investments in entities which it controls as subsidiaries. HSBC Continental Europe consolidation policy is described in Note 1.

Consolidated Subsidiaries	Country of incorporation or registration	Main line of business	HSBC Continental Europe interest (%)[4]	
			2025	2024
Actions Monde et Emergent[1]	France	Financial company	**0.0**	100.0
Actions Monde et Europe[1]	France	Financial company	**0.0**	100.0
Beau Soleil Limited Partnership	Hong Kong	Financial company	**85.0**	85.0
CCF & Partners Asset Management Limited[5]	United Kingdom	Financial company	**100.0**	100.0
Charterhouse Administrators (D.T) Limited	United Kingdom	Investment company	**100.0**	100.0
Charterhouse Management Services Limited	United Kingdom	Investment company	**100.0**	100.0
DEMPAR 1[6]	France	Financial company	**0.0**	100.0
ERISA Actions Grandes Valeurs[1]	France	Financial company	**0.0**	100.0
FCT HAV FI FLR 12-46[1]	France	Financial company	**0.0**	97.0
Flandres Contentieux SA	France	Service company	**100.0**	100.0
Foncière Elysées	France	Real estate company	**100.0**	100.0
HLF	France	Commercial company	**100.0**	100.0
HSBC Actions Europe Part[1]	France	Financial company	**0.0**	51.5
HSBC Assurances Vie (France)[7]	France	Insurance company	**0.0**	100.0
HSBC Bank Malta p.l.c.	Malta	Financial company	**70.0**	70.0
HSBC Euro Protect 80 Plus Part C[1]	France	Financial company	**0.0**	78.1
HSBC Factoring (France)	France	Financial company	**100.0**	100.0
HSBC GB Japan Eq Ind[2]	France	Financial company	**0.0**	99.7
HSBC Global Asset Management (Deutschland) GmbH	Germany	Asset Management	**100.0**	100.0
HSBC Global Asset Management (France)	France	Asset management	**100.0**	100.0
HSBC Global Asset Management (Malta) Limited	Malta	Asset management	**70.0**	70.0
HSBC Global Infrastructur Debt FD Feeder[1]	France	Financial company	**0.0**	100.0
HSBC Global Investment Funds Gem Equity[1]	France	Financial company	**0.0**	56.5
HSBC Horizon 2034 2036 A 3D[2]	France	Financial company	**0.0**	76.7
HSBC Life Assurance (Malta) Limited	Malta	Insurance company	**70.0**	70.0
HSBC Mix Dynamique FCP3DEC[1]	France	Financial company	**0.0**	58.1
HSBC Mul.Ass.St.Fact.S FCP3DEC[1]	France	Financial company	**0.0**	100.0
HSBC Operational Services GmbH[8]	Germany	Service Company	**0.0**	100.0
HSBC Private Bank (Luxembourg) S.A	Luxembourg	Financial company	**100.0**	100.0
HSBC Real Estate Leasing (France)	France	Financial company	**100.0**	100.0
HSBC REIM (France)	France	Asset management	**100.0**	100.0
HSBC Resp Inve Fd-Sri Dynamic Part Ac[1]	France	Financial company	**0.0**	72.8
HSBC Resp Inves Funds-Sri Balanced Ac[1]	France	Financial company	**0.0**	64.1

Consolidated Subsidiaries	Country of incorporation or registration	Main line of business	HSBC Continental Europe interest (%)[4]	
			2025	2024
HSBC Resp Investment Funds Sri Global Equity[1]	France	Financial company	**0.0**	61.8
HSBC Select Dynamic A FCP 2DEC[1]	France	Financial company	**0.0**	78.6
HSBC Select Equity A Fcp 4Dec[1]	France	Financial company	**0.0**	84.0
HSBC Select Flexible Part A[1]	France	Financial company	**0.0**	63.9
HSBC Service Company Germany GmbH	Germany	Service Company	**100.0**	100.0
HSBC Services (France)	France	Financial company	**100.0**	100.0
HSBC Small Cap France[1]	France	Financial company	**0.0**	52.7
HSBC Transaction Services GmbH	Germany	Service Company	**100.0**	100.0
HSBC Trinkaus & Burkhardt (International) S.A.	Luxembourg	No active business	**100.0**	100.0
HSBC Trinkaus & Burkhardt Gesellschaft fur Bankbeteiligungen mbH	Germany	Investment Company	**100.0**	100.0
HSBC Trinkaus & Burkhardt GmbH	Germany	Financial Company	**100.0**	100.0
HSBC Trinkaus Family Office GmbH[7]	Germany	Service Company	**0.0**	100.0
HSBC Trinkaus Real Estate GmbH	Germany	Real Estate Company	**100.0**	100.0
HSBC World Equity Protect 80[1]	France	Financial company	**0.0**	98.9
Internationale Kapitalanlagegesellschaft mit beschränkter Haftung	Germany	Service Company	**100.0**	100.0
Keyser Ullmann Limited	United Kingdom	Investment company	**100.0**	100.0
OPCVM8 – Erisa Diversifié N2 FCP[1]	France	Financial company	**0.0**	100.0
OPCVM9 – Erisa Opportunités FCP[1]	France	Financial company	**0.0**	100.0
SAF Baiyun	France	Financial company	**100.0**	100.0

Consolidated Subsidiaries	Country of incorporation or registration	Main line of business	HSBC Continental Europe interest (%)[4]	
			2025	2024
SAF Guangzhou	France	Financial company	**100.0**	100.0
SAPC Ufipro Recouvrement	France	Service company	**99.9**	99.9
SCI HSBC Assurances Immo[7]	France	Real estate company	**0.0**	100.0
SFM	France	Commercial company	**100.0**	100.0
SNC les Oliviers d'Antibes	France	Financial company	**60.0**	60.0
Société Française et Suisse	France	Investment company	**100.0**	100.0
Somers Dublin DAC	Ireland	Service company	**100.0**	100.0
Trinkaus Europa Immobilien-Fonds Nr.3 Objekt Utrecht Verwaltungs-GmbH	Germany	Real Estate Company	**100.0**	100.0
Trinkaus Immobilien-Fonds Geschaeftsfuehrungs-GmbH	Germany	Real Estate Company	**100.0**	100.0
Trinkaus Immobilien-Fonds Verwaltungs-GmbH	Germany	Real Estate Company	**100.0**	100.0
Trinkaus Private Equity Management GmbH	Germany	Asset Management	**100.0**	100.0
Trinkaus Private Equity Verwaltungs GmbH	Germany	Asset Management	**100.0**	100.0
Valeurs Mobilières Elysées	France	Investment company	**100.0**	100.0

Associates	Country of incorporation or registration	Main line of business	HSBC Continental Europe interest (%)[4]	
			2025	2024
Trinkaus Europa Immobilien-Fonds Nr. 7 Frankfurt Mertonviertel KG[3]	Germany	Real Estate Company	**41.0**	41.0

1 Excluded from consolidation.
2 Liquidation.
3 The stake in the entity is impaired to zero for years.
4 The percentages relating to the share of capital held by HSBC Continental Europe in the consolidated companies correspond to the percentages of voting rights held.
5 In process of liquidation.
6 Dissolution without liquidation.
7 Sale.
8 Merger.

Non Consolidated Companies	Country of incorporation or registration	Reason of non-consolidation	HSBC Continental Europe interest (%)[4]	
			2025	2024
CCF Finance Moyen Orient SAL	Lebanon	In the course of liquidation since 2002	**99.9**	99.9
CCF Holding Liban SAL	Lebanon	In the course of liquidation since 2002	**75.0**	75.0
FL FINANZ LEASING Gmbh	Germany	In the course of liquidation	**25.0**	25.0
HSBC Private Markets Management SARL	Luxembourg	This entity does not meet the definition of subsidiary according to IFRS accounting standards	**100.0**	100.0
Select INKA	France	Not consolidated in accordance with IFRS 10	**100.0**	100.0
Sopingest	France	Not consolidated as HSBC has lost its control.	**100.0**	100.0
SNCB/M6 2007 A	France	Not consolidated in accordance with IFRS 10	**100.0**	100.0
SNCB/M6 2007 B	France	Not consolidated in accordance with IFRS 10	**100.0**	100.0
SNCB/M6 2008 A	France	Not consolidated in accordance with IFRS 10	**100.0**	100.0

Partnerships

As of 31 December 2025, the contribution of HSBC Middle East Leasing Partnership ('MELP') to the consolidated total assets of HSBC Continental Europe was EUR 73 million (2024: EUR 89 million) and EUR 4 million (2024: EUR 9 million) to the consolidated income statement.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex, France

BDO Paris
43-47, avenue de la Grande Armée
75116 Paris, France

Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 December 2025)

To the Shareholders

HSBC Continental Europe

38, avenue Kléber

75116 Paris

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of HSBC Continental Europe for the year ended 31 December 2025.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2025 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from 1 January 2025 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment of loans and advances to commercial customers

Description of risk	How our audit addressed this risk
At 31 December 2025, gross loans to non-financial customers amounted to EUR 30,346 million. The corresponding impairment amounted to EUR 516 million. Determining the expected credit losses requires management to exercise judgement. Management uses models and assumptions to assess expected credit losses, in particular to: – determine prospective economic scenarios and their likelihoods; – classify outstanding loans (stages 1, 2 and 3), based in particular on customer risk ratings (CRR); – estimate risk parameters; and – assess the recoverability of the loans. We deemed this impairment, particularly relative to non-financial customers, to be a key audit matter as it requires significant judgement on the part of management when preparing the consolidated financial statements, particularly given the current economic and geopolitical climate.	In response to this risk, we tested the controls we deemed key to our audit, in order to assess the relevance of the impairment losses estimated. Our tests concerned the design and efficiency of controls in place for impairment testing, including the process for rating counterparties, classifying loans (stages 1, 2 and 3) and approving recorded impairment. With the assistance of our credit risk experts, we assessed the appropriateness of the models, assumptions and macroeconomic scenarios used to measure expected credit losses. We also tested the appropriateness of the methods and policies used to determine allowances, using a sample of loans selected based on the level of risk. Based on this sample, we independently assessed the level of allowances recognised. We also assessed the appropriateness of the information relating to the impairment of loans and receivables due from customers.

▶ See Notes 1.2.j and 11 to the consolidated financial statements and the section entitled "Breakdown of financial assets by credit type" of the management report.

Recognition of deferred tax assets with respect to tax loss carryforwards

Description of risk	How our audit addressed this risk

Deferred tax assets recognised at the level of the French tax consolidation group amount to EUR 712 million in HSBC Continental Europe's consolidated financial statements at 31 December 2025, of which EUR 601 million are deferred tax assets on tax loss carryforwards.
 	
The valuation and recoverability of the deferred tax assets resulting from these tax loss carryforwards depend mainly on:
 	
– the taxable profit that the Group expects to generate in the future in France;
– the French tax legislation applicable to the recognition and use of deferred tax assets arising from its tax loss carryforwards in France.
 	
The valuation and future use of deferred tax assets on tax loss carryforwards is based on significant judgements from management. These judgements relate primarily to forecasts of tax profit or loss, the duration of tax losses, and the feasible tax planning strategies available.
 	
Accordingly, given the significance of the amount of deferred tax assets at 31 December 2025 and the estimates and judgements made by management in recognising these deferred tax losses, we deemed them to be a key audit matter.
	In response to this risk, our procedures consisted in:
	
	– testing the controls in place with respect to the calculation and recognition of deferred tax assets on tax loss carryforwards;
	– performing a critical review, with the help of our tax experts, of the assumptions used by management to estimate the recoverable amount of the estimated deferred tax assets on tax loss carryforwards at the year end. Our work consisted primarily in:
	  – testing the key inputs used to estimate deferred tax on tax loss carryforwards, including cash flow forecasts for plans approved by the Board of Directors;
	  – assessing management's estimates of forecasts of tax profit or loss by reviewing the temporary and permanent differences from prior years that are reflected in future forecasts;
	  – assessing the relevance of the sensitivity analyses carried out by the Group to estimate deferred tax assets on tax loss carryforwards.
	
	Lastly, we assessed the appropriateness of the disclosures in the notes to the consolidated financial statements.

▶ See Notes 1.2.m and 8 to the consolidated financial statements.

Recognition of disposals and restructuring provisions

Description of risk	How our audit addressed this risk
As part of its transformation plan to refocus on institutional and corporate clients, HSBC Continental Europe is in the process of disposing certain non-strategic portfolios and businesses. In 2025, as part of this strategic reorganisation, the Group launched plans to restructure its workforce, primarily in France and Germany. At 31 December 2025, assets and liabilities held for sale amounted to EUR 377 million and EUR 10,648 million respectively. A loss of EUR 1,277 million from discontinued operations was recognised in the consolidated statement of comprehensive income in 2025. These transactions require management to exercise judgement, particularly with regard to the classification and measurement of assets and liabilities held for sale and the presentation of discontinued operations under IFRS 5. At 31 December 2025, restructuring provisions amounted to EUR 292 million. The measurement of these provisions is based on significant assumptions and judgements by management, particularly with regard to the estimation of severance payments, the probability of departure and the measurement of other costs directly attributable to the restructuring. Given the complexity of the disposals, the restructuring plans and the level of judgement exercised to measure the impacts on the consolidated financial statements as at 31 December 2025, we deemed these transactions to be a key audit matter.	Regarding the disposals, our procedures consisted primarily in: – assessing the appropriateness of the main judgements made by management in concluding that the proposed transactions are highly probable, taking into account the actions still required to complete these transactions; – testing the exhaustiveness and accuracy of assets and liabilities classified as held for sale and the profit or loss recognised. With regard to the restructuring provisions, and with the assistance of our experts, our procedures consisted in: – assessing the reasonableness of the methodologies and assumptions used to estimate the provisions recognised, particularly with regard to the specific social security legislation in force in France and Germany and the agreements negotiated; – assessing compliance with the criteria for recognising restructuring provisions; – using samples to test the data used to estimate provisions. Finally, we assessed the appropriateness of the disclosures in the notes to the consolidated financial statements relating to disposals and restructuring provisions.

▶ See Notes 1.3, 2 and 26 to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors
We were appointed Statutory Auditors of HSBC Continental Europe by the Annual General Meetings held on 23 April 2015 for PricewaterhouseCoopers Audit and on 10 May 2007 for BDO Paris.

At 31 December 2025, PricewaterhouseCoopers Audit and BDO Paris were in the eleventh and the nineteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach
Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company’s management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 25 February 2026

The Statutory Auditors

PricewaterhouseCoopers Audit	**BDO Paris**
Amel Hardy-Ben Bdira	Vincent Génibrel

Parent company financial statements

Contents

Notes on the parent company financial statements

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Income statement

(in million of euros)	Notes	31 Dec 2025	31 Dec 2024
Income/(Expenses)			
Interest and similar income	23	**7,017**	8,806
Interest and similar expenses	23	**(6,256)**	(7,944)
Finance leases income		**28**	55
Finance leases expenses		**(14)**	(38)
Income from equities and other variable income securities	24	**86**	619
Commissions received	25	**1,521**	1,429
Commissions paid	25	**(766)**	(635)
Gains and losses on trading securities	26	**932**	654
Gains or losses on available-for-sale securities	27	**75**	(90)
Other banking operating income		**147**	138
Other banking operating expenses		**(50)**	(28)
Net banking operating income		**2,720**	2,966
General operating expenses	28	**(2,108)**	(1,791)
Depreciation, amortisation and impairment of tangible and intangible assets		**(144)**	70
Gross operating income		**468**	1,245
Loan impairment charges	8	**(177)**	(117)
Net operating income		**291**	1,128
Gains or losses on disposals of fixed assets and long term investments	29	**599**	(349)
Profit/(loss) before tax		**890**	779
Exceptional items	30	**(961)**	13
Current and deferred tax	31	**5**	(293)
Gains and losses from regulated provisions		**—**	—
Net profit/(loss) for the period		**(66)**	499

Balance sheet

Assets

(in million of euros)	Notes	31 Dec 2025	31 Dec 2024
Cash and amounts due from central banks and post office banks		**58,607**	50,946
Treasury bills and money-market instruments[1]	4	**41,987**	27,426
Loans and advances to banks[2]	2	**28,381**	22,634
Loans and advances to customers[3]	3	**43,454**	53,373
Bonds and other fixed income securities[1]	4	**13,251**	11,864
Equities and other variable income securities	4	**7,063**	6,415
Investments in subsidiaries and equity securities held for long term	5	**64**	62
Interests in affiliated parties	5	**1,358**	1,878
Finance leases	7	**11**	32
Intangible fixed assets[4]	6	**251**	113
Tangible fixed assets	7	**65**	84
Other assets	9	**14,922**	20,755
Prepayments and accrued income	10	**39,796**	39,056
Total assets		**249,210**	234,638
Off-balance sheet items			
Financial commitments given	21	**61,224**	60,036
Guarantees and endorsements given	21	**20,632**	19,273
Securities commitments (other commitments given)		**34,006**	30,312

Liabilities

(in million of euros)	Notes	31 Dec 2025	31 Dec 2024
Central bank and post office banks		**5**	14
Deposits due to credit institutions[2]	11	**26,926**	20,276
Customer accounts[3]	12	**105,258**	97,977
Debt securities in issue	13	**25,160**	25,821
Other liabilities[1]	15	**45,937**	38,296
Accruals and deferred income	16	**30,423**	36,563
Provisions for liabilities and charges	14	**468**	270
Subordinated debt	17	**3,369**	3,407
Share capital	18 &19	**1,328**	1,328
Additional paid-in capital	19	**7,291**	7,291
Reserves	19	**1,113**	1,088
Special tax-allowable reserves		**—**	—
Retained earnings[5]	19	**2,280**	1,808
Net profit/(loss) for the period	19	**(66)**	499
Interim dividend		**(282)**	—
Total liabilities		**249,210**	234,638
Off-balance sheet items			
Financial commitments received	21	**522**	1,052
Guarantees and endorsements received	21	**697**	7,379
Securities commitments (other commitments received)		**52,214**	35,976

1 After the application of offsetting for assets and liabilities arising from securities borrowing transactions. Refer to Note 1, Note 4 and Note 15.
2 After the application of offsetting of repurchase and reverse repurchase agreements. Refer to Note 1, Note 2 and Note 11.
3 After the application of offsetting of repurchase and reverse repurchase agreements and regulated savings accounts against balances centralised at the Caisse des Dépôts et Consignations. Refer to Note 1, Note 3 and Note 12.
4 Includes the capitalization of internally generated intangible assets on previous years.
5 Before proposed allocation submitted to Annual General Meeting for approval.

Statement of reported net profit and movements in shareholders' funds

(in million of euros)	31 Dec 2025	31 Dec 2024
Net profit/(loss) for the period		
Total	**(66)**	499
– per share (in euros)[1]	**(0.25)**	1.88
Movements in shareholders' funds (excluding the net profit of 2025) (after allocation of 2024 net profit)		
– change in revaluation reserve	**—**	—
– transfer to reserves and change in retained earnings	**499**	671
– allocation of net profit for the previous year	**499**	671
– appropriation of net profit	**—**	—
– restatement of opening retained earnings[2]	**(2)**	(20)
– change in special tax-allowable reserves	**—**	—
– acquisition/disposals	**—**	—
Change in shareholders' funds	**497**	651
– per share (in euros)[1]	**1.87**	2.45
Proposed dividend	**—**	—
– total	**1,381**	—
– per share (in euros)[1]	**5.2**	—

1 Number of shares outstanding at year end: 265,583,192 in 2025 and 265,583,192 in 2024.
2 Retained earning adjustment on branches on previous year.

2025 Highlights

Business review

Net banking operating income was EUR 2,720 million, down EUR 246 million year-on-year, primarily due to reduced dividend income to the German branch from its subsidiaries. This was partially offset by positive mark-to-market movements on trading securities.

General operating expenses increased by EUR 317 million to EUR 2,108 million, mainly reflecting restructuring provisions in France and Germany and higher intercompany recharges.

Depreciation, amortisation and impairment of tangible and intangible assets totalled EUR 144 million, up EUR 213 million, largely due to the reversal of the goodwill impairment of EUR 116 million in 2024 following the disposal of the retail banking operations and additional depreciation of EUR 47 million from capitalised internally developed software and impairment in the German Branch of EUR 63 million in 2025.

Loan impairment charges were EUR 177 million (up EUR 60 million), year-on-year increment driven by higher stage 3 charges in France and in branches of EUR 110 million, partially offset by EUR 50 million reduction in impairment in the German branch.

Gains or losses on disposals of fixed assets and long term investments were a gain of EUR 599 million, compared to a loss of EUR 349 million in 2024. Gains in 2025 were mainly from the pre-tax sale of HSBC Assurances Vie in France and the private banking business in Germany and non-occurrence of prior year losses attributed to goodwill write-off in France and impairment of the German branch's investment in HSBC Trinkaus & Burkhardt GmbH.

Exceptional items were a loss of EUR 961 million, compared to a gain of EUR 13 million in 2024, primarily due to the sale of the retained portfolio of home and certain other loans in France.

Current and deferred taxes were a credit of EUR 5 million (2024: EUR 293 million charge), primarily driven by a EUR 158 million credit in France triggered from recognition of deferred tax assets on tax losses and restructuring provisions accounted for during the year, offset by a EUR 153 million tax charge for branches.

Net loss for the period was EUR 66 million, compared to a profit of EUR 499 million in December 2024.

At 31 December 2025, the **total balance sheet** of HSBC Continental Europe amounted to EUR 249 billion compared to EUR 235 billion on 31 December 2024.

Business disposals

Retained portfolio of home and certain other loans in France

Following the sale of our French retail banking operations on 1 January 2024, HSBC Continental Europe retained a portfolio of home and certain other loans, with a carrying value of EUR 7.1 billion at the time of sale. On 31 October 2025, HSBC Continental Europe completed the sale of its retained portfolio to a consortium comprising Rothesay Life plc and CCF. The completion of the transaction resulted in a pre-tax loss of EUR 1.1 billion booked in exceptional items.

French Life Insurance Business

On 31 October 2025, HSBC Continental Europe completed the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The completion of the transaction resulted in a pre-tax gain of EUR 450 million booked in reporting line "disposals of fixed assets and long term investments".

Private Banking business in Germany

On 3 October 2025, HSBC Continental Europe completed the sale of its private banking business in Germany to BNP Paribas. The completion of the transaction resulted in a pre-tax gain of EUR 149 million booked in reporting line "disposals of fixed assets and long term investments".

▶ More details are provided in section 'Notes on the consolidated financial statements', please refer to note 1.3 Significant events during the year.

Recognition of restructuring provision

On 14 May 2025, following HSBC Group announcements, HSBC Continental Europe proposed developments for the bank that reflect the acceleration of the implementation of HSBC's strategy aimed at simplifying the organisation to make it more agile, bringing together Commercial Banking activities and Global Banking and Markets activities. This project across 10 countries was subject to a consultation with the European Works Council. Local consultations are also required in France (through a 'Plan de Sauvegarde de l'Emploi' (Social Plan) including a voluntary scheme) and in Germany before any implementation. During 2025, HSBC Continental Europe recognised EUR 231 million of restructuring costs relating to these actions, primarily termination benefits.

Issuances and repayments

In February 2025, HSBC Continental Europe redeemed perpetual floating rate notes previously recognised as Tier 2 Capital with a total outstanding amount of EUR 16 million.

In May 2025, HSBC Continental Europe redeemed a Tier 2 loan at the first call date five years before maturity for EUR 500 million and issued a new Tier 2 loan to HSBC Bank plc with maturity of eleven years for a notional amount of EUR 500 million.

In May 2025, HSBC Continental Europe redeemed a Tier 2 promissory note loan (Schuldscheindarlehen), which was issued by the Germany branch of EUR 10 million, maturing in June 2028.

In June 2025, HSBC Continental Europe redeemed two further Tier 2 promissory note loans (Schuldscheindarlehen), both issued by the Germany branch of EUR 10 million and EUR 5 million respectively, both maturing in July 2025.

Notes on the parent company financial statements

1 Principal accounting policies

The financial statements of HSBC Continental Europe are prepared in accordance with Regulations 2014-03 and 2014-07.

ANC Regulation 2022-06, which became effective on 1 January 2025, had no impact on HSBC Continental Europe financial statements.

(a) Securities portfolio

Securities transactions are recognised in accordance with the principles set out in articles 2311-1 to 2391-1 of 2014-07 ANC regulation.

Securities are categorised as follows:

- trading account securities;
- available-for-sale securities;
- held-to-maturity securities;
- portfolio activity securities;
- other long-term securities; and
- interests in subsidiaries and associates.

Securities are recognised on the balance sheet at the date of settlement.

Trading securities

Trading securities are negotiable securities traded on an active market, originally acquired or sold with the intention of reselling or buying back within short timescale and are held for market activities or form part of a global portfolio trading management.

Trading securities are stated at acquisition price and acquisition costs are directly recognised as expenses. At the balance sheet date, the securities are valued at the market price, and changes in value are recognised through profit or loss. Gains or losses on trading securities are recorded under the heading 'Gains and losses on trading securities'.

Available for sale securities

Other investment securities are those securities not treated as trading account securities, neither portfolio activity securities nor as securities covered by articles 2351-1, 2351-2 and 2351-3 of 2014-07 ANC regulation. These are acquired for the purposes of income and available for sale within a relatively short timescale.

On the date of acquisition, they are recorded at acquisition price. Acquisition costs are included in the acquisition price in accordance with the accounting policy adopted by HSBC Continental Europe, pursuant to article 2371-2 of 2014-07 ANC regulation.

According to article 2332-3 of 2014-07 ANC regulation, when the acquisition price of fixed-income securities is higher than their redemption price, the difference is amortised over the lifespan of the securities. When the acquisition price of fixed-income securities is lower than their redemption price, the difference is recognised over the residual life of the securities. The amortisation of these differences is carried out using the actuarial method.

At the closing date, unrealised losses arising from the difference between the book value, adjusted for amortisation and reversal of differences described in the preceding paragraph, and the market price of securities are subject to impairment. Gains arising from affected hedging transactions are considered for the calculation of impairment losses. The latent gains are not accounted for.

Gains or losses on sale and changes in impairment of available-for-sale securities are recorded under the heading 'Gains or losses on available for-sale securities'.

Investment securities

Fixed-income securities that were acquired with the intention and the capacity to hold them on a long term basis, and in principle till maturity, are categorised as held-to-maturity securities.

Portfolio activity securities are recognised on the date of acquisition at their purchase price. Acquisition costs are included in the acquisition price in accordance with the accounting policy adopted by HSBC Continental Europe, pursuant to Art. 2371-2 of ANC Regulation n° 2014-07.

According to article 2342-2 of 2014-07 ANC regulation, where the acquisition price of fixed income securities is greater than their redemption value, the difference is amortised over the residual life of the securities. When the acquisition price of fixed-income securities is lower than their redemption price, the difference is recognised over the residual life of the securities. The spreading of these differences is carried out using the actuarial method.

At the closing date, unrealised losses arising from the difference between the book value, adjusted for amortisation and reversal of differences described above, and the price of fixed income securities are not subject to the impairment, except if there is a strong probability that the institution will not keep the securities until the maturity because a number of new circumstances and without depreciation prejudice to establish in application of the Title 2 terms from the book II of current regulation, dealing with credit risk on securities, if there is any existence of the issuer's defaulted risk. The latent gains are not accounted for.

Gains or losses on sale and impairment charges are recognised under the heading 'Gains or losses on disposals of long-term investments' in the income statement.

Portfolio activity securities

This category covers investments made under normal arrangements with the sole objective of making medium-term capital gains without intention of investing in the long-term in the business of the issuing entity, nor of taking an active part in the management of its operations. This is particularly the case for securities held in venture capital businesses.

Portfolio activity securities are initially recognised at their acquisition price and subsequently measured at the lower of their historical cost or value-in-use. According to article 2352-4 of 2014-07 ANC regulation, each accounting period, the latent losses resulting from the difference between the book value and the value in use, calculated line by line of securities, are subject to an impairment test without compensation with the largest gains identified. The latent gains are not accounted for.

Gains or losses on sale and impairment charges are recognised under the heading ‘Gains or losses on disposals of long-term investments’ in the income statement.

Other long-term securities

‘Other long-term securities’ are equity shares and similar securities that HSBC Continental Europe intends to hold long term to derive a satisfactory return within an undefined period of time, without however taking any part in managing the businesses in which the shares are held, but with the intention of fostering long-term business relationships by creating a special link with the issuing companies.

These securities are accounted at their acquisition price with subsequent measurement at the lowest of their acquisition value or their value-in-use, representing the amount the company would be prepared to pay to obtain these securities if it had to acquire them given its holding objective.

Gains or losses on sale and impairment charges are recognised under the heading ‘Gains or losses on disposals of long-term investments’ in the income statement.

Interests in subsidiaries and associates

The heading ‘Interests in subsidiaries and associates’ regroups securities held long-term (equity interests)) whose long term holding is considered useful to business activity, in particular as it allows the company to exercise influence or control over the entity issuing the securities.

According to article 2352-6 of 2014-07 ANC regulation, for other long term held securities, whether listed or not, the utility value takes into account the intention of the entity to hold these securities until it has the capacity to fund part of its assets. Provided that their evolution does not result from accidental circumstances; the elements that must be taken into account for this estimate include: profitability and perspective of profitability, own capital, perspective of realisation, economic situation, and the average course of the stock market in recent months.

Art in French for reference.

Selon l’article 2352-6 du règlement n° 2014-07 de l’ANC, pour les autres titres détenus à long terme, les titres de participation et parts dans les entreprises liées, cotées ou non, la valeur d'utilité représente ce que l'entreprise accepterait de décaisser pour obtenir ces titres si elle avait à les acquérir compte tenu de son objectif de détention. À condition que leur évolution ne résulte pas de circonstances accidentelles, les éléments suivants peuvent être pris en compte pour cette estimation: rentabilité et perspective de rentabilité, capitaux propres, perspective de réalisation, conjoncture économique, cours moyens de bourse des derniers mois.

Gains or losses on sale and impairment charges are recognised under the heading ‘Gains or losses on disposals of long-term investments’ in the income statement.

Sale and repurchase agreements and related transactions

Stock lending or temporary acquisition, governed for legal purposes by law no. 93-1444 of 31 December 1993, amended by law no. 2003-1311 of 30 December 2003, referred to as stock repurchase agreements, have no impact on the composition and valuation of the securities portfolio. For accounting purposes, in accordance with article 2413-1 to 2413-4 of 2014-07 ANC regulation, they are considered as financing transactions, cash movement balanced entries are recognised either as a loan or a deposit. Related income and expenses are recognised as interest.

Repurchase and reverse repurchase agreements

Repurchase transactions that do not fall within the scope of law no. 93-1444 ‘Buy and sell back’ transactions as well as loans/borrowing of securities guaranteed by cash deposits are categorised under this heading in the balance sheet. Their treatment for accounting purposes is similar to that described above for securities under sale and repurchase agreements.

Securities lending and borrowing

Securities lending and borrowing transactions are recognised in accordance with the principles set out in the article 2361-2 of 2014-07 ANC regulation.

In accordance with the provisions of Regulation 2020-10, securities borrowed are presented net of the corresponding liabilities.

(b) Loans and advances

Loans assessed individually

Non-performing and impaired loans

Non-performing loans and impaired loans are recorded in accordance with the article 2222-1 to 2222-2 of 2014-07 ANC regulation.

Non-performing loans include all types of receivables, including secured receivables (for which the bank held a collateral), for which there is a risk that the bank will not recover in full or in part the contractual cash flows.

Loans and receivables are classified according to HSBC Continental Europe’s internal loan rating system. Performing loans have a rating of between 1 and 8, non-performing loans have a rating of 9 and impaired loans, including doubtful loans not yet written off, have a rating of 10.

The following are therefore classified as non-performing loans:

- receivables overdue for more than three months for all types of loans and equipment leases, more than six months for property loans or leases and more than nine months for loans to local government bodies;
- receivables having risk criteria;
- receivables which, even before the expiry of these time limits, become subject to litigation (judicial settlement, judicial liquidation, personal bankruptcy, etc.); and
- receivables deriving from debt restructuring for which the debtor is again in default.

HSBC Continental Europe applies the provisions of articles 2221-2 of 2014-07 ANC regulation on identifying overdrafts at risk of default. For overdrafts, the overdue period starts when:

- the debtor exceeds an authorised limit that has been notified to him by HSBC Continental Europe; or
- the debtor is notified that the amount outstanding exceeds a limit set up by HSBC Continental Europe under its internal control system; or
- the debtor withdraws amounts without overdraft authorisation.

The downgrade to non-performing loans immediately leads to all amounts outstanding and commitments for that debtor that are in the same category, according to contagion principle and, if applicable, the downgrade of counterparties belonging to the same group to non-performing debtors, on a case-by-case assessment.

In application of the article 2221-8, 2231-3 of 2014-07 ANC regulation on accounting treatment of credit risk, HSBC Continental Europe has introduced a specific system for dealing with restructured debt and impaired loan.

In application of the articles 2221-8 of 2014-07 ANC regulation, impaired loans are those for which the prospect of recovery is very remote and for which a write-off is being considered. These include receivables which are long overdue or for which the contract has been terminated in case of leasing, and also receivables that have been categorised as non-performing for more than one year, unless final write-off is not being considered because of information on the prospects for recovery available at that stage. Interests on impaired loans are not recognised through profit or loss until the date of actual payment.

Reclassification into performing loans
In application of the article 2221-5 of the 2014-07 ANC regulation, a loan that has been classified as non-performing may be reclassified as performing when the original scheduled payments have been resumed without further incident.

In the case of restructured loans, the classification of doubtful exposure can be omitted, if the exposure complies firstly with the previous condition, and, on the other hand, the counterparty risk is lifted.

Recognition of gains and losses
Charges for impairment against non-performing and impaired loans, included in the calculation of the banking result, are determined annually on the basis of the non recovery risk assessment by analysing each loan individually. In application of the article 2231-2 of the 2014-07 ANC regulation, impairment of non-performing and impaired loans has been calculated on the basis of the difference between the net present value of expected future recoveries and the carrying amount of the loan. Impairment may not be less than the amount of unpaid, recognised interest on the loan.

In the income statement, charges and releases of provisions, losses on irrecoverable receivables and recoveries on amortised receivables are recognised in the 'Loan impairment charges' line.

(c) Due to credit institutions and customer accounts

All liabilities towards banks and customers are recognised at amortised cost. These headings include repurchase transactions.

(d) Debt securities in issue

Debt securities are classified according to their nature: except subordinated securities, which are recorded under subordinated debt.

Accrued unpaid interest on these securities is recorded in the balance sheet in an accrued interest account with a corresponding amount recognised in profit or loss.

Premiums or discounts related to bonds in issue are amortised on an actuarial basis over the life of the bond. Related fees are recognised over the life of the bond on a straight-line basis.

(e) Provisions

In accordance with 2014-03 ANC regulation, provisions are registered where it is probable that an outflow of resources, without an at least equivalent inflow being expected from the beneficiary (whether known or not), will be required to extinguish a legal or implicit obligation arising from past events and where the amount of the obligation can be reliably estimated.

Retirement and other benefit liabilities

HSBC Continental Europe has opted to adopt ANC recommendation 2013-02 on the rules for recognising and measuring obligations for retirement and similar benefits.

HSBC Continental Europe provides some of its employees post-employment benefits such as pension plans and end of service benefits.

The costs recognised for funding these defined-benefit plans are determined using the projected unit credit method, with annual actuarial valuations being performed on each plan.

Actuarial gains or losses are recognised immediately through profit or loss.

The current service costs and any past service costs, together with the expected return on scheme assets less the unwinding of the discount on the scheme liabilities, are recognised as operating expenses.

The net defined-benefit liability recognised in the balance sheet represents the present value of the defined-benefit obligations adjusted for unrecognised past service costs and reduced by the fair value of the scheme's assets. Any resulting asset from this is limited to unrecognised past service costs plus the present value of available refunds and reductions in future contributions to the plan.

Payments to defined-contribution plans and state-managed retirement benefit plans, where HSBC Continental Europe's obligations under the plans are equivalent to a defined-contribution plan, are charged as an expense as they fall due.

Provision for share-based payments

Shares plan
HSBC Continental Europe grants bonus share plans to these employees for services rendered.

The expense is recognised in the income statement on the period between the granted date and the acquisition date.

The cancellation of expense may result due to the inability to meet acquisition conditions during the period of acquisition.

The amount recorded in the income statement corresponds to the shares finally acquired by the employees.

(f) Foreign exchange position

In accordance with the article 2711-1 to 2731-1 of 2014-07 ANC regulation, foreign currency exchange positions (asset and/or liabilities) are remeasured at the end of period prevailing rate, with the corresponding gains or losses recognised in the bank operating income or expense.

It should be noted that the institutions subject to this standard recognise currency exchange transactions at spot rates, as well as other foreign currency operations in the accounts opened and labelled in each of the currencies used. Are considered as spot foreign exchange transactions, purchases or sales of currencies for which parties do not defer the outcome or only defer it because of the period of use.

At each accounting closure, the balance sheet's active, passive, and off-balance sheet items are evaluated at the exchange rate prevailing at the closure date or the closest market rate prior to this date if more relevant. The market rate applicable to assets, liabilities and foreign exchange commitments is the spot rate of the relevant currency. The market rate applicable to forward foreign exchange commitments is the remaining forward rate of the relevant currency.

(g) Forward foreign exchange contracts

Unsettled Forward exchange contracts at the closing of the period hedged by a corresponding spot transactions are valued at the period end spot rate. Differences between spot and forward rates are recorded on a time-apportioned basis in the income statement. Outright forward exchange contracts and those hedged by forward instruments are restated at the rate for the remaining period.

(h) Financial derivatives

The HSBC Continental Europe group operates on all financial instruments markets, whether on behalf of its customers or for the purposes of hedging balance sheet items or for arbitration purposes.

Interest rate and currency options

Options are contracts reached between two parties by which one, the buyer, is granted the right to buy or to sell an actual asset or another financial instrument called an 'underlying asset' at the expiry of a certain time period, at a price agreed at the time the contract was concluded.

Option contracts result in a premium being paid by the buyer to the seller. HSBC Continental Europe has interest rate and currency options.

The basic accounting treatment principles for these various products are identical.

On closing out the contract, the notional amount of the 'underlying asset', which is the subject of the option, is recorded as an off-balance sheet item.

Currency swaps and/or interest rates (swaps, FRAs)

Currency and/or interest rate swaps are recognised in accordance with the articles 2521-1 and 2529-1 of the 2014-07 ANC regulation.

The contracts are recorded separately depending whether their purpose is to:

- To hold a stand-alone open positions to take advantage of any beneficial changes in interest rates;
- To hedge, demonstrably from the outset, in accordance with the above-mentioned article 4 of CRBF regulation 88-02 as amended, interest-rate risk affecting an item or a group of similar items or credit risk in the case of Credit Default Swaps ('CDS');
- To hedge and manage the entity's overall interest rate risk on assets, liabilities and off-balance sheet items; and
- For trading inten.

On the accounting side, methodology varies depending on whether the transactions are for hedging or trading business purposes.

The results of the hedging of assets or liabilities are recorded pro rata temporise. This is particularly the case for swaps traded as part of the asset/liability management of overall interest rate risk.

The consideration received or paid on termination/assignment of an interest rate/foreign exchange risk derivative is accounted immediately in profit or loss. However, when a derivative originally met the defined conditions mentioned in points b) and c) of the article 2522-1 and that derivative is terminated or assigned and potentially replaced by another contract or an equivalent instrument, the consideration received or paid can be spread out in profit and loss pro rata temporis.

Income on positions managed as part of a trading portfolio of swaps is recognised at market value after a reduction to reflect counterparty risk and future management expense.

The notional are recorded as off-balance-sheet items.

Offsetting rules

Offsetting rules are applied where it is established that reciprocal obligations are settled on a net basis with the same counterparty, currency and maturity date, and where agreements are in place for which the right of offset can be exercised. When the conditions for offsetting are met, the offsetting rules are applied to both derivatives exposures and related cash collateral.

Counterparty risk on derivatives

The fair value of contracts has to take into account counterparty risk linked to contracts.

The adjustment to value for counterparty risk is at least equal to the cost in equity determined under the terms of articles 2525-3 of 2014-07 ANC regulation.

(i) Initial recognition and subsequent measurement of tangible and intangible assets

HSBC Continental Europe applies the component approach in the recording and amortising of fixed assets.

HSBC Continental Europe complies with ANC Regulation 2014-03 for initial recognition, amortisation and impairment of tangible assets.

Investment property and operational building

For operating and investment fixed assets, HSBC Continental Europe adopted the components approach with the following minimum cap on the useful lives and methods of the corresponding components:

Components	Periods and depreciation and amortisation methods
Infrastructure	
Building	25 and 50 years on a straight-line basis
Civil engineering works	25 years on a straight-line basis
Technical installations	
Air conditioning Ventilation Heating	10 years on a straight-line basis
Electrical installations	10 years on a straight-line basis
Telephone and electrical fittings	10 years on a straight-line basis
Security fittings	10 years on a straight-line basis
Fittings	
Improvements and internal fittings	10 years on a straight-line basis

Other fixed assets

For other fixed assets, depreciation periods are determined according to the remaining useful lives of the assets concerned:

Components	Periods and depreciation and amortisation methods
Office equipment	5 years, reducing or straight-line basis
Furniture	5 to 10 years, reducing or straight-line basis
IT hardware	3 to 7 years, reducing or straight-line basis
Software	3, 5 or 10 years, straight-line basis

Assets held under finance lease

The assets held under the leasing activity are recognised in accordance with the accounting rules defined by the notice n° 2006-C of 4 October 2006 issued by the Emergencies Committee, linked to the interpretation of the advisory opinion n° 2004-15 du 23 June 2004 of CNC, relating to the definition, recognition and valuation of assets excluding from individual company accounts lease contracts according to IFRS16 within the scope of articles 211-1 to 224-4 from the regulation n° 2014-03 of ANC.

Assets held under leasing activity are amortised by using the straight-line method, over the actual duration of use but not exceeding the duration of the rental contract.

The amortisation periods considered are as follows:

- furniture and office equipment: five years;
- computer equipment: three years; and
- tools and equipment: five to seven years.

Depreciation of fixed assets leased under finance leases are recognised as an expense on finance lease.

In the financial accounting, the outstanding financial contracts is substituted to the net leased fixed-assets. The difference between the outstanding amounts of financial assets and the net book value of fixed assets is represented by the gross unearned finance income.

(j) Exceptional items

This line only includes profit and losses before tax which are generated or occur exceptionally and do not relate to the banking current activity and where relevant, the correction of material errors identified.

(k) Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

(l) Segment reporting

This information is not available on the parent company accounts but details are provided on a consolidated basis in the management report.

2 Loans and advances to banks

Breakdown of outstanding loans by remaining contractual maturity

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	**28,381**	22,634
Loan and advance centralised at the 'Caisse des Dépôts et Consignations' presented net against regulated savings accounts	**10**	10
Netting on reverse repurchase agreements	**46,274**	31,880
Total before netting – Gross	**74,665**	54,524
On demand deposits	**2,924**	3,051
Term deposits	**71,560**	51,303
≤ 3 months	**68,323**	49,735
> 3 months and ≤ 1 year	**1,570**	103
> 1 year and ≤ 5 years	**1,560**	1,238
> 5 years	**107**	227
Accrued interests	**181**	170
Total	**74,665**	54,524
– of which:		
securities received under reverse repurchase agreements	**65,531**	46,490
subordinated loans	**—**	—

3 Loans and advances to customers

Breakdown of outstanding loans by type

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	**43,454**	53,373
Netting on reverse repurchase agreements	**9,662**	5,287
Total before netting – Gross	**53,116**	58,660
Commercial loans	**2,705**	2,609
Overdraft	**3,492**	3,420
Other customer facilities	**46,919**	52,631
Total	**53,116**	58,660
– of which:		
eligible loans for European Central Bank or Banque de France refinancing	**2,875**	3,533
reverse repurchase agreements	**20,001**	16,718

Breakdown of outstanding loans by credit quality

	31 Dec 2025				31 Dec 2024
	Performing loans	Non-performing loans	Impairment on non-performing loans	Total	Total
	€m	€m	€m	€m	€m
Retail loans	**1**	**9**	**(3)**	**7**	5,997
Loans to financial customers	**6,275**	**156**	**(39)**	**6,392**	5,724
Loans to non-financial customers	**25,882**	**977**	**(372)**	**26,487**	29,905
Reverse repurchase agreements	**20,001**	**—**	**—**	**20,001**	16,718
Accrued interests	**223**	**6**	**—**	**229**	316
Total	**52,382**	**1,148**	**(414)**	**53,116**	58,660
– of which:					
subordinated loans				**—**	—
gross non-performing loans				**1,058**	1,360
gross impaired loans				**90**	77
impairment on gross non-performing loans				**(361)**	(297)
impairment on gross impaired loans				**(53)**	(37)

Breakdown of outstanding loans by remaining contractual maturity

	31 Dec 2025 €m	31 Dec 2024 €m
Repayable on demand	**4,157**	3,917
Term deposits	**48,730**	54,427
≤ 3 months	**22,899**	18,264
> 3 months and ≤ 1 year	**5,796**	6,480
> 1 year and ≤ 5 years	**17,603**	21,075
> 5 years	**2,432**	8,608
Accrued interest	**229**	316
Total	**53,116**	58,660

4 Portfolios of trading, available-for-sale and held-to-maturity securities

	31 Dec 2025 Carrying amount €m	31 Dec 2024 Carrying amount €m
Treasury bills and money-market instruments	**43,193**	29,557
– Trading securities	**25,558**	19,561
– Available-for-sale securities	**12,610**	9,519
– Held-to-maturity securities	**4,927**	399
– Accrued interest	**98**	78
– of which: securities borrowed presented net against corresponding liabilities	**1,206**	2,131
Treasury bills and money-market instruments after netting	**41,987**	27,426
Bonds and other fixed income securities	**13,251**	11,864
Trading account securities	**4,306**	1,707
– quoted securities	**4,306**	1,707
– unquoted bonds, interbank market securities and tradable debt securities	**—**	—
Available-for-sale securities	**8,001**	9,280
– quoted bonds	**5,905**	6,884
– unquoted bonds, interbank market securities and tradable debt securities	**2,096**	2,396
Held-to-maturity securities	**879**	812
– quoted bonds	**—**	—
– unquoted bonds, interbank market securities and tradable debt securities	**879**	812
Accrued interest	**65**	65
– of which:		
subordinated debt	**—**	100
securities borrowed	**287**	101
Equities and other variable income securities	**7,063**	6,415
Trading account securities	**6,973**	6,320
– quoted shares	**6,904**	6,271
– unquoted shares and similar	**69**	49
Available-for-sale securities	**80**	85
– quoted shares	**—**	—
– unquoted shares and similar	**80**	85
Portfolio activity securities	**10**	10
– quoted portfolio activity shares	**—**	—
– unquoted portfolio activity shares	**10**	10
Total	**63,507**	47,836

Breakdown by remaining contractual maturity of treasury bills and bonds

	31 Dec 2025 €m	31 Dec 2024 €m
Treasury bills and money-market instruments		
≤ 3 months	**1,588**	1,890
> 3 months and ≤ 1 year	**8,077**	2,292
> 1 year and ≤ 5 years	**17,240**	10,636
> 5 years	**16,190**	14,661
Accrued interest	**98**	78
Total	**43,193**	29,557
Bonds and other fixed income securities		
≤ 3 months	**2,542**	2,292
> 3 months and ≤ 1 year	**1,605**	1,389
> 1 year and ≤ 5 years	**6,435**	5,865
> 5 years	**2,604**	2,253
Accrued interest	**65**	65
Total	**13,251**	11,864

Estimated value of available for sale portfolio activity

	31 Dec 2025		31 Dec 2024	
	Net carrying amount	**Estimated**	Net carrying amount	Estimated
	€m	**€m**	€m	€m
Treasury bills and money-market instruments	**12,610**	**12,768**	9,519	9,640
Bonds and other fixed income securities	**8,001**	**8,013**	9,280	9,232
Equities and other variable income securities	**10**	**12**	10	14
Total available-for-sale and portfolio activity securities (excluding related receivables)	**20,621**	**20,793**	18,809	18,886

The financial investments portfolio is made up mainly of fixed income securities for which the interest-rate risk is usually hedged. The portfolio valuation rules are given in Note 1(a).

Unrealised gains and losses in financial investments and portfolio equities

	31 Dec 2025		
	Before provisions	**Provisions**	**Net amount**
	€m	**€m**	**€m**
Unrealised gains in available-for-sale and portfolio equities	**252**	**—**	**252**
– treasury bills and other eligible bills	**207**	**—**	**207**
– bonds and other fixed-income securities	**43**	**—**	**43**
– equity shares and similar & portfolio equities	**2**	**—**	**2**
Unrealised losses in available-for-sale and portfolio equities	**102**	**22**	**80**
– treasury bills and other eligible bills	**60**	**11**	**49**
– bonds and other fixed-income securities	**40**	**9**	**31**
– equity shares and similar & portfolio equities	**2**	**2**	**—**

Additional information on the securities in compliance with ANC 2014-07 regulation dated 26 November 2014

The premium (unamortised difference between the acquisition price and the redemption price of securities) of available-for-sale and held-to-maturity securities amounted to EUR 259.6 million in 2025 and EUR 93.8 million in 2024.

No security was transferred from one portfolio to another portfolio in 2025 or in 2024. Also no held-to-maturity securities have been sold during the period.

5 Investments in subsidiaries, affiliates and equity securities held for long term

	31 Dec 2025	31 Dec 2024
	Net carrying amount	Net carrying amount
	€m	€m
Interests in subsidiaries and associates	**35**	33
Listed securities	**—**	—
– banks	**—**	—
– others	**—**	—
Non-listed securities	**35**	33
– banks	**6**	6
– others	**29**	27
Other long-term securities	**29**	29
Listed securities	**—**	—
– banks	**—**	—
– others	**—**	—
Non-listed securities	**29**	29
– banks	**—**	—
– others	**29**	29
Interests in group companies	**1,358**	1,878
Listed securities	**204**	—
– banks	**204**	—
– others	**—**	—
Non-listed securities	**1,154**	1,878
– banks	**501**	705
– others[1]	**653**	1,173
Accrued income		
Total	**1,422**	1,940

	31 Dec 2025	31 Dec 2024
	€m	€m
Gross amount at 1 January (excluding advances and accrued income)	**2,297**	2,493
Changes in the year:		
– acquisitions of securities/share issues	—	22
– disposals/capital reductions[1]	(520)	(218)
– effect of foreign exchange differences	—	—
– other movements/merger	—	—
Gross amount at 31 December (excluding advances and accrued interests)	**1,777**	2,297
Impairment at 1 January	**(357)**	(294)
Changes in the year:		
– new allowances	—	(235)
– release of allowances no longer required	2	172
– other movements	—	—
– effect of foreign exchange differences	—	—
Impairment at 31 December	**(355)**	(357)
Accrued income	—	—
Net book value including accrued interests	**1,422**	1,940

1 This includes the sale of investment in French life insurance business, HSBC Assurances Vie (France), for EUR 514 million.

6 Intangible assets

	31 Dec 2025	31 Dec 2024
	€m	€m
Gross amount at 1 January	**464**	534
Changes in the year:		
– transfers and other movements[1]	154	(4)
– fixed asset acquisitions	160	58
– fixed asset disposals and other changes	(4)	(124)
Gross amount value at 31 December	**774**	464
Amortisation at 1 January	**351**	452
Changes in the year:		
– charges for the period for amortisation and impairment[2]	129	28
– transfers and other movements[1]	60	—
– fixed asset disposals and other changes	(17)	(129)
Amortisation at 31 December	**523**	351
Net book value of intangible assets at 31 December	**251**	113

1 Mainly related to the capitalisation of internally developed software costs of EUR 154 million (gross). These costs met the criteria for recognition as an asset but had been expensed rather than capitalised and immediately impaired when incurred as the impairment test on non-financial assets indicated a carrying amount lower than the value in use (as at 31 December 2024: gross value: EUR 154 million; accumulated amortisation: EUR 59 million; impairment: EUR 95 million). From 1 January 2025, following revised operating segment structure in HSBC Continental Europe and improved cash-flow projections, impairment test indicated EUR 95 million impairment reversal, recognised as an exceptional item (see Note 30).
2 Include impairment in the German Branch for EUR 51 million.

7 Tangible assets and finance leases

Tangible assets	31 Dec 2025	31 Dec 2024
	€m	€m
Gross amount at 1 January	**391**	710
Changes in the year:		
– transfers and other movements	—	—
– fixed asset acquisitions	14	8
– fixed asset disposals and other changes	(3)	(327)
Carrying amount at 31 December	**402**	391

	31 Dec 2025	31 Dec 2024
	€m	€m
Depreciation at 1 January	**307**	613
Changes in the year:		
– charges for the period for depreciation and impairment[1]	39	25
– transfers and other movements	1	—
– fixed asset disposals and other changes	(10)	(331)
Depreciation at 31 December	**337**	307
Net carrying amount at 31 December	**65**	84

1 Include impairment in the German Branch for EUR 19 million.

Breakdown by type of tangible fixed assets

	31 Dec 2025	31 Dec 2024
	€m	€m
Operating land and buildings	8	8
Non-operating land and buildings	—	—
Other tangible assets	57	76
Carrying amount at 31 December	**65**	84

Finance leases

	31 Dec 2025	31 Dec 2024
	€m	€m
Assets under construction	—	—
Assets in use gross amount[1]	97	206
Assets in use amortisation	(86)	(174)
Accrued interests	—	—
Total	**11**	32

1 Comprise of infrastructure and other machinery for EUR 48 million, vehicles for EUR 30 million and other material for EUR 19 million.

At 31 December 2025, the financial outstanding amounts to EUR 15 million (EUR 42 million in 2024) and the provision for negative unearned finance income before deferred tax to EUR 3 million (EUR 9 million in 2024).

8 Loan impairment

	Balance at 1 Jan 2025	Additions	Amounts utilised	Unused amounts reversed	Other movements	Balance at 31 Dec 2025
	€m	€m	€m	€m	€m	€m
Impairment on bank and other customer non-performing loans (excluding doubtful interest)	334	207	(78)	(49)	1	415
Impairment on securities	—	—	—	—	—	—
Provisions for loans commitments	38	26	(8)	(24)	—	32
Total of impairment and provisions recognised in cost of risk	**372**	**233**	**(86)**	**(73)**	**1**	**447**

Loan impairment charges

	31 Dec 2025	31 Dec 2024
	€m	€m
Net impairment charge for the period:		
– interbank and customer non-performing and impaired receivables (excluding doubtful interest)	(172)	(109)
– counterparty risk on securities	—	—
– loan commitments	(6)	(10)
– recoveries of amounts previously written off	1	2
Total loan impairment charges	**(177)**	(117)
– of which:		
unprovided losses on non-performing and impaired receivables	(5)	(58)
unprovided losses on loan commitments	—	—
losses covered by provisions	(86)	(348)

9 Other assets

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	**14,922**	20,755
Netting on cash collateral associated with derivatives	8,192	2,312
Total before netting	**23,114**	23,067
– of which:		
settlement of securities transactions	376	319
sundry debtors and other receivables	22,738	22,748

10 Prepayments and accrued income

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	**39,796**	39,056
Netting on derivatives	13,538	14,834
Netting on cash collateral associated with derivatives	421	—
Total before netting	**53,754**	53,890
– of which:		
items in course of collection from other banks	49	70
other assets[1]	53,705	53,820

1 Including mark-to-market on derivatives instruments for EUR 51,812 million in 2025 (EUR 52,112 million in 2024).

11 Deposits due to credit institutions

Breakdown of deposits by remaining contractual maturity

	31 Dec 2025 €m	31 Dec 2024 €m
Total after netting	**26,926**	20,276
Netting on repurchase agreements	**46,274**	31,880
Total before netting	**73,200**	52,156
On demand deposits	**13,952**	10,694
Term deposits	**59,138**	41,359
≤3 months	**11,350**	7,909
>3 months and ≤ 1 year	**531**	529
>1 year and ≤5 years	**46,681**	32,379
>5 years	**576**	542
Accrued interest	**110**	103
Total	**73,200**	52,156
– of which: repurchase agreements	**56,594**	38,926

12 Customer accounts

Breakdown of customer credit balances by type of deposit

	31 Dec 2025 €m	31 Dec 2024 €m
Total after netting	**105,258**	97,977
Loan and advance centralised at the 'Caisse des Dépôts et Consignations' presented net against regulated savings accounts	**10**	10
Netting on repurchase agreements	**9,662**	5,287
Total before netting	**114,930**	103,274
On demand deposits	**52,005**	50,611
Special demand accounts	**32**	48
Special term accounts	**—**	—
Term accounts	**48,883**	41,811
Total customer deposits (excluding repurchase agreements)	**100,920**	92,470
Repurchase agreements	**13,828**	10,596
Accrued interest	**182**	208
Total customer credit balance accounts	**114,930**	103,274

Breakdown of customer credit balances by remaining contractual maturities

	31 Dec 2025 €m	31 Dec 2024 €m
On demand deposits	**52,036**	50,659
Term deposits	**62,712**	52,407
≤3 months	**57,493**	48,747
>3 months and ≤1 year	**4,994**	3,148
>1 year and ≤5 years	**53**	346
>5 years	**172**	166
Accrued interest	**182**	208
Total	**114,930**	103,274

13 Debt securities in issue

Breakdown of debt securities by type

	31 Dec 2025 €m	31 Dec 2024 €m
Certificates of deposit	**—**	—
Interbank market securities and tradable debt securities	**9,835**	9,860
Bonds	**14,915**	15,587
Accrued interest	**410**	374
Total	**25,160**	25,821

Breakdown of debt securities by maturity

	31 Dec 2025 €m	31 Dec 2024 €m
Debt securities	**24,750**	25,447
≤3 months	**3,887**	2,541
>3 months and ≤1 year	**2,807**	4,187
>1 year and ≤5 years	**10,933**	10,121
>5 years	**7,123**	8,598
Accrued interest	**410**	374
Total	**25,160**	25,821

14 Provisions

	Balance at 1 Jan 2025	Additions	Amounts utilised	Unused amounts reversed	Other movements	Balance at 31 Dec 2025
	€m	€m	€m	€m	€m	€m
Provisions for commitments and disputes	39	26	(8)	(23)	(1)	33
Other provisions[1]	231	270	(36)	(32)	2	435
Total	270	296	(44)	(55)	1	468

1 Additions mainly due to the restructuring provisions : EUR 156 million for France, EUR 63 million for German Branch and EUR 12 million for other branches. Please refer to section 2025 Highlights on page 265 for more details.

15 Other liabilities

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	45,937	38,296
Netting on cash collateral associated with derivatives	421	2,312
Assets arising from securities borrowing transactions deducted from corresponding liabilities	1,206	2,131
Total before netting	47,564	42,739
– of which:		
securities transactions settlement accounts	44	314
sundry creditors[1]	18,693	16,788
short position and securities received under repurchase agreements confirmed resold	28,827	25,637

1 Including cash collateral on financial instruments received in 2025: EUR 18,113 million compared to EUR 13,782 million in 2024.

16 Accruals and deferred income

	31 Dec 2025	31 Dec 2024
	€m	€m
Total after netting	30,423	36,563
Netting on derivatives	13,538	14,834
Netting on cash collateral associated with derivatives	8,192	—
Total before netting	43,961	51,397
– of which:		
items in course of transmission to other banks	32	29
other liabilities[1]	52,120	51,368

1 Including mark-to-market on derivatives instruments (before netting) for EUR 51,144 million in 2025 and EUR 50,321 million in 2024.

17 Subordinated debt

Subordinated debts are dated or undated loans or securities, for which repayment is subordinated to other creditors in case of liquidation.

Accrued interest, if any, on these subordinated securities is recognised in the balance sheet in an accrued interest account with a corresponding amount recognised in profit and loss.

	31 Dec 2025	31 Dec 2024
	€m	€m
Dated subordinated securities	—	25
Undated subordinated securities	—	16
Subordinated debts (dated and undated)	3,335	3,335
Accrued interest	34	31
Total	3,369	3,407

Securities issued by HSBC Continental Europe

Subordinated securities issued by HSBC Continental Europe, in euros and other currencies, are liabilities which will only be repaid in the event of liquidation after the interests of other creditors have been extinguished but before repayment of the holders of participating securities or equity.

Subordinated securities

	Date of issue	Date of maturity	Interest type	Currency of issue	31 Dec 2025	31 Dec 2024
					€m	€m
Dated subordinated securities[1]	07.07.2005	07.07.2025	Fixed rate	EUR	—	10
	08.07.2005	08.07.2025	Fixed rate	EUR	—	5
	25.06.2002	26.06.2028	Fixed rate	EUR	—	10
Undated subordinated securities[1]	22.07.1985	perpetual	TMO – 0.25	FRF	—	16
Accrued interest					—	—
Total (including accrued interest)[1]					—	41

1 In 2025, full repayment of subordinated securities.

Subordinated debts

Subordinated debts	Date of issue	Date of maturity	Interest type	Currency of issue	31 Dec 2025 €m	31 Dec 2024 €m
Undated debts[1]	26.05.2017	perpetual	Fixed rate	EUR	**200**	200
	28.03.2018	perpetual	Fixed rate	EUR	**300**	300
	18.12.2024	perpetual	Fixed rate	EUR	**250**	250
	18.03.2022	perpetual	Floating rate	EUR	**250**	250
	06.12.2016	perpetual	Floating rate	EUR	**235**	235
	23.01.2019	perpetual	Fixed rate	EUR	**200**	200
Dated debts[2]	22.05.2020	22.05.2030	Floating rate	EUR	**—**	500
	08.12.2023	08.12.2034	Floating rate	EUR	**200**	200
	29.01.2024	29.01.2035	Floating rate	EUR	**400**	400
	21.03.2024	21.03.2035	Floating rate	EUR	**300**	300
	10.12.2024	10.12.2036	Floating rate	EUR	**500**	500
	22.05.2025	22.05.2036	Floating rate	EUR	**500**	—
Accrued interest					**34**	31
Total for securities issued by HSBC Continental Europe (including accrued interest)					**3,369**	3,366

1 Additional Tier 1: A total or a partial repayment is allowable on or after call date under certain conditions except two debts issued in 2016 and 2019 by the German branch amounting to EUR 435 million where only total repayment is possible.
2 Tier 2: A total or a partial repayment is allowable on or after the call date under certain conditions.

▶ More details are available in HSBC Continental Europe Pillar 3 Disclosures.

18 Share capital

Shares with a nominal value of 5 euros	2025 Number of shares	2025 Total (in thousands of euros)	2024 Number of shares	2024 Total (in thousands of euros)
At 1 January	**265,583,192**	**1,327,916**	212,466,555	1,062,333
– subscription options exercised	**—**	**—**	—	—
– new capital issued – merger	**—**	**—**	53,116,637	265,583
– reduction of capital	**—**	**—**	—	—
At 31 December	**265,583,192**	**1,327,916**	265,583,192	1,327,916

Voting rights

On 31 December 2025, the total of voting rights stood at 265,583,192.

19 Equity

	31 Dec 2025 €m	31 Dec 2024 €m
Called-up share capital	**1,328**	1,328
Share premium account (Additional paid-in capital)	**7,291**	7,291
Reserves	**1,113**	1,088
– legal reserve	**110**	85
– long-term gains reserve	**405**	405
– revaluation reserve	**3**	3
– extraordinary and other reserve	**305**	305
– free reserve	**290**	290
– revaluation reserve on past service costs	**—**	—
Retained earnings[1]	**2,280**	1,808
Interim dividend	**(282)**	—
Special tax-allowable reserves	**—**	—
Net profit for the year	**(66)**	499
Equity	**11,664**	12,014

1 Before proposed allocation of any dividend and/or legal reserves for current year.

Changes in equity

	2025 €m
Balance at 1 January	**12,014**
Net profit for the year	**(66)**
Capital increase	**—**
Share premium increase	**—**
Interim dividend[1]	**(282)**
Others	**(2)**
Balance at 31 December	**11,664**

1 Interim dividend of EUR 282 million paid in October 2025.

Legal reserve

This reserve is built up by appropriating at least one-twentieth of the year's profit. This appropriation ceases to be mandatory once this reserve reaches one-tenth of share capital. It is not distributable.

Net long-term gains reserve

Distributing this reserve would lead to an additional tax charge equal to the difference between standard tax rate and reduced tax rate.

Revaluation reserve (1976 revaluation)

This reserve could be incorporated into capital, but it cannot be distributed or used to offset losses.

Other reserves

Amounts put into reserves over five years ago would be subject to a levy if they were to be distributed.

For distributions paid on or after 1 January 2000, HSBC Continental Europe can charge the dividends against profits liable to corporate income tax for accounting periods ended at most five years ago, starting with the oldest, in application of the decree of 21 December 1999.

20 Pensions and other post-retirement benefits

	31 Dec 2025	31 Dec 2024
	€m	€m
Provision for employee-related commitments	**(48)**	10

Principal actuarial assumptions of the post-employment defined benefit plans

The principal actuarial financial assumptions used to calculate the defined benefit pension plans were:

France (in %)	**Discount rate**	**Inflation rate**	**Rate of increase for pensions in payment and deferred pensions**	**Rate of pay increase**
At 31 Dec 2025	**3.50**	**2.00**	**2.00**	**2.85**
At 31 Dec 2024	3.25	2.00	2.00	2.92

Germany (in %)	**Discount rate**	**Inflation rate**	**Rate of increase for pensions in payment and deferred pensions**	**Rate of pay increase**
At 31 Dec 2025	**4.12**	**2.10**	**2.10**	**2.10**
At 31 Dec 2024	3.41	2.25	2.25	2.25

HSBC Continental Europe determines discount rates in consultation with its actuaries based on the current average yield of high quality (AA-rated) debt instruments, with maturities consistent with that of the defined benefit obligation.

Provision recognised

	31 Dec 2025	31 Dec 2024
	€m	€m
Present value of benefit obligations	**324**	373
Fair value of plan assets	**(372)**	(363)
Net liability/asset recognised	**(48)**	10

The components of the table below have been recognised in profit & loss.

Net liability/asset under defined benefit pension plans

	Fair value of plan assets	**Present value of defined benefit obligations**	**Net benefit liability/asset**
	€m	**€m**	**€m**
Net defined benefit liability at 1 January 2025	**(363)**	**373**	**10**
Current service cost	**—**	**(5)**	**(5)**
Net interest (income)/cost on the net defined benefit liability	**(11)**	**12**	**1**
Remeasurement effects	**1**	**(22)**	**(21)**
Benefits paid	**1**	**(18)**	**(17)**
Other	**—**	**(16)**	**(16)**
At 31 Dec 2025	**(372)**	**324**	**(48)**

Fair value of plan assets by asset classes

	31 Dec 2025			
	Fair value	Quoted market price in active market	No quoted market price in active market	Thereof HSBC
	€m	€m	€m	€m
Fair value of plan assets	(372)	362	10	—
– equities	(3)	3	—	—
– bonds	(227)	227	—	—
– property	—	—	—	—
– derivatives	—	—	—	—
– other	(142)	132	10	—

21 Off-balance sheet items

	31 Dec 2025	31 Dec 2024
	€m	€m
A – Loan commitments		
Commitments given	**61,224**	60,036
Refinancing agreements and other financing commitments in favour of banks	**8,933**	8,327
Refinancing agreements and other financing commitments in favour of customers	**52,291**	51,709
– confirmed credit facilities	**52,212**	51,646
– acceptances payable and similar instruments	**79**	63
Commitments received	**522**	1,052
Refinancing agreements and other financing commitments in favour of banks	**522**	1,052
B – Guarantee commitments		
Commitments given	**20,632**	19,273
– guarantees, acceptances and other securities to banks	**3,636**	3,216
– guarantees, acceptances and other securities to customers	**16,996**	16,057
Commitments received	**697**	7,379
– guarantees, acceptances and other securities[1]	**697**	7,379

1 Mainly driven by the sale of the retained portfolio of French home and other loans.

Other pledged assets

	31 Dec 2025
	€m
Covered bonds	—
Loans pledged on guarantee 3G (Gestion Globale des Garanties) and TRICP (Traitement Informatique des Créances Privées)	**2,875**
Loans pledged on guarantee CCBM (Correspondent Central Banking Model)	—
Securities pledged on guarantee	**4,026**
Total	**6,901**

22 Derivatives

	31 Dec 2025				31 Dec 2024			
	Fair value	Hedging contracts[1]	Trading contracts[1]	Total[1]	Fair value	Hedging contracts[1]	Trading contracts[1]	Total[1]
	€bn	€bn	€bn	€bn	€bn	€bn	€bn	€bn
Fixed terms contracts	**8.9**	**35**	**4,539**	**4,574**	2.0	34	5,193	5,227
Exchange traded	—	—	**115**	**115**	—	—	99	99
– interest rate	—	—	**83**	**83**	—	—	69	69
– exchange rate	—	—	**10**	**10**	—	—	14	14
– equity	—	—	**22**	**22**	—	—	16	16
Non-exchange traded	**8.9**	**35**	**4,424**	**4,459**	2.0	34	5,094	5,128
– forwards contracts	—	—	**416**	**416**	—	—	627	627
– other interest rate	**9.3**	**35**	**2,918**	**2,953**	1.8	34	3,368	3,402
– other exchange rate	**(0.1)**	—	**183**	**183**	(0.1)	—	172	172
– other contracts	**(0.3)**	—	**907**	**907**	0.3	—	927	927
Flexible Terms (with Options) contracts	**(2.2)**	—	**449**	**449**	(1.4)	—	497	497
Exchange traded	**(0.9)**	—	**178**	**178**	(0.8)	—	191	191
– interest rate	—	—	—	—	—	—	—	—
– exchange rate	—	—	**81**	**81**	—	—	94	94
– other contracts	**(0.9)**	—	**97**	**97**	(0.8)	—	97	97
Non-exchange traded	**(1.3)**	—	**271**	**271**	(0.6)	—	306	306
– Caps and floors	**(0.2)**	—	**77**	**77**	—	—	98	98
Swaptions and options	**(1.1)**	—	**194**	**194**	(0.6)	—	208	208
– bought	**(1.1)**	—	**99**	**99**	(0.6)	—	109	109
– sold	—	—	**95**	**95**	—	—	99	99
Total derivatives	**6.7**	**35**	**4,988**	**5,023**	0.6	34	5,690	5,724

1 Notional contract amounts.

Other information on interest rate derivatives

Notional contract amounts	31 Dec 2025 €bn	31 Dec 2024 €bn
Micro hedge contract[1]	**9**	8
Macro hedge contract[2]	**26**	26
Trading	**2,918**	3,368
Other	**—**	—

1 Interest rate swaps accounted as micro-hedging are used to hedge interest and currency rate risk of an asset or a liability.
2 Interest rate swaps accounted as macro-hedging are used to hedge and to manage the global interest rate risk of portfolio of assets and liabilities of the bank.

Derivatives: maturity analysis

	31 Dec 2025			
	≤1 year	>1 year and ≤ 5 years	> 5 years	Total
(in billion euro)	**€bn**	**€bn**	**€bn**	**€bn**
Derivatives:				
– Exchange contracts	**59**	**300**	**19**	**378**
– Interest rate contracts	**1,186**	**1,362**	**1,149**	**3,697**
– Others	**977**	**(32)**	**3**	**948**
Total	**2,222**	**1,630**	**1,171**	**5,023**

Risk-weighted assets – Amount of Exposure At Default ('EAD') for derivatives contracts

	31 Dec 2025 €m	31 Dec 2024 €m
A – Contracts concluded under Master agreement with close-out netting	**9,973**	12,378
1. Transactions with banks from OECD countries	**9,414**	11,901
2. Transactions with customers and banks localised outside OECD countries	**559**	477
B – Other contracts	**2,478**	2,579
1. Transactions with banks from OECD countries	**2,422**	2,545
– interest rate contracts	**242**	254
– exchange contracts	**1,181**	1,241
– equity derivatives contracts	**849**	893
– credit derivatives contracts	**1**	1
– commodities contracts	**149**	156
2. Transactions with customers and banks localised outside OECD countries	**56**	34
– interest rate contracts	**—**	—
– exchange contracts	**56**	34
– equity derivatives contracts	**—**	—
Total Exposure at Defaut	**12,451**	14,957
Corresponding risk-weighted assets ('RWA')	**4,014**	4,488

Clearing effect on Exposure at Default

	31 Dec 2025 €m	31 Dec 2024 €m
Original exposure before credit risk mitigation (including close-out netting)	**126,665**	108,652
Exposure mitigation due to close-out netting	**(113,392)**	(93,025)
Exposure mitigation due to credit mitigation	**(822)**	(670)
Exposure value after credit risk mitigation	**12,451**	14,957

23 Net interest income

	31 Dec 2025 €m	31 Dec 2024 €m
Interest and similar income		
Banks and financial institutions	**3,208**	4,818
Customers	**2,810**	3,051
Bonds and other fixed-income securities	**999**	937
Total	**7,017**	8,806
Interest and similar expenses		
Banks and financial institutions	**(1,832)**	(2,806)
Customers	**(3,190)**	(3,645)
Subordinated liabilities	**(174)**	(206)
Other bonds and fixed-income securities	**(1,060)**	(1,287)
Total	**(6,256)**	(7,944)

24 Income from equities and other variable income securities

	31 Dec 2025 €m	31 Dec 2024 €m
Income		
Available-for-sale and similar & portfolio activity securities	**17**	16
Interests in subsidiaries and associates and other long-term securities	**—**	—
Interests in group companies	**69**	603
Total	**86**	619

25 Commissions received and commissions paid

	31 Dec 2025 €m	31 Dec 2024 €m
Fees		
Income	**1,521**	1,429
On transactions with banks	**126**	123
On transactions with customers	**126**	126
On foreign exchange transactions	**24**	21
On primary securities market activities	**300**	307
On provision of services for third parties	**626**	527
On commitments	**264**	260
Other commission	**55**	65
Expenses	**(766)**	(635)
On transactions with banks	**(78)**	(69)
On corporate actions	**(488)**	(379)
On forward financial instrument activities	**(1)**	—
On provision of services for third parties	**(166)**	(164)
On commitments	**(6)**	(8)
Other commission	**(27)**	(15)
Total fees	**755**	794

26 Gains or losses on trading securities

	31 Dec 2025 €m	31 Dec 2024 €m
Gains or losses		
Trading securities	**1,319**	419
Foreign exchange transactions	**417**	353
Others Derivatives	**(804)**	(118)
Total	**932**	654

27 Gains or losses on available-for-sale securities

	31 Dec 2025 €m	31 Dec 2024 €m
Available-for-sale securities		
Gains or losses	**16**	(48)
Impairment	**59**	(43)
– charges	**(70)**	(168)
– releases	**129**	125
Available-for-sale securities (portfolio activity)		
Gains or losses	**—**	1
Impairment	**—**	—
– charges	**—**	—
– releases	**—**	—
Total	**75**	(90)

28 General operating expenses

	31 Dec 2025 €m	31 Dec 2024 €m
Employee compensation and benefits		
Salaries and wages, social security, taxes and levies on compensation	**(791)**	(757)
Pension expense	**(72)**	(76)
Profit sharing and incentive plan	**(12)**	(10)
Employee compensation and benefits total	**(875)**	(843)
Other administrative expenses	**(1,233)**	(948)
Total operating expenses	**(2,108)**	(1,791)

Share award plans

At 31 December 2025, allowance stood at EUR 13.64 million.

29 Gains or losses on disposals of fixed assets and long term investments

	31 Dec 2025	31 Dec 2024
	€m	€m
Gains or losses on held-to-maturity securities	—	—
Gains or losses on tangible and intangible fixed assets[1]	146	(115)
Gains or losses on investments in subsidiaries and associates, long-term securities and other group companies[2]	453	(234)
Total	**599**	(349)

1 Primarily driven by the sale of the private banking operations in Germany in 2025.
2 Include the pre-tax gain on sale of the French life insurance business, HSBC Assurances Vie (France) for EUR 450 million in 2025.

30 Exceptional items

	31 Dec 2025	31 Dec 2024
	€m	€m
Exceptional gain/loss		
Gain/Loss on sale of major line of business[1]	(1,056)	9
Impairment on tangible assets and costs of investment	—	—
Disposal costs	—	4
Correction of error[2]	95	—
Others	—	—
Total	**(961)**	13

1 Mainly driven by the sale of the retained portfolio of French home and other loans.
2 Impact of the error correction related to the capitalisation of intangible assets described in Note 6.

31 Current and deferred tax

	31 Dec 2025	31 Dec 2024
	€m	€m
Current tax		
At standard rate	(172)	(119)
At reduced rate	—	—
Deferred tax	177	(174)
Total	**5**	(293)

Deferred taxes are calculated according to the principles defined in Note 1.

The France rates used for the calculation of taxes are as follows and is based on tax rates applicable to the corresponding fiscal year.

	2026	2025	2024
	%	%	%
Standard rate[1]	25.00	25.00	25.00
Reduced rate (long term capital gains)[2]	3.1	3.1	3.1
Reduced rate (gains on disposal of shares in listed real estate companies)[3]	19.0	19.0	19.0
Reduced rate (venture capital vehicle)[3]	15.0	15.0	15.0
Tax contribution			
CSB	3.3	3.3	3.3
Exceptional contribution	—	—	—
Deferred tax			
Standard rate on DT if assumption of recovery on 2025	25.00	25.00	25.00
Standard rate on DT if assumption of recovery on 2026	25.00	25.00	25.00
Standard rate on DT if assumption of recovery on 2027	25.00	25.00	25.00
Standard rate on DT if assumption of recovery on 2028	25.00	25.00	25.00
Reduced rate on DT if assumption of recovery on 2025	3.1	3.1	3.1
Reduced rate on DT if assumption of recovery on 2026	3.1	3.1	3.1
Reduced rate on DT if assumption of recovery on 2027	3.1	3.1	3.1
Reduced rate on DT if assumption of recovery on 2028	3.1	3.1	3.1

1 Standard CIT rate of 25 per cent excluding CSB of 3.3 per cent.
2 According to the French tax regulations, the capital gains resulting from the disposal of shares recorded as participations shares under French GAAP and held for at least two years, are taxable in France at an effective tax rate of 3.1 per cent (i.e.,12 per cent of the capital gain at a standard rate of 25.83 per cent).
3 The regime applies subject to specific conditions.

HSBC Continental Europe's profits are taxed at different rates depending on the country in which the profits arise. The largest tax balances relate to France where the applicable corporate income tax for 2024 and 2025 was 25 per cent and the social contribution tax (CSB) remain at 3.3 per cent based on the Corporate Income Tax, leading to an effective tax rate of 25.83 per cent.

The final effective tax rate varies depending on the contribution from entities outside of France, notably Germany which has an income tax rate for fiscal year 2025 of 31.4 per cent and other European branches. Enacted in the 2025 German Finance Act, the corporate income tax rate will reduce by 1 per cent each year beginning in 2028 until 2032 resulting in a total reduction of 5 per cent.

An exceptional surtax on corporate income tax was introduced by the French Finance Act 2025 for companies with turnover of at least EUR 1 billion. Although the French tax group's revenue exceeded this threshold in 2025, it is not subject to the surtax due to negative tax results for the 2024 and 2025 financial years.

The 2026 French Finance Act extends the surtax for a further year. For 2026, a rate of 20.6 per cent will apply to companies with turnover between EUR 1.5 billion and EUR 3 billion, and 41.2 per cent for those with turnover exceeding EUR 3 billion.

Current tax

The 2025 current tax expense reflected a tax charge of EUR 172 million (2024: EUR 119 million), mainly explained by the tax expense reported by HSBC Continental Europe branches of EUR 195 million (2024: EUR 160 million), of which notably EUR 101 million reported by Germany, EUR 30 million reported by Netherlands, EUR 20 million reported by Ireland, EUR 19 million reported by Luxembourg. These tax charges are offset by a tax credit in France of EUR 24 million.

Deferred tax

The 2025 deferred tax credit was EUR 177 million (2024: EUR 174 million charge), driven mainly by the deferred tax credit in HSBC Continental Europe France entity of EUR 134 million, including the recognition of a EUR 100 million deferred tax asset on brought forward losses.

The net deferred tax asset accounted for in the balance sheet as at December 31, 2025 amounts to EUR 834 million against EUR 658 million as at December 31, 2024. This net deferred tax asset is composed of EUR 672 million in France, EUR 155 million in Germany and EUR 7 million in the rest of HSBC Continental Europe European branches.

The France net deferred tax asset of EUR 672 million is majorly driven by brought forward tax losses from previous years of EUR 601 million (2024: EUR 501 million). During 2025, management reassessed the likely availability of future taxable profits against which to recover the deferred tax assets of the French tax group, taking into consideration the reversal of existing taxable temporary differences, the drivers of past business performance, management's latest forecasts of future business performance and forecasting uncertainty. These tax losses have no expiry date and are forecast to be recovered in 10 years.

Unrecognised deferred tax

The French tax group has unrecognised deferred tax of EUR 313 million tax value (EUR 1,210 million gross value) at 31 December 2025 (2024: EUR 177 million (EUR 685 million gross value)).

32 Legal proceedings and regulatory matters relating to HSBC Group entities generally

HSBC Group entities, including HSBC Continental Europe, are party to various legal proceedings and regulatory matters arising out of their normal business operations. Apart from the matters described below and in the section 'Legal risks and litigation management' on pages 175 to 176 of the Universal Registration Document 2025, HSBC Continental Europe considers that none of these matters is significant. HSBC Continental Europe recognises a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation. Any provision recognised does not constitute an admission of wrongdoing or legal liability. While the outcome of these matters is inherently uncertain, management believes that, based on the information available to it, appropriate provisions, as necessary, have been made in respect of such legal proceedings as at 31 December 2025.

Bernard L. Madoff Investment Securities LLC

Various HSBC companies that provided custodial, administration and similar services to a number of funds whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities') have been named as defendants in lawsuits arising out of Madoff Securities' fraud. HSBC Institutional Trust Services (Ireland) DAC ('HTIE') and/or its subsidiary Somers Dublin DAC ('Somers') face claims alongside other HSBC companies.

On 1 August 2018, HSBC Continental Europe acquired from HSBC Bank plc 100 per cent of the shares of HTIE. Pursuant to the terms of the Sale and Purchase Agreement, HSBC Continental Europe and/or its subsidiaries will be indemnified by HSBC Bank plc in respect of certain liabilities relating to the activities of HTIE and/or Somers. (HTIE subsequently merged into HSBC Continental Europe Dublin Branch).

The Madoff Securities trustee (the 'Trustee') has brought lawsuits in the US against various HSBC companies, including Somers, seeking recovery of alleged transfers from Madoff Securities to the HSBC companies in the amount of $508m (plus interest). In September 2025, the US Bankruptcy Court for the Southern District of New York dismissed certain claims (not relating to Somers) in the amount of $324m. The Trustee has appealed. The Trustee's remaining claims (including those against Somers) which amount to $184m are pending.

The Trustee has filed a claim against various HSBC companies, including HTIE, in the High Court of England and Wales seeking recovery of alleged transfers from Madoff Securities to the HSBC companies. The claim has not yet been served and the amount claimed has not been specified.

Tax-related investigations

Since 2023, the French National Financial Prosecutor ('PNF') had been investigating HSBC Continental Europe and the Paris branch of HSBC Bank plc, in connection with alleged tax fraud related to the dividend withholding tax treatment of certain trading activities. In January 2026, HSBC Bank plc reached an agreement with the PNF to resolve its investigation. HSBC Bank plc paid a total of €302m and this matter is now closed. The investigation into HSBC Continental Europe was closed with no further action.

HSBC Bank plc and the German branch of HSBC Continental Europe continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Other regulatory investigations, reviews and litigation

HSBC Continental Europe and/or certain of its affiliates are also subject to a number of other enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings including litigation and other contentious proceedings in connection with various matters arising out of its businesses and operations.

At the present time, HSBC Continental Europe does not expect the ultimate resolution of any of these matters to be material to its financial position. However, given the uncertainties involved in legal proceedings and regulatory matters, there can be no assurance regarding the eventual outcome of a particular matter or matters.

33 Presence in non-cooperative states or territories

HSBC Continental Europe does not hold any direct or indirect presence in any non-cooperative States or territories in accordance with the article 238-0 A of the General Tax Code.

34 Events after the balance sheet date

At its meeting on 24 February 2026, the Board of Directors resolved to distribute a dividend of EUR 5.20 per share (representing a total payout of approximately EUR 1.4 billion) in respect of the 2025 financial year. This dividend, if approved by shareholders at the Combined General Meeting, will be payable after deducting the interim dividend of EUR 1.06 per share already paid to shareholders in respect of the 2025 financial year.

There have been no other significant events between 31 December 2025 and the date of approval of these financial statements by the Board of Directors which would require an adjustment or additional disclosure in the financial statements.

35 Other information

35.1 Interests in subsidiaries and related parties at 31 December 2025

(in thousands of euros unless otherwise stated)	Legal status	Business	Share capital	Reserves + retained earnings before appropria-tion of net profit	Owner-ship interest per cent	Book value of securities held		Loans and advances granted by HSBC Conti-nental Europe	Guara-ntees given by HSBC Conti-nental Europe	Current year sales	Current year net profit or loss	Dividends received by HSBC Conti-nental Europe in the last financial year
						Cost	Net					
A – Information on companies whose book value at cost exceeds 1 per cent of HSBC Continental Europe's share capital												
1 – Subsidiaries (over 50 per cent)												
HSBC Factoring (France) 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Factoring	**9,240**	**161,161**	**99.99**	**39,236**	**39,236**	**2,951,363**	**—**	**111,258**	**20,485**	**—**
Société Française et Suisse, 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Invest-ment company	**599**	**8,789**	**100.00**	**60 384**	**9,676**	**—**	**—**	**—**	**108**	**—**
SAPC UFIPRO Recouvrement 38, avenue Kléber – 75116 Paris (France)	Limited liability company (SARL)	Dept collecting company	**7,619**	**1,554**	**99.98**	**16,262**	**9,168**	**—**	**—**	**—**	**(6)**	**—**
HSBC Global Asset Management (France) Immeuble Coeur Défense–110 esplanade du Général de Gaulle – 92400 Courbevoie (France)	Limited company (SA)	Asset manage-ment	**8,050**	**61,895**	**100.00**	**153,967**	**153,967**	**—**	**—**	**206,938**	**14,380**	**10,063**
HSBC Services (France) 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Commer-cial company	**2,242**	**456**	**100.00**	**36,877**	**1,970**	**—**	**—**	**—**	**(12)**	**—**
Valeurs Mobilières Elysées , 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Limited company (SA)	**41,920**	**12,044**	**100.00**	**67,757**	**55,180**	**—**	**—**	**—**	**1 204**	**—**
HLF 38, avenue Kléber – 75116 Paris (France)	Simplified joint-stock company (SA)	Leasing	**168,528**	**108,677**	**100.00**	**281,756**	**281,756**	**7,323**	**—**	**—**	**21,187**	**20,780**

(in thousands of euros unless otherwise stated)	Legal status	Business	Share capital	Reserves + retained earnings before appropria-tion of net profit	Owner-ship interest per cent	Book value of securities held		Loans and advances granted by HSBC Conti-nental Europe	Guara-ntees given by HSBC Conti-nental Europe	Current year sales	Current year net profit or loss	Dividends received by HSBC Conti-nental Europe in the last financial year
						Cost	Net					
SFM 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Holding company	**11,987**	**15,889**	**100.00**	**25,201**	**25,201**	**—**	**—**	**—**	**10,905**	**—**
Foncière Elysées S.A. 38, avenue Kléber – 75116 Paris (France)	Simplified joint-stock company (SAS)	Real estate	**14,043**	**5,758**	**100.00**	**44,478**	**28,464**	**—**	**—**	**199**	**146**	**—**
Charterhouse Management Services Ltd 8 Canada Square – London E14 5HQ (Royaume-Uni)	Limited company under English law	Invest-ment company	**11,439**	**—**	**100.00**	**11,460**	**11,460**	**—**	**—**	**544**	**415**	**—**
HSBC Real Estate Leasing (France), 38, avenue Kléber – 75116 Paris (France)	Limited company (SA)	Créditbail immobilier	**38,255**	**62,852**	**80.98**	**37,190**	**37,190**	**—**	**—**	**78,171**	**3,042**	**—**
CCF & Partners Asset Management Ltd 8 Canada Square – London E14 5HQ (Royaume-Uni)	Limited company under English law	Invest-ment holding	**1**	**—**	**100.00**	**—**	**—**	**—**	**—**	**—**	**(616)**	**613**
HSBC Bank Malta p.l.c. 116 Archbishop Street, Valletta, Malta	Public Limited Company (SA)	Commerc-ial banking, Insurance and Assets manage-ment	**108,092**	**511,920**	**70.03**	**203,875**	**203,875**	**—**	**—**	**222,251**	**71,592**	**36,082**
HSBC Private Bank (Luxembourg) S.A. 18 Bd de Kockelscheuer, 1821 Gasperich Luxembourg	Limited Company (SA)	Private banking	**160,000**	**64,421**	**100.00**	**195,000**	**195,000**	**780,000**	**451,000**	**48,165**	**(14,943)**	**—**
B – Aggregate data concerning companies whose book value at cost does not exceed 1 per cent of HSBC Continental Europe's share capital												
1 – Subsidiaries												
a) French subsidiaries (aggregated)	—		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
b) Foreign subsidiaries (aggregated)	—		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
2 – Related party companies												
a) French companies (aggregated)	—		**—**	**—**	**—**	**4**	**—**	**—**	**—**	**—**	**—**	**—**
b) Foreign companies (aggregated)	—		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

35.2 Transactions with subsidiaries and other related parties

	31 Dec 2025	
	Subsidiaries	Other related parties
	€m	€m
Assets		
Treasury bills and money-market instruments	**—**	**4,571**
Loans and advances to banks	**3,242**	**5,275**
Loans and advances to customers	**—**	**3,700**
Bonds and other fixed income securities	**—**	**32**
Liabilities		
Due to credit institutions	**440**	**16,518**
Customer accounts	**286**	**303**
Debt securities	**—**	**—**
Other liabilities	**—**	**3,899**
Subordinated liabilities	**—**	**2,895**
Off-balance sheet items		
Financing commitments given	**2,216**	**25**
Guarantees and endorsements given	**—**	**2,103**
Securities commitments (other commitments given)	**—**	**—**

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex France

BDO Paris
43-47, avenue de la Grande-Armée
75116 Paris France

Statutory Auditors' report on the financial statements

(For the year ended 31 December 2025)

To the Shareholders,

HSBC Continental Europe

38, avenue Kléber

75116 Paris, France

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of HSBC Continental Europe for the year ended 31 December 2025.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2025 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from January 1, 2025 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 30 "Exceptional items" to the financial statements which indicates the error correction of €95 million relative to the accounting treatment of internally designed software.

We also draw your attention to the impact of the first-time application of ANC Regulation 2022-06, as described in the notes to the financial statements.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Impairment of loans and advances to non-financial customers

Description of risk	How our audit addressed this risk
At 31 December 2025, gross loans to non-financial customers amounted to EUR 26,487 million. The associated impairment losses amounted to EUR 372 million. In assessing impairment, management uses its judgement in particular with regard to: – the classification of outstanding loans into doubtful and non-performing loans, based in particular on the internal rating system; – assessing the recoverability of these loans. We deemed this impairment relative to non-financial customers to be a key audit matter as it requires significant judgement on the part of management when preparing the consolidated financial statements, particularly given the current economic and geopolitical climate.	In response to this risk, we tested the controls we deemed key to our audit, in order to assess the relevance of the impairment losses estimated. Our tests therefore focused on the design and effectiveness of controls relating to the assessment of these impairments, including in particular the internal rating system, the classification of loans and the approval of individual impairments recognised. With the help of our credit risk experts, we tested the appropriateness of the methods and policies used to determine allowances, using a sample of loans selected based on risk level. Based on this sample, we independently assessed the level of allowances recognised. We also assessed the appropriateness of the information relating to the impairment of loans and receivables due from customers.

▶ See Notes 1.b and 3 to the financial statements.

Recognition of deferred tax assets with respect to tax loss carryforwards

Description of risk	How our audit addressed this risk

At 31 December 2025, net deferred tax assets from the French tax consolidation group amounted to EUR 672 million in HSBC Continental Europe's financial statements, of which EUR 601 million were deferred tax assets with respect to tax loss carryforwards.
The valuation and recoverability of the deferred tax assets resulting from these tax loss carryforwards depend mainly on:
– the taxable profit that HSBC Continental Europe expects to generate in the future;
– the French tax legislation applicable to the recognition and use of deferred tax assets arising from HSBC Continental Europe's tax loss carryforwards in France.
The valuation and future use of deferred tax assets on tax loss carryforwards is based on significant judgements from management. These judgements relate primarily to forecasts of tax profit or loss, the duration of tax losses, and the feasible tax planning strategies available.
Accordingly, given the significance of the amount of deferred tax assets at 31 December 2025 and the estimates and judgements made by management in recognising these deferred tax losses, we deemed them to be a key audit matter for HSBC Continental Europe's financial statements.
	In response to this risk, our procedures consisted in:
	– testing the controls in place with respect to the calculation and recognition of deferred tax assets on tax loss carryforwards;
	– performing a critical review, with the help of our tax experts, of the assumptions used by management to estimate the recoverable amount of the estimated deferred tax assets on tax loss carryforwards at the year end. Our work consisted primarily in:
	  – testing the key inputs used to estimate deferred tax with respect to tax loss carryforwards, including cash flow forecasts for plans approved by the Board of Directors,
	  – assessing management's estimates of forecasts of tax profit or loss by reviewing the temporary and permanent differences from prior years that are reflected in future forecasts,
	  – assessing the appropriateness of the sensitivity analyses carried out by HSBC Continental Europe to estimate deferred tax assets on tax loss carryforwards.
	Lastly, we assessed the appropriateness of the disclosures in the notes to the financial statements.

► See Notes 1.k and 31 to the financial statements.

Recognition of disposals and restructuring provisions

Description of risk	How our audit addressed this risk
As part of its transformation plan to refocus on institutional and corporate clients, HSBC Continental Europe is in the process of disposing certain non-strategic portfolios and businesses. In addition, as part of this strategic reworking, HSBC Continental Europe launched plans to restructure its workforce in 2025, mainly in France and Germany. HSBC Continental Europe completed the following disposals in 2025: – disposal of the portfolio of real estate loans and other loans with a carrying amount of EUR 7.1 billion, resulting in a pre-tax loss of EUR 1.1 billion; – disposal of the insurance business, resulting in a pre-tax gain of EUR 450 million; – disposal of the private banking business in Germany, resulting in a pre-tax gain of EUR 149 million. These transactions require management to exercise judgement, particularly with regard to the valuation of assets and liabilities sold and disclosures in the notes to the financial statements. At 31 December 2025, restructuring provisions amounted to EUR 231 million. The measurement of these provisions is based on significant assumptions and judgements by management, particularly with regard to the estimation of severance payments, the probability of departure and the valuation of other costs directly attributable to the restructuring. Given the complexity of the disposals, the restructuring plans and the level of judgement exercised to assess the impacts on the financial statements as at 31 December 2025, we deemed these transactions to be a key audit matter.	Regarding the disposals, our procedures consisted primarily in: – assessing the appropriateness of the main judgements made by management, in particular in valuing the assets and liabilities sold; – testing the exhaustiveness and accuracy of assets and liabilities sold and the profit or loss recognised. With the help of our experts, our procedures with regard to restructuring provisions consisted in: – assessing the reasonableness of the methodologies and assumptions used to estimate the provisions recognised, particularly with regard to the specific social security legislation in force in France and Germany and the agreements negotiated; – assessing compliance with the criteria for recognising restructuring provisions; – using samples to test the data used to calculate provisions. Finally, we assessed the appropriateness of the disclosures in the notes to the financial statements relating to disposals and restructuring provisions.

► See "2025 Highlights" section and Notes 14, 29 and 30 to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the following matter.

Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-6 of the French Commercial Code, we have the following matter to report:

As indicated in the management report, this information does not include banking transactions and related transactions, as the Company has decided that such transactions do not fall within the scope of the required information.

Report on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of HSBC Continental Europe by the Annual General Meetings held on 23 April 2015 for PricewaterhouseCoopers Audit and on 10 May 2007 for BDO Paris.

At 31 December 2025, PricewaterhouseCoopers Audit and BDO Paris were in the eleventh and the nineteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

– identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
– obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
– assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
– evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee
We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 25 February 2026

The Statutory Auditors

PricewaterhouseCoopers Audit	**BDO Paris**
Amel Hardy-Ben Bdira	Vincent Génibrel

Allocation of net profit

	At	
	31 Dec 2025	31 Dec 2024
	€m	€m
Results available for distribution		
– retained earnings[1]	**2,280**	1,808
– net profit for the year	**(66)**	499
Total (A)	**2,214**	2,307
Allocation of income		
– dividends[2]	**1,381**	—
– free reserve	**—**	—
Total (B)	**1,381**	—
Retained earnings (A-B)	**833**	2,307

1 The retained earning variation is explained by the allocation to the legal reserve of EUR 25 million out of 2024 profits.
2 Subject to shareholders' approval, the dividend will be payable from 27 March 2026, after deduction of the interim dividend of EUR 1.06 per share voted by the Board of Directors at its meeting of 19 November 2025 and paid to the 265,583,192 shares issued as of that date.

Five-year highlights

(Articles R. 225-81 and R. 225-102 of the French Commercial Code)

	2025	2024	2023	2022	2021
	€m	€m	€m	€m	€m
Share capital at year end					
Called up share capital	**1,328**	1,328	1,062	1,062	491
Number of issued shares	**265,583,192**	265,583,192	212,466,555	212,466,555	98,231,196
Nominal value of shares in euros	**5**	5	5	5	5
Results of operations for the year					
Sales	**9,807**	11,611	9,751	4,242	3,228
Profit before tax, depreciation and provisions	**97**	1,005	703	(352)	(2,042)
Profit after tax, depreciation and provisions	**(66)**	499	671	275	(1,589)
Per share data (in euros)					
Profit after tax, but before depreciation and provisions	**0.4**	2.7	2.2	(0.3)	(15.8)
Profit after tax, depreciation and provisions	**(0.2)**	1.9	3.2	1.3	(16.2)
Dividend paid per ordinary share, eligible as of 1 January	**5.20**	—	—	—	—
Employees (France)					
Number of employees[1]	**6,394**	6,869	10,511	11,122	7,993
Average number of employees (excluding employees available)	**6,624**	6,986	10,770	8,342	8,338
Salaries and wages	**641**	614	662	641	629
Employee benefits	**188**	187	246	230	245
Payroll and other taxes	**24**	22	31	36	63
Incentive schemes and/or employee profit-sharing scheme[2]	**13**	11	6	—	—

1 Employees registered as at 31 December of each year.
2 Based on previous year's profits.

List of equity shares and debt securities held at 31 December 2025 (excluding trading securities)

Held-on maturity, available-for-sale and portfolio activity securities

	31 Dec 2025
	€m
A – Held-to-maturity securities	**880**
Debt securities	**880**
Treasury bills and other eligible bills	—
Other public sector securities	—
Money market instruments	—
Negotiable certificates of deposit	—
Negotiable medium-term notes	—
Bonds and similar assets	**880**
Accrued interest	—
B – Available-for-sale and portfolio activity securities	**20,864**
Debt securities	**20,774**
Treasury bills and other eligible bills	—
Other public sector securities	**12,611**
Money market instruments	—
Commercial paper	—
Negotiable certificates of deposit	—
Negotiable medium-term notes	—
Asset-backed securities	—
Bonds and similar	**8,001**
Negotiable medium-term notes issued by banks	—
Accrued interest	**162**
Equity shares	**90**
Equity shares and similar	**90**
Mutual fund units	—
Total held-to-maturity, available-for-sale and portfolio activity securities	**21,744**

Interests in related parties, other participating interests and long-term securities

	31 Dec 2025
	€m
A – Other participating interest and long-term securities	**64**
Securities listed on a recognised French exchange	—
Unlisted French securities	**64**
Foreign securities listed on a recognised French exchange	—
Foreign securities listed elsewhere	—
Unlisted foreign securities	—
Accrued income	—
B – Interests in related parties	**1,358**
Listed French securities	—
Unlisted French securities	**948**
Listed foreign securities	—
Unlisted foreign securities	**410**
Accrued income	—
Total interests in related parties, other participating interests and long-term securities	**1,422**

HSBC Continental Europe's principal subsidiaries and investment policy

HSBC Continental Europe's principal subsidiaries at 31 December 2025

Corporate and Institutional Banking

Distribution	HSBC Factoring (France) (100 per cent)
Real estate	Foncière Elysées (100 per cent) HSBC Real Estate Leasing (France) (100 per cent)

Asset Management

HSBC Global Asset Management (France) (100 per cent)
HSBC REIM (France) (100 per cent)
HSBC Global Asset Management (Deutschland) GmbH (100 per cent)
HSBC Global Asset Management (Malta) Limited (70.03 per cent)

Insurance

HSBC Life Assurance (Malta) Limited (70.03 per cent)

Private Banking

HSBC Private Bank (Luxembourg) S.A. (100 per cent)

Other subsidiaries and equity investments

Valeurs Mobilières Elysées (100 per cent)
SFM (100 per cent)
HLF (100 per cent)
Société Française et Suisse (100 per cent)
Charterhouse Management Services Ltd (100 per cent)
HSBC Bank Malta p.l.c. (70.03 per cent)

Stated percentages indicate the group's percentage of control.
The subsidiaries are classified in the area where they principally operate.

Summary business activities of HSBC Continental Europe's principal subsidiaries at 31 December 2025

Corporate and Institutional Banking

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
HSBC Factoring (France)	**3,957,850**	3,561,491	**219,602**	199,084	**20,485**	19,743	**100**	100
	HSBC Factoring France ('HFF') is a company dedicated to Receivables Finance.							
HSBC Real Estate Leasing (France)	**465,679**	534,371	**104,149**	101,107	**3,042**	1,981	**100**	100
	HSBC Real Estate Leasing France provides real estate services. The company offers professional, industrial, and commercial premises on leases, as well as acquisition, financing, and borrowing services.							

Asset Management

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
HSBC Global Asset Management (France)	**213,889**	207,186	**84,326**	80,008	**14,380**	13,925	**100**	100
	HSBC Global Asset Management France ('HGAM') is an asset management division of the HSBC Group, it develops and manages investment management products.							
HSBC REIM (France)	**19,395**	19,844	**13,715**	12,526	**3,733**	4,576	**100**	100
	HSBC REIM (France) is the subsidiary of the Asset Management business specialising in real estate management on behalf of third parties.							
HSBC Global Asset Management (Malta) Limited	**3,794**	3,341	**2,855**	2,601	**254**	162	**70.03**	70.03
	HSBC Global Asset Management (Malta) Limited is the investment solutions provider of the HSBC Group in Malta. It is a wholly owned subsidiary of HSBC Bank Malta p.l.c. ('HBMT' or 'the Bank') and is regulated by the Malta Financial Services Authority. It has an Investment Services Licence and is principally engaged in the asset management of Collective Investments Schemes and Discretionary Portfolio Mandates.							
HSBC Global Asset Management (Deutschland) GmbH	**74,967**	70,340	**13,651**	13,651	**(15,524)**	3,633	**100**	100
	HSBC Global Asset Management (Deutschland) GmbH ('AMDE') is active in financial portfolio management, investment advice and the distribution of national and international HSBC funds. It specializes in the development and distribution of fund and advisory concepts for institutional clients, corporate clients and financial intermediaries in Germany and Austria.							

Insurance

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
HSBC Life Assurance (Malta) Limited	**771,747**	755,785	**62,403**	56,994	**5,409**	19,565	**70.03**	70.03
	HSBC Life Assurance (Malta) Ltd is authorised by the Malta Financial Services Authority to carry on the business of insurance in Malta under the Insurance Business Act (chapter 403, Laws of Malta). It offers a range of protection and investment life assurance products distributed mainly through HSBC Bank Malta p.l.c. which is enrolled as a tied insurance intermediary for HSBC Life Assurance (Malta) Ltd under the Insurance Distribution Act (chapter 487,Laws of Malta) .							

Own investments

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Société Française et Suisse ('SFS')	**9,498**	9,392	**9,496**	9,388	**108**	(86)	**100**	100
	Société Française et Suisse is a subsidiary that holds investments from former closed HSBC Continental Europe subsidiaries.							
Valeurs Mobilières Elysées	**55,336**	54,509	**55,167**	53,964	**1,204**	2,168	**100**	100
	Valeurs Mobilières Elysées is a subsidiary in which investments in shares were made for its own account. These investments concerned mid-sized listed stocks and Private Equity funds. The HSBC Group decided, in 2009, to no longer take on new operations on medium-sized listed securities, Valeurs Mobilières Elysées manages a portfolio in extinction. There are no more new investments in Private Equity on the balance sheet of Valeurs Mobilières Elysées.							
HLF	**395,841**	397,185	**298,393**	297,985	**21,187**	20,811	**100**	100
	HLF is a company specialised in lease finance for major corporates. The company holds subsidiaries intended for leasing activities with a call option. It operates more particularly in the aeronautics sector by financing assets on behalf of airlines.							

Private Banking

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
HSBC Private Bank (Luxembourg) S.A.	**3,093,961**	3,306,198	**209,478**	223,622	**(14,943)**	(17,589)	**100**	100
	HSBC Private Bank (Luxembourg) S.A provides an enhanced range of private banking solutions for entrepreneurs by utilising an extensive network of experts to provide tailored and personalised solutions backed by strong local expertise. The bank is authorised under Luxembourg law to conduct all banking operations and insurance brokerage activity. The bank has one branch located in Paris, France.							

Entities domiciled outside France

(in thousands of euros)

	Total assets		Shareholders' funds		Net profit		HSBC Continental Europe group's percentage	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
HSBC Bank Malta p.l.c.	**7,431,457**	7,043,239	**591,154**	573,694	**12,894**	45,956	**70.03**	70.03
	The bank provides a comprehensive range of banking and financial related services. The bank is authorised to carry on the business of banking, under the Banking Act, 1994 as a credit institution. It is also a licensed financial intermediary in terms of the Financial Markets Act, 1990. The bank is also licensed by the Malta Financial Services Authority in terms of the Investment Services Act, 1994. These licences authorise the bank to provide investment services to third parties and custodian services for collective investment schemes respectively.							

Investment policy

2019

- Acquisition by HSBC Continental Europe of certain assets and liabilities held by HSBC Bank plc in the Netherlands, Spain, Ireland, Czech Republic, Italy, Belgium and in Luxembourg.
- Amount of the investment: EUR 370.3 million.

2020

- No material transactions to report.

2021

- No material transactions to report.

2022

- Acquisition by HSBC Continental Europe on 30 November 2022:
- 100 per cent of HSBC Trinkaus & Burkhardt GmbH from HSBC Bank plc for an acquisition price of EUR 1,191 million; and
- 70.03 per cent of HSBC Bank Malta p.l.c. from HSBC Europe BV for an acquisition price of EUR 204 million.
- Sale of the Private Banking: on 1 October 2022, HSBC Continental Europe transferred its Private Banking business in France to HSBC Private Bank (Luxembourg) SA. The sale was executed with a Net Asset Value transferred of EUR 1, 525 million.

2023

- On 30 June 2023, HSBC Continental Europe completed the transfer of activities and staff from HSBC Trinkaus & Burkhardt GmbH to HSBC Germany.
- HSBC Continental Europe acquired 100 per cent of the share capital of HSBC Private Bank (Luxembourg) S.A. from HSBC Private Bank (Suisse) SA, for an acquisition price of EUR 195 million.

2024

- On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking operations in France to CCF, a subsidiary of Promontoria MMB SAS ('My Money Group'). The sale also included: HSBC Continental Europe's 100 per cent ownership interest in HSBC SFH (France) and its 3 per cent ownership interest in Crédit Logement.
- On 29 November 2024, HSBC Continental Europe completed the sale of HSBC Epargne Enterprise to Natixis Interépargne, a subsidiary of Group BPCE.

2025

- On 31 October 2025, HSBC Continental Europe completed the sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle.

Proposed resolutions to the Combined General Meeting to be held on 27 March 2026

First resolution

Voting under the quorum and majority conditions to transact ordinary business, and having heard and considered the report of the Directors, the Statutory Auditors' report on the financial statements for the year ended 31 December 2025, and the report on corporate governance and the Statutory Auditors' report relating thereto, the shareholders hereby approve the company's financial statements for that year as presented, together with the business operations reflected therein and summarised in the reports.

Second resolution

Voting under the quorum and majority conditions to transact ordinary business, the shareholders, having noted that the year ended 31 December 2025 shows a net result of EUR – 66,329,345.44, hereby approve the proposed distribution of this net result made by the Board of Directors and resolve to appropriate it as follows:

Net result for the year	EUR – 66,329,345.44
Plus retained profits	EUR 2,279,834,227.40
Total sum available for distribution	EUR 2,213,504,881.96

To be distributed as follows:

Dividend of EUR 5.20 per share	
to be paid	EUR 1,381,032,598.40
Retained earnings	EUR 832,472,283.56

The dividend will be payable from 27 March 2026, after deduction of the interim dividend of EUR 1.06 per share voted by the Board of Directors at its meeting of 23 October 2025 and paid to the 265,583,192 shares issued as of that date.

Dividend paid is eligible for the tax deduction referred to in article 158 paragraph 3.2 of the General Tax Code.

In accordance with legal requirements, it is recalled that no dividend has been paid in respect of the three previous financial years.

Third resolution

Voting under the quorum and majority conditions to transact ordinary business, and having heard and considered the report of the Directors and the report of the Statutory Auditors regarding the consolidated statements for the year ended 31 December 2025, the shareholders hereby approve the consolidated financial statements for that year as presented.

Fourth resolution

Voting under the quorum and majority conditions to transact ordinary business, and having heard and considered the Statutory Auditors' report on regulated agreements governed by article L. 225-38 of the French Commercial Code, the shareholders hereby approve successively the agreements described therein under the conditions referred to in article L. 225-40 of said Code.

Fifth resolution

Voting under the quorum and majority conditions to transact ordinary business, in accordance with article L. 511-73 of the French Monetary and Financial Code, the shareholders hereby issue a favourable opinion on the aggregate amount of compensation of all kinds paid in 2025 to categories of personnel as referred to in Article L 511-71 of the French Monetary and Financial Code having a significant impact on risks, which amounts to EUR 118,089,834.

Sixth resolution

Voting under the quorum and majority conditions to transact ordinary business, and noting that the term of office of Mrs Lucile Ribot expires at the end of this meeting, the shareholders hereby elect, to replace her, Mr Madhukar Dayal as a Director of the Company, for a term of three years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2028.

Seventh resolution

Voting under the quorum and majority conditions to transact ordinary business, the shareholders hereby re-elect Mr Jean Beunardeau, who is retiring by rotation, as Director for a further term of three years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2028.

Eighth resolution

Voting under the quorum and majority conditions to transact ordinary business, the shareholders hereby re-elect Mrs Deirdre Hannigan, who is retiring by rotation, as Director for a further term of three years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2028.

Ninth resolution

Voting under the quorum and majority conditions to transact ordinary business, the shareholders hereby re-elect Mrs Carol Sergeant, who is retiring by rotation, as Director for a further term of three years ending at the conclusion of the Annual General Meeting held to approve the financial statements for the year ending 31 December 2028.

Tenth resolution

Voting under the quorum and majority conditions to transact special business, having heard and considered the report of the Directors and the special report of the Statutory Auditors, the shareholders hereby authorise the Board of Directors to increase the share capital on one or more occasions at the time or times it deems appropriate up to a maximum amount of EUR 500 million (issue premium included), it being stipulated that are not included in the limit of EUR 500 million above, the capital increases which could be decided in respect of the dividend payments in shares or which would result from the exercise of stock options by employees.

Should the Board of Directors decide to use this authority, it may implement the capital increase at its discretion either by capitalising earnings, reserves or share premiums by means of an increase in the nominal value of existing shares or by means of a bonus issue of new shares identical in all respects to the existing shares, or by issuing new shares for cash or by way of a set-off, with preferential rights in favour of existing shareholders, or by a combination of both procedures either successively or simultaneously.

In the event of a capital increase by issuing new shares for cash, the Board of Directors is specifically authorised to:

- give those shareholders who applied for a greater number of shares than their entitlement as of right preference over any securities not taken up under the shareholders' preferential rights, scaled back in the event that applications exceed the number of shares available ;and
- limit the capital increase to the amount of applications received, provided that such amount represents at least three quarters of the initial proposed capital increase.

The shareholders hereby empower the Board of Directors to complete the capital increase or increases, if it deems appropriate, to fix the terms and conditions thereof and notably the issue price of the shares, the dividend entitlement date, which may be retrospective, and the opening and closing dates for applications, to officially record the capital increase and alter the Articles of Association accordingly, and, more generally, to take all measures and fulfil all formalities required to complete the operation.

This authority is valid for a period of 26 months with effect from the date of this meeting. It cancels and supersedes the authority granted at the Extraordinary General Meeting held on 25 March 2024.

Eleventh resolution

Voting under the quorum and majority conditions to transact special business, and having heard and considered the report of the Directors and the special report of the Statutory Auditors, and in accordance with the provisions of Article L. 225-129-6, indent 1 of the French Commercial Code, the shareholders hereby delegate their authority to the Board of Directors in order to increase the share capital, in one or several steps at its sole discretion, by issuing shares to be subscribed in cash, reserved for employees participating in a company's employee share ownership plan in accordance with the provisions of Articles L. 3332-18 et seq. of the French Labour Code.

The shareholders set the maximum increase in the share capital at EUR 10 million.

The shareholders decide that this delegation entails express waiver by the shareholders of their pre-emptive subscription right in favour of the Company's employees mentioned above as part of the delegation.

The shareholders decide that the issue price of the new shares will be determined by the Board of Directors in accordance with the provisions of Article L. 3332-20 of the Labor Code.

This delegation of authority shall extend for two years from the date of this General Meeting.

The shareholders grant full powers to the Board of Directors to implement this delegation of authority and, in particular, to fix the terms and conditions of the transactions, to set the date and terms of the issues to be made, to set the number of new shares to be issued and their vesting date, set the opening and closing dates of the subscriptions, the procedures for the release of the shares, in accordance with the legal and regulatory provisions.

The Board of Directors will also have full powers to carry out and record the completion of capital increases, carry out directly or by proxy, all subsequent formalities and amend the Articles of Association accordingly and, in general, take all necessary measures and enter into any agreements that are useful for the realisation of the capital increases, under the conditions provided for by the legal and regulatory provisions.

Twelfth resolution

Voting under the quorum and majority conditions to transact ordinary and special business, the shareholders hereby confer full powers on the bearer of an original, copy or abstract of the minutes of this meeting for the purpose of completing any formalities required by law.

Information on HSBC Continental Europe and its share capital

Information on the company

Name

HSBC Continental Europe. New name of HSBC France since 1 December 2020.

Commercial name

HSBC.

Date of incorporation

1894.

Registered office

38 avenue Kléber – 75116 Paris – France.

Legal Form

Société Anonyme incorporated under the laws of France, governed notably by the French Commercial Code. The Company is a credit institution and authorised bank, and as such is also governed by the French Monetary and Financial Code.

Term

The Company's term ends on 30 June 2043, unless previously wound up or extended.

Corporate purpose (article 3 of the Articles of Association of HSBC Continental Europe)

The Company's corporate purpose is the transaction in all countries of any and all banking, finance, lending, guarantee, trading, brokerage or fee-earning business together with the provision of any and all investment services and related services within the meaning of articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, and more generally, conducting within the limits permitted by law any and all commercial, industrial or agricultural, securities or real estate, financial or other operations as well as to provide any and all services directly or indirectly connected with or which may facilitate the achievement of the foregoing object.

Trade and companies Register, APE code and LEI

775 670 284 RCS Paris – APE 6419Z.

LEI: F0HUI1NY1AZMJMD8LP67.

Legal and regulatory framework

Subject to the laws and regulations relating to credit institutions, including articles in the French Monetary and Financial Code applicable to them, the Company is governed by commercial law, including articles L. 210-1 and following of the French Commercial Code and its Articles of Association.

HSBC Continental Europe is a credit institution licensed as a bank. As such, the Company may conduct all banking operations. It is, moreover, authorised to perform any services or related investment mentioned in articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code, with the exception of operating a multilateral trading facility. In its capacity as provider of investment services, it is subject to the regulations applicable to them under the supervision of the Autorité des marchés financiers.

It is particularly subject to compliance with a number of prudential rules and controls by the Autorité de contrôle prudentiel et de résolution and the European Central Bank. Its Senior Management and all the people it employs are bound by professional secrecy, violation of which is punishable by law. It is also an insurance broker.

Documents and information on display

Any person requiring additional information on the HSBC Continental Europe group may, without commitment from the Company, request documents by mail from:

HSBC Continental Europe – 38 avenue Kléber, 75116 Paris, France.

The Articles of Association of the Company can be found in the 'About HSBC' section of the HSBC Continental Europe website www.hsbc.fr.

The information made available on hsbc.fr website are not part of the Universal Registration Document, unless the information is included by reference in the current Registration Document.

Financial year

From 1 January to 31 December.

Distribution of profits according to the Articles of Association

Of the net profit for the year, less any prior year losses (if any), a minimum of 5 per cent is transferred to feed the legal reserve. This transfer ceases to be mandatory when the legal reserve has reached an amount equal to one tenth of the Company's share capital. The mandatory transfer recommences at any time should the amount of the legal reserve fall below that tenth.

The balance, plus any retained earnings, less any sums which the shareholders deem expedient to transfer to new or existing reserves or to retained earnings, comprises the profit available for distribution among the shareholders.

However, except in the event of a reduction of the Company's share capital, no distribution may be made if total shareholders' funds are, or would as a result, become lower than the amount of the Company's share capital, plus any reserves, that the law or Articles of Association do not allow to distribute.

By way of derogation to the provisions of this rule, sums may be transferred to a special employee profit-sharing reserve, as provided for by law.

Form of shares

The fully paid up shares have to be registered. They result in registration on an individual account pursuant to the conditions and according to the methods stipulated by the legal and regulatory provisions in force.

Voting rights

Each fully paid up share entitles the holder to one vote.

Transfer of shares

The transfer of shares takes place by way of a transfer from one account to another.

There are no restrictions on disposals of shares or negotiable securities giving access to the share capital in cases of inheritance or liquidation of matrimonial property, or on disposals to a spouse, descendant or ascendant.

Any other disposals or transfers of shares or negotiable securities giving access to the capital, including between shareholders, whether free of charge or for valuable consideration, whether the said disposals or transfers take place by way of donation, exchange, disposal, capital contribution, merger, demerger, partial asset transfer, distribution following the liquidation of a shareholding company, universal asset transfer from a company, realisation of a security, or by way of compulsory or voluntary public tender, and whether they relate only to legal or beneficial ownership, shall be subject to the approval of the Board of Directors according to the conditions described below.

The transferor's request for approval, which must be served on the company, shall state the name, forenames, profession and address of the transferee, or the company name and registered office in the case of a company, the number of shares or negotiable securities giving access to the capital of which the disposal or transfer is envisaged, the price offered or an estimate of the value of the shares or negotiable securities giving access to the capital. This request for approval must be countersigned by the transferee.

Approval will be given in the form of a notice, or will be deemed to have been given, in the absence of a reply within three months of the date of the request for approval.

The approval decision will be made by the Board of Directors, by a majority of the Directors present or represented. The transferor shall be entitled to vote, if he is a Director. The decision will not be justified, and in the event of a refusal, shall never give rise to any claim.

If the proposed transferee is approved, the transfer will be completed in favour of the transferee upon presentation of the supporting documents, which must be supplied within one month of service of the decision of the Board of Directors, failing which a fresh approval will be required.

If the company does not approve the proposed transferee, the transferor will have a period of eight days from the date of service of the refusal to notify the Board whether or not he abandons his proposal.

If the transferor does not expressly abandon his proposal under the conditions set out above, the Board of Directors shall be obliged within a period of three months from the date of service of the refusal, to arrange for the purchase of the shares or negotiable securities giving access to the capital, by a shareholder, a third party, or, with the transferor's consent, by the company, with a view to a reduction of the capital.

In the event that the offered shares or negotiable securities giving access to the capital are purchased by shareholders or third parties, the Board of Directors shall inform the transferor of the names, forenames, profession and address of the purchasers, or of the company name and registered office in the case of a company. The sale price shall be fixed by agreement between the purchasers and the transferor.

In the event that the offered shares or negotiable securities giving access to the capital are purchased by the company, the Board of Directors must first ask for the transferor's consent. The transferor must give his answer within eight days of receiving this request.

In the absence of agreement between the parties, the price of the shares and negotiable securities giving access to the capital shall be determined by an expert valuation, under the conditions provided by article 1843-4 of the French Civil Code.

If, upon the expiry of a period of three months, the purchase has not been completed, approval shall be deemed to have been given. However, this period may be extended by the courts on an application by the company.

The transferor may, at any time, and at the latest within a period of eight days of determination of the price by the expert, abandon the disposal of his shares or negotiable securities giving access to the capital.

Disposals to the purchaser or purchasers nominated by the Board of Directors shall be completed by means of a transfer order signed by the Chairman of the Board of Directors, who shall serve it to the transferor within eight days of its date, with an invitation to attend the registered office to receive the sale price, which shall not bear interest.

All notices, requests, answers, opinions, waivers, information and consents provided for by this article shall be validly given if sent by extrajudicial instrument or by registered letter with proof of receipt requested.

When an expert is used to determine the price of the shares or negotiable securities giving access to the share capital under the conditions provided by article 1843-4 of the French Civil Code, the expert's fees shall be paid in equal shares by the assignor and assignee.

This approval clause, which is the purpose of this article, also applies to disposals of allocation rights in the event of capital increases by way of incorporation of reserves, profits or issue premiums, and disposals of subscription rights in respect of capital increases in cash or individual waivers of subscription rights in favour of named individuals.

In these cases, the rules governing approval and the buyback conditions shall apply to the securities subscribed, and the time given to the Board of Directors to notify the third party subscriber whether it accepts him as a shareholder shall be three months from the date of final completion of the capital increase.

In the event of a buyback, the price shall be equal to the value of the new shares or negotiable securities giving access to the capital determined under the conditions provided by article 1843-4 of the French Civil Code.

Custodian and financial service

Uptevia.

History of the company

1894: The Banque Suisse et Française ('BSF') is founded. It will become the Crédit Commercial de France ('CCF').

1987: CCF privatisation. Apart from its national network, CCF has progressively created a group of regional banks operating under their own brand.

1994: Centenary of CCF.

2000: CCF joins the HSBC Group and becomes the European platform of the HSBC Group.

2002: Crédit Commercial de France changes its legal name to CCF.

2005: CCF becomes HSBC France and certain of its subsidiaries change their legal name and adopt the HSBC brand. HSBC France, HSBC Hervet, HSBC de Baecque Beau, HSBC UBP and HSBC Picardie constitute the new HSBC network.

2008: Disposal by HSBC France of its regional banking subsidiaries (Société Marseillaise de Crédit, Banque de Savoie, Banque Chaix, Banque Marze, Banque Dupuy, de Parseval, Banque Pelletier and Crédit Commercial du Sud-Ouest).

2008: Merger of HSBC Hervet, HSBC de Baecque Beau, HSBC UBP and HSBC Picardie with HSBC France.

2011: Merger of HSBC Private Bank France with HSBC France.

2013: HSBC France acquires HSBC Assurances Vie (France).

2017-2018: Creation of branches in Greece, the United Kingdom, Belgium, Luxembourg, Ireland, Italy, Poland, the Czech Republic, the Netherlands and Spain.

January 2018: Acquisition of certain assets and liabilities from the HSBC Bank plc branch in Greece and launch of the activities of the HSBC France branch in Greece.

August 2018: Acquisition of HSBC Bank Polska S.A. and HSBC Institutional Trust Services (Ireland) DAC.

February 2019: Acquisition of certain assets and liabilities from the HSBC Bank plc branches in Belgium, Ireland, Italy, the Czech Republic, the Netherlands and Spain and launch of the activities of the HSBC France branches in those countries.

March 2019: Acquisition of certain assets and liabilities from the HSBC Bank plc branch in Luxembourg and launch of the activities of the HSBC France branch in this country.

April 2019: Merger of HSBC Bank Polska S.A. and HSBC Institutional Trust Services (Ireland) DAC with HSBC France.

May 2019: Creation of a branch in Sweden and launch of the activities in this branch in October 2019.

December 2020: HSBC France becomes HSBC Continental Europe and transfers its registered office 38 avenue Kléber 75116 Paris.

November 2022: Acquisition of 70.03 per cent of the share capital of HSBC Bank Malta p.l.c. and, by the HSBC Continental Europe branch in Germany, of 100 per cent of HSBC Trinkaus & Burkhardt GmbH.

July 2023: Sale of the activities of the HSBC Continental Europe branch in Greece.

November 2023: Acquisition of 100 per cent of the share capital of HSBC Private Bank (Luxembourg) S.A., the HSBC Group's Continental European private banking hub.

January 2024: Sale by HSBC Continental Europe of its Retail Banking operations in France.

January 2024: Disposal of the subsidiary HSBC SFH (France) as part of the sale of the Retail Banking activities in France.

November 2024: Disposal of the subsidiary HSBC Epargne Entreprise (France).

October 2025: Disposal of the subsidiary HSBC Assurances Vie (France).

Material contracts

HSBC Continental Europe currently has no material contracts, other than those concluded as part of the normal course of its business, that gives any member of the Group a right or obligation having a material impact on the issuer's ability to fulfil its obligations to holders of issued securities.

Information on the share capital

At 31 December 2025, the share capital amounted to EUR 1,327,915,960 divided into 265,583,192 fully paid up shares, each with a nominal value of EUR 5.

Movements in share capital

	Number of shares	Share capital in euros	Share premium in euros
At 1 Jan 2025	**265,583,192**	**1,327,915,960**	**6,746,932,015.46**
Increase (Reduction) during the year	—	—	—
At 31 Dec 2025	**265,583,192**	**1,327,915,960**	**6,746,932,015.46**
At 1 Jan 2024	212,466,555	1,062,332,775	5,264,446,676.79
Increase (Reduction) during the year	53,116,637	265,583,185	1,482,485,338.67
At 31 Dec 2024	265,583,192	1,327,915,960	6,746,932,015.46
At 1 Jan 2023	212,466,555	1,062,332,775	5,264,446,676.79
Increase (Reduction) during the year	—	—	—
At 31 Dec 2023	212,466,555	1,062,332,775	5,264,446,676.79
At 1 Jan 2022	98,231,196	491,155,980	2,137,326,990.33
Increase (Reduction) during the year	114,235,359	571,176,795	3,127,119,686.46
At 31 Dec 2022	212,466,555	1,062,332,775	5,264,446,676.79
At 1 Jan 2021	98,231,196	491,155,980	2,137,326,990.33
Increase (Reduction) during the year	—	—	—
At 31 Dec 2021	98,231,196	491,155,980	2,137,326,990.33

Ownership of share capital and voting rights at 31 December 2025

HSBC Bank plc has owned more than 99.99 per cent of the share capital and voting rights since 31 October 2000. This percentage has not varied since then. HSBC Bank plc is a wholly-owned subsidiary of HSBC Holdings plc, a company quoted in London, Hong Kong, New York and Bermuda. The rest of the share capital and voting rights is owned by Canada Square Nominees (UK) Limited, an indirect wholly-owned subsidiary of HSBC Holdings plc, and external shareholders.

Dividend and payout policy

	2025	2024	2023	2022	2021
Number of shares at 31 December	**265,583,192**	265,583,192	212,466,555	212,466,555	98,231,196
Average number of shares outstanding during the year	**265,583,192**	214,212,855	212,466,555	132,279,780	98,231,196
EPS[1]	**EUR 1.87**	EUR 2.45	EUR 2.2	EUR (7.30)	EUR 2.74
Net dividend		—	—	—	—
Exceptional dividend		—	—	—	—
Dividend + tax credit		—	—	—	—
Payout[2]		—	—	—	—

1 Calculated on the weighted average number of shares outstanding after deducting own shares held.
2 Dividend paid as a percentage of reported earnings.

At the Annual General Meeting to be held on 27 March 2026, the Board will propose to distribute a dividend in respect of year 2025.

Dividends which are not claimed within five years of the payment date lapse and become the property of the French Treasury.

Persons responsible for the Universal Registration Document and for auditing the financial statements

Person responsible for the Universal Registration Document

Mr Christopher Davies, Chief Executive Officer ad interim

Statement by the person responsible for the Universal Registration Document

I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, true and accurate and contains no omission likely to affect its meaning.

I certify, to the best of my knowledge, that the annual financial accounts have been prepared in accordance with the applicable accounting standards and give a true and fair view of assets and liabilities, financial position and result of the issuer and all the entities included in the consolidation, and that the Management Report (the cross-reference table on page 306 indicates the content of said report) presents a fair view of the business performance, results and financial position of the issuer and of all the entities included in the consolidation scope, and describes the principal risks and uncertainties to which they are exposed and that it has been prepared in accordance with applicable sustainability reporting standards.

Paris, 25 February 2026

Christopher Davies, Chief Executive Officer ad interim

Persons responsible for auditing the financial statements

Incumbents	Date first appointed	Date re-appointed	Date term ends
PricewaterhouseCoopers Audit[1]	2015	2024	2030
Represented by Amel Hardy-Ben Bdira[2] 63, rue de Villiers 92200 Neuilly-sur-Seine			
BDO Paris[3]	2007	2024	2030
Represented by Vincent Génibrel[4] 43-47, avenue de la Grande Armée 75116 Paris			

1 Member of the Compagnie Régionale des Commissaires aux comptes of Versailles.
2 PricewaterhouseCoopers Audit represented by Amel Hardy-Ben Bdira from 2025.
3 Member of the Compagnie Régionale des Commissaires aux comptes of Paris.
4 BDO Paris represented by Vincent Génibrel starting from 2023.

Statutory Auditors' fees paid in 2025 within the HSBC Continental Europe group are available in Note 7 to the consolidated financial statements on page 224.

Cross-reference table

The following cross-reference table refers to the main headings required by the European regulation 2017/1129 (Annex I and Annex II) implementing the directive known as 'Prospectus' and to the pages of the Universal Registration Document 2024 D.25-0044.

Sections of Annex I of the EU Regulation 2017/1129		Pages in this 2025 Universal Registration Document
1.1 & 1.2	Persons responsible	page 303
1.3	Experts' reports	N/A
1.4	Third party information	N/A
1.5	Competent authority approval	N/A
2	**Statutory auditors**	page 304
3	**Risk factors**	pages 128 to 138
4	**Information about the issuer**	page 300
5	**Business overview**	
5.1	Principal activities	pages 4 to 16 and 265
5.2	Principal markets	pages 4 to 16 and 265
5.3	Important events	pages 210 to 211, 265 to 266
5.4	Strategy and objectives	pages 4 to 9
5.5	Potential dependence	N/A
5.6	Founding elements of any statement by the issuer concerning its position	pages 4 and 16
5.7	Investments	pages 256 to 257, 294 to 297, 307 to 308
6	**Organisational structure**	
6.1	Brief description of the group	pages 3 to 17, 286 to 287 and 294 to 297
6.2	Issuer's relationship with other group entities	pages 294 to 296
7	**Operating and financial review**	
7.1	Financial condition	pages 191, 193, 263 to 264
7.2	Operating results	pages 10 to 16, 191, and 263
8	**Capital resources**	
8.1	Issuer's capital resources	pages 194 and 279
8.2	Sources and amounts of the issuer's cash flows	page 196
8.3	Borrowing requirements and funding structure	pages 123, 165 to 167, 168 to 216
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's operations	N/A
8.5	Sources of funds needed	N/A
9	**Regulatory environment**	pages 9, 176
10	**Trend information**	pages 4 to 8
11	**Profit forecasts or estimates**	N/A
12	**Administrative, management and supervisory bodies and senior management**	
12.1	Administrative and management bodies	pages 19 to 24
12.2	Administrative and management bodies conflicts of interests	page 33
13	**Remuneration and benefits**	
13.1	Amount of remuneration paid and benefits in kind granted	pages 34 to 43, 220 to 224
13.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits	pages 34 to 43, 220 to 224, 280
14	**Board practices**	
14.1	Date of expiration of the current term of office	pages 19 to 24
14.2	Information about members of the administrative, management or supervisory bodies' service contracts	N/A
14.3	Information about the issuer's audit committee and remuneration committee	pages 28 to 29, 31 to 32
14.4	Corporate governance regime	page 18
14.5	Potential material impacts on the corporate governance	N/A
15	**Employees**	
15.1	Number of employees	page 220
15.2	Shareholdings and stock options	pages 37 to 38
15.3	Arrangements involving the employees in the capital of the issuer	N/A
16	**Major shareholders**	
16.1	Shareholders holding more than 5 per cent of the share capital or voting rights	pages 300 to 302
16.2	Different voting rights	page 300
16.3	Control of the issuer	pages 19 to 20, 304
16.4	Arrangements, known to the issuer, which may at a subsequent date result in a change in control of the issuer	N/A
17	**Related party transactions**	pages 43 to 45, 254 to 256, 256 to 257, 286 to 287

Sections of Annex I of the EU Regulation 2017/1129		Pages in this 2025 Universal Registration Document
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	pages 15, 190 to 257, 262 to 287, 306
18.2	Interim and other financial information	N/A
18.3	Auditing of historical annual financial information	pages 258 to 261, 288 to 291
18.4	Pro forma financial information	N/A
18.5	Dividend policy	pages 227 and 302
18.6	Legal and arbitration proceedings	pages 175 to 176, 253, 285 to 286
18.7	Significant change in the issuer's financial position	pages 15, 256 and 286
19	**Additional information**	
19.1	Share capital	pages 251, 279 and 302
19.2	Memorandum and Articles of Association	pages 300 and 302
20	**Material contracts**	page 302
21	**Documents available**	page 300

Sections of Annex II of the EU Regulation 2017/1129		Pages in this 2025 Universal Registration Document
1	**Information to be disclosed about the issuer**	page1

According to article 28 of the European Regulation 809/2004, are included by reference in this Registration Document:

– the consolidated financial statements for the year ended 31 December 2023 and the Statutory Auditors' report on those consolidated financial statements, presented on pages 189 to 274 and 275 to 280 of reference document D.24-0076 filed with the AMF on 1 March 2024; the information can be found here: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2023/annual/pdfs/hsbc-continental-europe/240301-registration-document-and-annual-financial-report-2023-english-zip.zip.
– the consolidated financial statements for the year ended 31 December 2024 and the Statutory Auditors' report on those consolidated financial statements, presented on pages 241 to 322 and 323 to 327 of reference document D.25-0044 filed with the AMF on 19 February 2025; the information can be found here: https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2024/annual/pdfs/hsbc-continental-europe/250219-registration-document-and-annual-financial-report-2024-english-zip.zip.

These documents are available on the website www.hsbc.fr and on that of the Autorité des marchés financiers www.amf-france.org.

Anyone wishing to obtain additional information on the HSBC Continental Europe group can, without obligation, request the documents by mail:

HSBC Continental Europe

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This Registration Document includes the annual financial report:	**2025**
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Consolidated financial statements	pages190 to 257
Management report Refer to the Management report cross ref table Statement by person responsible	pages 304 and 306
Statutory Auditors' report	pages 258 to 261 and 288 to 291
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Analyses of the activity, results and financial situation	pages 4 to 17 and 264
Risk factors	pages 123 to 166 and 168 to 189
Capital and Leverage Management	pages 167 to 167
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Other legal documents relating to the Annual General Meeting to be held on 27 March 2026	page 298
Information on HSBC Continental Europe and its share capital	pages 300 to 302

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Published by Finance Department, HSBC Continental Europe, Paris

Printing and made in France

The FSC® logo identifies products which contain wood from well-managed forests certified in accordance with the rules of the Forest Stewardship Council®.

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