HSBC Bank Malta p.l.c.

Pillar 3 Disclosures at 30 June 2026

HSBC

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Regulatory framework for disclosures

HSBC Bank Malta p.l.c. is regulated on a consolidated basis by the European Central Bank ('ECB') which sets and monitors capital and liquidity adequacy requirements.

From 1 January 2025 HSBC Bank Malta p.l.c. has calculated capital on a consolidated basis for prudential regulatory reporting purposes using the newly implemented EU Basel III reforms framework and the amended Capital Requirements Regulation and Directive, which is referred to as 'CRR3' within this document.

The local group comprises HSBC Bank Malta p.l.c. and its subsidiary HSBC Global Asset Management (Malta) Limited. HSBC Life Assurance (Malta) Ltd is excluded from the regulatory scope of consolidation by eliminating assets, liabilities and post-acquisition reserves, leaving the investment of the insurance subsidiary to be recorded at cost and deducted from Common Equity Tier 1 capital ('CET1') subject to thresholds.

The Basel Committee's framework is structured around three 'pillars': the Pillar 1 minimum capital requirements and Pillar 2 supervisory review process are complemented by Pillar 3 market discipline. The aim of Pillar 3 is to produce disclosures that allow market participants to assess the scope of application by banks of the Basel Committee's framework and the rules in their jurisdiction, their capital condition, risk exposures and risk management processes, and hence their capital adequacy. Pillar 3 requires all material risks to be disclosed, enabling a comprehensive view of a bank's risk profile.

Pillar 3 disclosures

The information contained in this document is for HSBC Bank Malta p.l.c. It should be read in conjunction with HSBC Bank Malta p.l.c.'s Interim Report and Accounts 2026.

These disclosures are governed by HSBC Group's disclosure policy, which has been approved by the Board of Directors. The disclosure policy sets out the governance, control and assurance requirements for publication of the document. This Pillar 3 document has been subject to internal review process in accordance with HSBC Malta Financial reporting and governance processes.

Comparatives and References

To give insight into movements during 2026, comparatives for 1Q26 are provided only where required in the tables. Where disclosures have been enhanced, or are new, comparatives have not been restated or provided. Wherever specific rows and columns in the tables prescribed are not applicable or are immaterial to the activities, they are omitted and the same approach is followed for comparatives.

In alignment with the EBA ITS instructions, cells where no information is required to be disclosed have been shaded.

Key regulatory developments

Basel III Reforms

The revised Capital Requirements Regulation ('CRR3'), which implements the Basel III reforms package, entered into force in the EU on 1 January 2025, with the market risk standards following the Basel Committee's Fundamental Review of the Trading Book ('FRTB') due to apply from 1 January 2027.

In 2026, the European Commission ('EC') adopted temporary FRTB measures, including targeted relief and an optional, bank-specific multiplier, which will be calibrated quarterly, to support a level playing field amid continued uncertainty over implementation in other major jurisdictions.

To support the implementation of the package, the European Banking Authority ('EBA') and the European Central Bank ('ECB') continued issuing standards and guidance, including updates relating to the internal ratings based approach ('IRB') framework for credit risk and the definition of default ('DoD').

Revised Capital Requirements Directive ('CRD6')

From January 2027, Article 21c of CRD6 will prohibit banks not licensed in the European Economic Area ('EEA') from starting or continuing to offer core banking products and services to EEA clients, unless they set up locally authorised branches in each relevant Member State or deliver services through a non-bank entity.

This is expected to reshape aspects of the European banking market and may, over time, influence how certain EEA client activity is booked within the HSBC Group, including a potential shift of some activity towards HSBC Continental Europe.

Competitiveness and simplification proposals for the EU banking sector

In 2026, initiatives from the EC, the ECB, the EBA and the Single Resolution Board ('SRB') continued to focus on simplifying the prudential framework, reducing unnecessary reporting and supervisory complexity, and supporting further integration of European banking markets. Further targeted refinements are under development, including the EBA's June 2026 proposal to simplify aspects of the capital stack, informing ongoing discussions on inclusion of climate-related risks within the Systemic Risk Buffer.

These initiatives are not expected to deliver a material easing of overall capital or liquidity requirements. Policymakers have reiterated that post-crisis resilience should be maintained, with competitiveness expected to be driven by efficiency, proportionality and cross-border integration.

ESG Risks

During the first half of 2026, the EU continued to advance its prudential and sustainability reporting framework.

The EBA further embedded ESG risks into the supervisory framework through revisions to the Supervisory Review and Evaluation Process ('SREP') Guidelines and supervisory stress testing guidelines, including the introduction of a dedicated climate risk module for the 2027 EU-wide stress test. The revised guidelines apply from January 2027. Separately, France transposed the revised CRD6 into national law in April 2026, reinforcing prudential requirements relating to the governance, management and supervision of ESG risks.

On disclosures, in June 2026 the EBA published its final report on the revised Implementing Technical Standards ('ITS') for Pillar 3 ESG disclosures, aligning the framework with the CRR3 disclosure requirements. Subject to European Commission adoption, the revised ITS is expected to apply from 1 December 2026.

The European Commission also progressed revisions to the European Sustainability Reporting Standards ('ESRS') as part of the Omnibus I simplification package, with the revised standards expected to apply from 2027. The European Financial Reporting Advisory Group also continued developing sustainability reporting standards for non-EU groups, with first reporting expected for 2028.

Capital Buffers

As from June 2026, the sSyRB of 1.5% was extended on all Real Estate exposures to encompass all mortgages backed by immovable property in Malta. Initially the sSyRB was focused on domestic residential real estate mortgages to natural persons, including buy to let loans. The buffer is being broadened in scope to cover all exposures secured by immovable property to both natural and legal persons as well as non performing loans that are backed by domestic real estate.

Significant Events

Sale of majority shareholding

On 23 December 2025, the bank announced that HSBC Continental Europe ('HBCE') and CrediaBank S.A. ('CrediaBank') have entered into a definitive agreement for the sale and purchase of HBCE's shareholding in the bank ('the Proposed Transaction').

The Proposed Transaction, by virtue of which HBCE would sell its 70.03% shareholding to CrediaBank and CrediaBank would become the majority shareholder in the bank, is subject to the attainment of the necessary regulatory approvals. The bank, HBCE and CrediaBank have also entered into a cooperation agreement to govern their respective obligations in relation to the Proposed Transaction.

The table below sets out the key regulatory metrics covering our available capital (including buffer requirements and ratios), RWAs, Leverage ratio, LCR and NSFR. The calculation for LCR is the average of the preceding 12 months for each quarter. The NSFR is point in time.

Table 1: EU KM1 – Key metrics template

		At				
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	30 Jun 2025
		€000	€000	€000	€000	€000
	Available own funds (amounts)					
1	Common Equity Tier 1 ('CET1') capital	**519,853**	523,860	523,410	475,926	496,876
2	Tier 1 capital	**519,853**	523,860	523,410	475,926	496,876
3	Total capital	**584,853**	588,860	588,410	540,926	561,876
	Risk-weighted exposure amounts					
4	Total risk exposure amount	**2,106,230**	2,196,818	2,173,520	2,147,142	2,212,235
4a	Total risk exposure pre-floor[1]	**2,106,230**	2,196,818	2,173,520	2,147,142	2,212,235
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**24.7**	23.8	24.1	22.2	22.5
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)[1]	**—**	—	—	—	—
6	Tier 1 ratio (%)	**24.7**	23.8	24.1	22.2	22.5
6b	Tier 1 ratio considering unfloored TREA (%)[1]	**—**	—	—	—	—
7	Total capital ratio (%)	**27.8**	26.8	27.1	25.2	25.4
7b	Total capital ratio considering unfloored TREA (%)[1]	**—**	—	—	—	—
	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 (%)	**2.5**	2.5	2.5	2.5	2.5
EU 7e	– of which: to be made up of CET1 capital (percentage points)	**1.4**	1.4	1.4	1.4	1.4
EU 7f	– of which: to be made up of Tier 1 capital (percentage points)	**1.9**	1.9	1.9	1.9	1.9
EU 7g	Total SREP own funds requirements (%)	**10.5**	10.5	10.5	10.5	10.5
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**—**	—	—	—	—
9	Institution specific countercyclical capital buffer (%)	**0.1**	0.1	0.1	0.1	0.1
EU 9a	Systemic risk buffer (%)	**0.8**	0.5	0.5	0.6	0.6
10	Global Systemically Important Institution buffer (%)	**—**	—	—	—	—
EU 10a	Other Systemically Important Institution buffer (%)	**1.3**	1.3	1.3	1.3	1.3
11	Combined buffer requirement (%)	**4.6**	4.3	4.3	4.4	4.4
EU 11a	Overall capital requirements (%)	**15.1**	14.8	14.8	14.9	14.9
12	CET1 available after meeting the total SREP own funds requirements (%)	**16.8**	16.0	16.2	14.3	14.6
	Leverage ratio					
13	Total exposure measure	**7,534,556**	7,601,486	7,811,711	7,462,327	7,565,392
14	Leverage ratio (%)	**6.9**	6.9	6.7	6.4	6.6
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	**—**	—	—	—	—
EU 14b	– of which: to be made up of CET1 capital (percentage points)	**—**	—	—	—	—
EU 14c	Total SREP leverage ratio requirements (%)	**3.0**	3.0	3.0	3.0	3.0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	**—**	—	—	—	—
EU 14e	Overall leverage ratio requirement (%)	**3.0**	3.0	3.0	3.0	3.0
	Liquidity Coverage Ratio ('LCR')					
15	Total high-quality liquid assets ('HQLA') (Weighted value-average)	**3,595,611**	3,552,534	3,474,121	3,382,253	3,316,436
EU 16a	Cash outflows – Total weighted value	**1,245,022**	1,241,245	1,239,797	1,208,549	1,181,682
EU 16b	Cash inflows – Total weighted value	**503,577**	537,881	570,495	573,421	556,307
16	Total net cash outflows (adjusted value)	**741,445**	703,364	669,302	635,128	625,375
	LCR ratio (%)	**488.1**	508.7	520.9	537.4	534.8
	Net Stable Funding Ratio					
18	Total available stable funding	**5,634,849**	5,674,936	5,820,416	5,601,637	5,688,136
19	Total required stable funding	**2,167,509**	2,212,958	2,218,849	2,233,203	2,250,751
20	NSFR ratio (%)	**260.0**	256.4	262.3	250.8	252.7

1 The output floor requirements do not apply to HSBC Bank Malta p.l.c., as the reporting is made under the Standardised Approach only.

As at 30 June 2026, HSBC Bank Malta p.l.c. ('the Bank') registered a total capital ratio of 27.8% (December 2025: 27.1%). The Bank maintained a strong capital base and is fully compliant with the regulatory capital requirements.

The 12 month average LCR decreased by 47 percentage points between June 2025 and June 2026 from 534.8% to 488.1%. The LCR remains in excess of both the regulatory minimum and the risk appetite thresholds set by the Bank.

Risk-weighted assets

Table OV1 provides an overview of the total RWA, the capital requirements for credit risk, operational risk, foreign exchange risk, and credit valuation adjustment risk, which are segregated into the various exposure classes.

Table 2: EU OV1 – Overview of total risk exposure amounts

		At					
		30 Jun 2026	31 Mar 2026	31 Dec 2025	**30 Jun 2026**	31 Mar 2026	31 Dec 2025
		Total risk exposure amounts ('TREA')	Total risk exposure amounts ('TREA')	Total risk exposure amounts ('TREA')	**Total own funds requirements[1]**	Total own funds requirements	Total own funds requirements
		€000	€000	€000	**€000**	€000	€000
1	**Credit risk (excluding CCR)[2]**	**1,804,279**	1,891,268	1,868,480	**144,342**	151,301	149,479
2	– of which: the standardised approach	**1,804,279**	1,891,268	1,868,480	**144,342**	151,301	149,479
3	– of which: the Foundation IRB ('F-IRB') approach	**—**	—	—	**—**	—	—
4	– of which: slotting approach	**—**	—	—	**—**	—	—
EU 4a	– of which: equities under the simple risk weighted approach	**—**	—	—	**—**	—	—
5	– of which: the Advanced IRB ('A-IRB') approach	**—**	—	—	**—**	—	—
6	**Counterparty credit risk – CCR**	**12,066**	15,699	16,809	**965**	1,256	1,345
7	– of which: the standardised approach	**12,066**	15,699	16,809	**965**	1,256	1,345
8	– of which: internal model method ('IMM')	**—**	—	—			
EU 8a	– of which: exposures to a CCP	**—**	—	—			
9	– of which: other CCR	**—**	—	—	**—**	—	—
10	**Credit valuation adjustments risk – CVA risk**	**2,344**	2,060	704	**188**	165	56
EU 10a	– of which: the standardised approach ('SA')	**—**	—	—	**—**	—	—
EU 10b	– of which: the basic approach (F-BA and R-BA)	**2,344**	2,060	704	**188**	165	56
EU 10c	– of which: the simplified approach	**—**	—	—	**—**	—	—
15	**Settlement risk**	**—**	—	—	**—**	—	—
16	**Securitisation exposures in the non-trading book (after the cap)**	**—**	—	—	**—**	—	—
17	– of which: SEC-IRBA approach	**—**	—	—	**—**	—	—
18	– of which: SEC-ERBA (including IAA)	**—**	—	—	**—**	—	—
19	– of which: SEC-SA approach	**—**	—	—	**—**	—	—
EU 19a	– of which: 1250%/deduction	**—**	—	—	**—**	—	—
20	**Position, foreign exchange and commodities risks (Market risk)[3]**	**116**	366	102	**9**	29	8
21	– of which: the Alternative standardised approach ('A-SA')	**—**	—	—	**—**	—	—
EU 21a	– of which: the Simplified standardised approach ('S-SA')	**116**	366	102	**9**	29	8
22	– of which: IMA	**—**	—	—	**—**	—	—
EU 22a	**Large exposures**	**—**	—	—	**—**	—	—
23	Reclassifications between trading and non-trading books	**—**	—	—	**—**	—	—
24	**Operational risk**	**287,425**	287,425	287,425	**22,994**	22,994	22,994
EU 24a	Exposures to crypto-assets	**—**	—	—	**—**	—	—
25	Amounts below the thresholds for deduction (subject to 250% risk weight)[4]	**56,439**	49,398	49,398	**4,515**	3,952	3,952
26	Output floor applied (%)	**—**	—	—			
27	Floor adjustment (before application of transitional cap)	**—**	—	—			
28	Floor adjustment (after application of transitional cap)	**—**	—	—			
29	**Total**	**2,106,230**	2,196,818	2,173,520	**168,498**	175,745	173,882

1 'Total own funds requirements', here and in all tables where the term is used, represents the Pillar 1 capital charge at 8 per cent of RWAs.
2 'Credit Risk', here and in all tables where the term is used, excludes counterparty credit risk.
3 Market risk values have been calculated under CRR2 methodology for all periods as FRTB changes are not due to be implemented until 2027.
4 Amounts are presented for information only and excluded from the Total.

Linkage to Annual Report and Accounts 2025 and Interim Report 2026

Basis of consolidation

The basis of consolidation for financial accounting under the International Financial Reporting Standards ('IFRS') described in Note 1 on the Interim Report and Accounts 2026 differs from that used for regulatory purposes.

The following table provides a reconciliation of the financial accounting balance sheet to the regulatory scope of consolidation.

The subsidiary engaged in insurance activities is excluded from the regulatory consolidation by excluding assets, liabilities, and post-acquisition reserves, leaving the investment of the insurance subsidiary to be recorded at cost and deducted from CET1 capital (subject to thresholds).

Table 3: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published financial statements	De-consolidation of insurance entity	Regulatory balance sheet
	€000	€000	€000
Assets			
Balances with Central Bank of Malta, Treasury Bills and cash	**1,159,553**	**—**	**1,159,553**
Items in the course of collection from other banks	**12,606**	**—**	**12,606**
Financial assets mandatorily measured at fair value through profit or loss	**730,644**	**(730,644)**	**—**
Derivatives	**6,102**	**—**	**6,102**
Loans and advances to banks	**480,794**	**(37,139)**	**443,655**
Loans and advances to customers	**2,695,572**	**—**	**2,695,572**
Financial investments	**2,635,897**	**—**	**2,635,897**
Prepayments, accrued income and other assets	**51,812**	**(2,485)**	**49,327**
Current tax assets	**1,833**	**(107)**	**1,726**
Reinsurance contract assets	**4,411**	**(4,411)**	**—**
Non-current assets held for sale	**1,823**	**—**	**1,823**
Investment in subsidiaries	**—**	**28,578**	**28,578**
Right-of-use assets	**3,082**	**—**	**3,082**
Property, plant and equipment	**61,966**	**(3)**	**61,963**
Intangible assets	**11,338**	**(140)**	**11,198**
Deferred tax assets	**22,889**	**(313)**	**22,576**
Total assets at 30 Jun 2026	**7,880,322**	**(746,664)**	**7,133,658**
Liabilities			
Deposits by banks	**1,074**	**—**	**1,074**
Customer accounts	**6,212,927**	**22,549**	**6,235,476**
Items in the course of transmission to other banks	**12,998**	**—**	**12,998**
Liabilities under investment contracts	**172,187**	**(172,187)**	**—**
Derivatives	**4,576**	**—**	**4,576**
Accruals, deferred income and other liabilities	**75,271**	**(5,372)**	**69,899**
Current tax liabilities	**9,023**	**(157)**	**8,866**
Insurance contract liabilities	**551,895**	**(551,895)**	**—**
Reinsurance contract liabilities	**3,476**	**(3,476)**	**—**
Provisions	**23,114**	**(1,078)**	**22,036**
Deferred tax liabilities	**3,414**	**—**	**3,414**
Borrowings from a group undertaking	**120,000**	**—**	**120,000**
Subordinated liabilities	**65,000**	**—**	**65,000**
Total liabilities at 30 Jun 2026	**7,254,955**	**(711,616)**	**6,543,339**
Equity			
Called up share capital	**108,092**	**—**	**108,092**
Revaluation reserve	**14,543**	**—**	**14,543**
Retained earnings[1]	**502,732**	**(35,048)**	**467,684**
Total equity at 30 Jun 2026	**625,367**	**(35,048)**	**590,319**
Total liabilities and equity at 30 Jun 2026	**7,880,322**	**(746,664)**	**7,133,658**

Table 3: EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements (continued)

	Balance sheet as in published financial statements	De-consolidation of insurance entity	Regulatory balance sheet
	€000	€000	€000
Assets			
Balances with Central Bank of Malta, Treasury Bills and cash	1,293,104	—	1,293,104
Items in course of collection from other banks	4,628	—	4,628
Financial assets mandatorily measured at fair value through profit or loss	721,107	(721,107)	—
Derivatives	6,213	—	6,213
Loans and advances to banks	678,783	(24,601)	654,182
Loans and advances to customers	2,762,163	—	2,762,163
Financial investments	2,537,460	—	2,537,460
Prepayments, accrued income and other assets	37,423	(2,451)	34,972
Current tax assets	1,999	(145)	1,854
Reinsurance contract assets	1,307	(1,307)	—
Non-current assets held for sale	1,844	—	1,844
Investment in subsidiaries	—	28,578	28,578
Right-of-use assets	2,086	—	2,086
Property, plant and equipment	63,667	(4)	63,663
Intangible assets	19,271	(933)	18,338
Deferred tax assets	20,072	(313)	19,759
Total assets at 31 Dec 2025	8,151,127	(722,283)	7,428,844
Liabilities			
Deposits by banks	1,429	—	1,429
Customer accounts	6,527,886	20,104	6,547,990
Items in the course of transmission to other banks	11,837	—	11,837
Liabilities under investment contracts	162,550	(162,550)	—
Derivatives	4,852	—	4,852
Accruals, deferred income and other liabilities	41,924	(7,797)	34,127
Current tax liabilities	677	(446)	231
Insurance contract liabilities	535,510	(535,510)	—
Reinsurance contract liabilities	1,341	(1,341)	—
Provisions	19,147	(914)	18,233
Deferred tax liabilities	3,418	—	3,418
Borrowings from a group undertaking	150,000	—	150,000
Subordinated liabilities	65,000	—	65,000
Total liabilities at 31 Dec 2025	7,525,571	(688,454)	6,837,117
Equity			
Called up share capital	108,092	—	108,092
Revaluation reserve	15,182	—	15,182
Retained earnings[1]	502,282	(33,829)	468,453
Total equity at 31 Dec 2025	625,556	(33,829)	591,727
Total liabilities and equity at 31 Dec 2025	8,151,127	(722,283)	7,428,844

1 The retained earnings also include other movements in the equity. The balance sheet components are used in the calculation of the regulatory capital in table Composition of regulatory own funds (EU CC1). This table shows items at their accounting values which might be subject to adjustments in the calculation of regulatory capital.

Capital and Leverage

Capital management

Approach and policy

HSBC Bank Malta p.l.c.'s objective in managing its capital is to maintain appropriate levels of capital to support its business strategy and meet regulatory requirements at all times.

HSBC Bank Malta p.l.c. manages its capital to ensure that it exceeds current and expected future requirements. Throughout 2026 HSBC Bank Malta p.l.c. complied with the European Central Bank ('ECB') regulatory capital adequacy requirements. To achieve this, the Bank manages its capital within the context of a capital plan which is approved by the Board of Directors of HSBC Bank Malta p.l.c. ('the Board') and which determines the appropriate amount and mix of capital.

The policy on capital management is underpinned by HSBC Bank Malta p.l.c.'s Internal Capital Adequacy Assessment Process ('ICAAP') procedure and Capital Plan Manual, which enables a consistent management of the capital.

The ICAAP aims at assessing the adequacy of the Bank's capital resources with regards to its risk and requirements, and incorporates different assessment methods of the capital needs. These capital measures include economic capital and regulatory capital defined as follows:

- Economic capital is the internally calculated capital requirement which is deemed necessary by HSBC Bank Malta p.l.c. to support the risks to which it is exposed to; and,
- Regulatory capital is the level of capital which HSBC Bank Malta p.l.c. is required to hold in accordance with the rules set by the legislation and the ECB.

The following risks are managed through the capital management framework:

- Credit and Concentration risk;
- Operational risk;
- Market and CVA risk;
- Interest rate risk in the banking book and credit spread risk in the banking book;
- Strategic and Business Risk;
- Climate and Nature risk; and
- Liquidity risk.

The Basel III framework introduces other capital buffers, such as the Capital Conservation Buffer ('CCB'), the Countercyclical Buffer ('CCyB'), the Sectoral Systemic Risk Buffer ('sSyRB'), the Pillar 2 Guidance ('P2G') 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.

Stress testing

Stress testing is governed by HSBC Bank Malta p.l.c.'s stress testing framework and is an important component of understanding the resilience of HSBC Bank Malta p.l.c. to a given scenario based on a set of risk factors. The scenarios are extreme but plausible events. Stress testing allows senior management to assess the Bank's vulnerabilities and to formulate its response including risk mitigating actions based on the conditions reflected in the identified stress scenarios.

The actual market stresses experienced by the financial system in recent years have been used to inform the capital planning process and further develop the stress scenarios employed within HSBC Bank Malta p.l.c.

Internal stress tests (using internally defined scenarios defined to capture the specific risks faced by HSBC Bank Malta p.l.c.), reverse stress tests and sensitivity analysis are performed. HSBC Bank Malta p.l.c. takes into account the results of all regulatory and internal stress testing when assessing internal capital requirements.

Risks to capital

A list of risks with associated potential impact on HSBC Bank Malta p.l.c.'s capital ratios are reviewed regularly. These risks could potentially affect either the Risk-Weighted Assets ('RWAs') and/or the capital position. These risks are monitored regularly within the Asset and Liability Management Committee ('ALCO') and the Risk Management Meeting ('RMM'). Scenario analysis is performed for the relevant categories of risk. The downside and stress scenarios are assessed against our capital management objectives and embedded in the capital risk appetite.

HSBC Bank Malta p.l.c.'s approach to manage its capital position aims at ensuring that the Bank complies with the current regulatory requirements and internal risk appetite, as well as to ensure that future regulatory requirements are considered.

Regulatory capital framework

For regulatory purposes, the capital base can be divided into three tiers; the Common Equity Tier 1, Tier 1 capital, and Tier 2 capital. These are classified based on the degree of permanence and loss absorbency exhibited. HSBC Bank Malta p.l.c.'s capital base is made up of the Common Equity Tier 1 and Tier 2 capital, as it holds no instruments under Additional Tier 1.

Common Equity Tier 1 ('CET1') capital is the highest quality form of capital, comprising shareholders' equity and related non-controlling interests (subject to limits). Under CRR/CRD various capital deductions and regulatory adjustments are made against these items; these include deductions for intangible assets, deferred tax assets that rely on future profitability as well as prudential recognition for non-performing exposures.

Tier 2 ('T2') capital comprises of eligible subordinated debt and any related share premiums. T2 capital instruments are either perpetual subordinated instruments or dated instruments on which there is an obligation to pay coupons. These instruments or subordinated loans comprise dated loan capital repayable at par on maturity and must have an original maturity of at least five years. Some subordinated loan capital may be called and redeemed by the issuer subject to prior consent from the ECB. It is a regulatory requirement that Tier 2 instruments are amortised on a straight line basis in their final five years to maturity, thus reducing the amount of capital that is recognised for regulatory purposes.

Our T2 capital consists of subordinated debt with HSBC Continental Europe ('HBCE') which is repayable at par on maturity. However, the borrower has the option for early repayment, subject to prior consent from the ECB.

As at 30 June 2026, the Bank's Tier 2 capital consisted of €65 million subordinated unsecured loan stock issued to HBCE. The term of the subordinated loan is 10 years with a maturity date of 14 December 2033 and an option of early redemption after five years. It bears interest at a rate equal to three-month Euribor plus a margin of 237 basis points.

The subordinated liabilities will, in the event of the winding up of the Bank, be subordinated to the claims of depositors and other creditors.

The bank did not have any defaults of interest or other breaches with respect to its subordinated liabilities during the current and comparative periods.

The table below provides a detailed breakdown of the key components of our CET1, Tier 1 and Tier 2 capital, and the regulatory adjustments impacting the capital base. Additional value adjustments are calculated on assets measured at fair value, which have been updated in line with CRR guidelines.

Table 4: EU CC1 – Composition of regulatory own funds

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
	Common equity tier 1 ('CET1') capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	**108,092**	108,092
	– of which: ordinary shares	**108,092**	108,092
2	Retained earnings[1]	**440,227**	427,202
3	Accumulated other comprehensive income (and other reserves)	**14,543**	15,182
3a	Funds for general banking risk (related to BR09)	**—**	—
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	**—**	—
5	Minority interests (amount allowed in consolidated CET1)	**—**	—
EU-5a	Independently reviewed profits net of any foreseeable charge or dividend	**—**	21,578
6	**Common equity tier 1 capital before regulatory adjustments**	**562,862**	572,054
	Common equity tier 1 capital: regulatory adjustments		
7	Additional value adjustments[2]	**(1,453)**	(1,509)
8	Intangible assets (net of related tax liability) (negative amount)	**(2,442)**	(6,267)
9	Not applicable	**—**	—
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	**—**	—
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**—**	—
12	Negative amounts resulting from the calculation of expected loss amounts	**—**	—
13	Any increase in equity that results from securitised assets (negative amount)	**—**	—
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**—**	—
15	Defined-benefit pension fund assets (negative amount)	**—**	—
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	**—**	—
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	**—**	—
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**—**	—
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**—**	—
20	Not applicable	**—**	—
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**—**	—
EU-20b	– of which: qualifying holdings outside the financial sector (negative amount)	**—**	—
EU-20c	– of which: securitisation positions (negative amount)	**—**	—
EU-20d	– of which: free deliveries (negative amount)	**—**	—
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	**—**	—
22	Amount exceeding the 17.65% threshold (negative amount)[3]	**—**	—
23	– of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	**—**	—
24	Not applicable	**—**	—
25	– of which: deferred tax assets arising from temporary differences	**—**	—
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	**—**	—
26	Not applicable	**—**	—
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	**—**	—
27a	Other regulatory adjustments	**(39,114)**	(40,868)
28	**Total regulatory adjustments to Common equity tier 1 ('CET1')**	**(43,009)**	(48,644)
29	**Common equity tier 1 ('CET1') capital**	**519,853**	523,410
	Additional Tier 1 ('AT1') capital: instruments		
30	Capital instruments and the related share premium accounts	**—**	—
31	– of which: classified as equity under applicable accounting standards	**—**	—
32	– of which: classified as liabilities under applicable accounting standards	**—**	—
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	**—**	—
EU-33a	Amount of qualifying items referred to in Article 494a (1) subject to phase out from AT1	**—**	—
EU-33b	Amount of qualifying items referred to in Article 494b (1) subject to phase out from AT1	**—**	—

Table 4: EU CC1 – Composition of regulatory own funds (continued)

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	**—**	—
35	– of which: instruments issued by subsidiaries subject to phase out	**—**	—
36	**Additional Tier 1 ('AT1') capital before regulatory adjustments**	**—**	—
	Additional Tier 1 ('AT1') capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	**—**	—
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	**—**	—
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**—**	—
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	**—**	—
41	Not applicable	**—**	—
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	**—**	—
42a	Other regulatory adjustments to AT1 capital	**—**	—
43	**Total regulatory adjustments to Additional Tier 1 ('AT1') capital**	**—**	—
44	**Additional Tier 1 ('AT1') capital**	**—**	—
45	**Tier 1 capital (T1 = CET1 + AT1)**	**519,853**	523,410
	Tier 2 ('T2') capital: instruments		
46	Capital instruments and the related share premium accounts	**65,000**	65,000
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	**—**	
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	**—**	—
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	**—**	—
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	**—**	—
49	– of which: instruments issued by subsidiaries subject to phase out	**—**	—
50	Credit risk adjustments	**—**	—
51	**Tier 2 ('T2') capital before regulatory adjustments**	**65,000**	65,000
	Tier 2 ('T2') capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	**—**	—
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	**—**	—
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**—**	—
54a	Not applicable	**—**	—
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) (negative amount)	**—**	—
56	Not applicable	**—**	—
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	**—**	—
56b	Other regulatory adjustments to T2 capital	**—**	—
57	**Total regulatory adjustments to Tier 2 ('T2') capital**	**—**	—
58	**Tier 2 ('T2') capital**	**65,000**	65,000
59	**Total capital (TC = T1 + T2)**	**584,853**	588,410
60	Total Risk exposure amount	**2,106,230**	2,173,520
	Capital ratios and buffers		
61	Common equity tier 1 %	**24.7**	24.1
62	Tier 1 %	**24.7**	24.1
63	Total capital %	**27.8**	27.1
64	Institution CET1 overall capital requirements %	**10.5**	10.2
65	– of which: capital conservation buffer requirement %	**2.5**	2.5
66	– of which: counter cyclical buffer requirement %	**0.1**	0.1
67	– of which: systemic risk buffer requirement %	**0.8**	0.5
EU-67a	– of which: Global Systemically Important Institution ('G-SII') or Other Systemically Important Institution ('O-SII') buffer %	**1.3**	1.3
EU-67b	– of which: additional own funds requirements to address the risks other than the risk of excessive leverage %	**1.4**	1.4
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements %	**16.8**	16.2
69	Not applicable	**—**	—
70	Not applicable	**—**	—
71	Not applicable	**—**	—

Table 4: EU CC1 – Composition of regulatory own funds (continued)

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
	Amounts below the threshold for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	**—**	—
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	**28,578**	28,578
74	Not applicable	**—**	—
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	**22,576**	19,759
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	**—**	—
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**—**	—
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	**—**	—
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**—**	—
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	**—**	—
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	**—**	—
82	Current cap on AT1 instruments subject to phase out arrangements	**—**	—
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	**—**	—
84	Current cap on T2 instruments subject to phase out arrangements	**—**	—
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	**—**	—

1 The retained earnings in the disclosure template above does not agree with the retained earnings in the consolidated results reported by the local group under IFRS due to the exclusion of the subsidiary engaged in insurance activities from the regulatory consolidation.
2 Additional value adjustments are deducted from CET1. These are calculated on all assets and liabilities measured at fair value.
3 At 30 June 2026 the investment in HSBC Life Assurance (Malta) Ltd. did not exceed the thresholds and was therefore risk weighted at 250%.

Table 5: Reconciliation between accounting and regulatory scope of consolidation

	At	
	30 Jun 2026	31 Dec 2025
	€000	€000
Common Equity Tier 1 ('CET') capital		
Called up share capital	**108,092**	108,092
Retained earnings	**502,724**	502,282
Revaluation reserve	**14,543**	15,182
Adjustments		
– depositor compensation scheme	**(12,888)**	(12,581)
– intangible assets	**(2,442)**	(6,267)
– expected final dividend	**—**	(19,673)
– retained earnings – HSBC Life Assurance (Malta) Ltd	**(35,042)**	(33,829)
– prudential valuation adjustment	**(1,453)**	(1,509)
– IFRS 9 transitional adjustments	**—**	—
– single resolution fund	**(1,760)**	(1,760)
– non performing loans	**(24,466)**	(26,527)
	519,853	523,410
Tier 2 capital		
Subordinated liabilities	**65,000**	65,000
	65,000	65,000
Total own funds	**584,853**	588,410

Leverage ratio

The leverage ratio was introduced into the Basel III framework as a non-risk-based limit to supplement risk-based capital requirements. It aims to constrain the build-up of excess 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 weighted on- and off-balance sheet exposures, with further netting possibilities on market instruments. A binding minimum requirement of 3.0% has been in force since June 2021.

The risk of excess leverage is managed as part of HSBC Bank Malta p.l.c.'s risk appetite framework and monitored using a leverage ratio metric within the Risk Appetite Statement ('RAS').

The RAS articulates the aggregate level and types of risk that HSBC Bank Malta p.l.c. is willing to accept in its business activities in order to achieve its strategic business objectives.

The RAS is monitored via the risk appetite profile report, which includes comparisons of actual performance against the warning trigger and tolerance threshold assigned to each metric, to ensure that any excessive risk is highlighted, assessed and mitigated appropriately. The risk appetite profile report is presented monthly to RMM.

The leverage exposure measure is also presented to the Asset and Liability Management Committee ('ALCO') regularly.

Table EU LR1 gives a summary of the reconciliation between accounting assets and the leverage ratio exposures, whereas table EU LR2 gives a comprehensive disclosure of the leverage ratio.

Table 6: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
1	Total assets as per published financial statements	**7,880,322**	8,151,127
	Adjustments for:		
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**(746,664)**	(722,283)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**—**	—
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	**—**	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a (1) CRR)	**—**	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**—**	—
7	Adjustment for eligible cash pooling transactions	**—**	—
8	Adjustment for derivative financial instruments	**14,158**	17,175
9	Adjustment for securities financing transactions ('SFTs')	**—**	—
10^	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**429,749**	414,336
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a (1) CRR)	**—**	—
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a (1) CRR)	**—**	—
12	Other adjustments	**(43,009)**	(48,644)
13	**Total exposure measure**	**7,534,556**	7,811,711

The table below provides the common disclosure of the leverage ratio under EU CRR, summarising Tier 1 capital, the total leverage exposure measure and the resulting leverage ratio, together with the applicable minimum requirement. The disclosure has been prepared in accordance with the CRR methodology applicable at the reporting date.

Table 7: EU LR2 – LRCom: Leverage ratio common disclosure

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
	On-balance sheet exposures (excluding derivatives)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**7,127,555**	7,422,631
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	**—**	—
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**—**	—
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**—**	—
5	(General credit risk adjustments to on-balance sheet items)	**—**	—
6	(Asset amounts deducted in determining Tier 1 capital)	**(43,009)**	(48,644)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**7,084,546**	7,373,987
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**8,456**	8,334
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**—**	—
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**11,805**	15,054
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	**—**	—
EU-9b	Exposure determined under Original Exposure Method	**—**	—

Table 7: EU LR2 – LRCom: Leverage ratio common disclosure (continued)

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**—**	—
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**—**	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	**—**	—
11	Adjusted effective notional amount of written credit derivatives	**—**	—
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**—**	—
13	**Total derivative exposures**	**20,261**	23,388
	Securities financing transaction ('SFT') exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**—**	—
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**—**	—
16	Counterparty credit risk exposure for SFT assets	**—**	—
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR	**—**	—
17	Agent transaction exposures	**—**	—
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	**—**	—
18	**Total securities financing transaction exposures**	**—**	—
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**1,466,365**	1,401,311
20	(Adjustments for conversion to credit equivalent amounts)	**(1,036,616)**	(986,975)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	**—**	—
22	**Off-balance sheet exposures**	**429,749**	414,336
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a (1) CRR)	**—**	—
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	**—**	—
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	**—**	—
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	**—**	—
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	**—**	—
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	**—**	—
EU-22g	(Excluded excess collateral deposited at triparty agents)	**—**	—
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)	**—**	—
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)	**—**	—
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	**—**	—
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	**—**	—
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a (1) CRR)	**—**	—
EU-22m	(Total exempted exposures)	**—**	—
	Capital and total exposure measure		
23	**Tier 1 capital**	**519,853**	523,410
24	**Total exposure measure**	**7,534,556**	7,811,711
	Leverage ratio		
25	Leverage ratio (%)	**6.9**	6.7
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**6.9**	6.7
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	**6.9**	6.7
26	Regulatory minimum leverage ratio requirement (%)	**3.0**	3.0
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	**—**	—
EU-26b	– of which: to be made up of CET1 capital (percentage points)	**—**	—
27	Leverage ratio buffer requirement (%)	**—**	—
EU-27a	Overall leverage ratio requirement (%)	**3.0**	3.0
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	**Fully phased in**	Fully phased in
	Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**—**	—
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**—**	—
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**7,534,556**	7,811,711
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**7,534,556**	7,811,711
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**6.9**	6.7
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**6.9**	6.7

The table below provides a breakdown of on-balance sheet exposures excluding derivatives, SFTs and exempted exposures by asset class.

Table 8: EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		At	
		30 Jun 2026	31 Dec 2025
		€000	€000
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**	**7,127,555**	7,422,631
EU-2	Trading book exposures	**—**	—
EU-3	Banking book exposures, – of which:	**7,127,555**	7,422,631
EU-4	Covered bonds	**—**	—
EU-5	Exposures treated as sovereigns	**3,423,453**	3,516,960
EU-6	Exposures to regional governments, multilateral development banks ('MDB'), international organisations and public sector entities not treated as sovereigns	**515,827**	459,965
EU-7	Institutions	**443,006**	653,120
EU-8	Secured by mortgages of immovable properties	**2,098,127**	2,170,544
EU-9	Retail exposures	**90,270**	75,159
EU-10	Corporates	**333,329**	331,893
EU-11	Exposures in default	**54,540**	57,160
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	**169,003**	157,830

Capital buffers

The local group is compliant with the CRD capital requirements. Banking Rule BR/15: 'Capital Buffers of Credit Institutions authorised under the Banking Act 1994, which requires additional buffers, namely the 'capital conservation buffer ('CCB')', the 'countercyclical buffer ('CCyB')', 'other systemically important institutions ('O-SII') buffer' and the 'systemic risk buffer'. The Central Bank of Malta is the designate authority responsible for setting the systemic risk buffer and was introduced through its Directive No 11: 'Macro Prudential Policy'. Automatic restrictions on capital distributions apply if the local group's CET1 capital falls below the level of its CRD combined buffer – Maximum Distributable Amount ('MDA') threshold.

In addition to the CET1 capital, the local group is required to keep a capital conservation buffer equal to 2.5% in accordance with Article 129 of Directive 2013/36/EU, an O-SII buffer of 1.5% which is capped at 1.25% as determined by the competent authority under Article 131 of Directive 2013/36/EU, and the institution-specific countercyclical buffer as determined by Article 140 (1) of Directive 2013/36/EU. These capital buffers are to be composed of CET1 capital as a percentage of the Risk Weighted Assets.

The countercyclical capital buffer is designed to counter pro-cyclicality in the financial system. When cyclical systemic risk is judged to be increasing, the national authorities would increase the CCyB rate so institutions would accumulate capital to create buffers that strengthen the resilience of the banking sector during period of stress when losses materialise.

CRD contemplates a countercyclical buffer in the form of an institution-specific countercyclical buffer and the application of increased requirements to address macro-prudential or systemic risk. This is expected to be set in the range of 0-2.5% of relevant credit exposure RWAs, whereby the rate shall consist of the weighted average of the 'countercyclical buffer' rates that apply in the jurisdiction where the relevant exposures are located. Given that the local group's exposures are mainly contained within Malta, this buffer results in a marginal percentage.

The systemic risk buffer is set to prevent and mitigate macroprudential or systemic risk, including risks stemming from climate change, not covered by the CRR. Further details on the sSyRB scope extension effective from June 2026 are provided in section 'Key regulatory developments'.

The tables below disclose the geographical distribution of the Bank's credit exposure relevant to the calculation of the institution-specific countercyclical buffer rate and the amount of institution-specific countercyclical capital buffer.

Table 9: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		Group						
		General credit exposures		Own funds requirement				
		Exposure value for SA[1,2]	Total exposure value	Relevant credit risk exposures – Credit risk	Total	Risk-weighted exposure amounts	Own funds requirements weights	Counter-cyclical capital buffer rate
10	**Breakdown per country**	**€000**	**€000**	**€000**	**€000**	**€000**	**%**	**%**
	Malta	**2,710,451**	**2,710,451**	**123,560**	**123,560**	**1,544,500**	**95.52**	**—**
	France	**50,533**	**50,533**	**3,994**	**3,994**	**49,925**	**3.09**	**1.0**
	United Kingdom	**24,447**	**24,447**	**1,008**	**1,008**	**12,600**	**0.78**	**2.0**
	Netherlands	**1,725**	**1,725**	**114**	**114**	**1,425**	**0.09**	**2.0**
	Belgium	**1,140**	**1,140**	**46**	**46**	**575**	**0.04**	**1.0**
	Germany	**1,096**	**1,096**	**45**	**45**	**563**	**0.03**	**0.8**
	Ireland	**832**	**832**	**34**	**34**	**425**	**0.03**	**1.5**
	Luxembourg	**653**	**653**	**21**	**21**	**263**	**0.02**	**0.5**
	South Africa	**613**	**613**	**54**	**54**	**674**	**0.04**	**1.0**
	Saudi Arabia	**433**	**433**	**9**	**9**	**113**	**0.01**	**1.0**
	Spain	**413**	**413**	**26**	**26**	**325**	**0.02**	**0.5**
	Lithuania	**405**	**405**	**24**	**24**	**300**	**0.02**	**1.0**
	Cyprus	**354**	**354**	**23**	**23**	**287**	**0.02**	**1.5**
	Poland	**204**	**204**	**5**	**5**	**63**	**—**	**1.0**
	Australia	**180**	**180**	**3**	**3**	**38**	**—**	**1.0**
	Hong Kong	**179**	**179**	**3**	**3**	**38**	**—**	**0.5**
	Sweden	**140**	**140**	**2**	**2**	**25**	**—**	**2.0**
	Slovakia	**129**	**129**	**4**	**4**	**50**	**—**	**1.5**
	Norway	**93**	**93**	**4**	**4**	**50**	**—**	**2.5**
	Bulgaria	**10**	**10**	**—**	**—**	**—**	**—**	**2.0**
	Estonia	**1**	**1**	**—**	**—**	**—**	**—**	**1.5**
	Portugal	**—**	**—**	**—**	**—**	**—**	**—**	**0.8**
	Others	**9,278**	**9,278**	**377**	**377**	**4,711**	**0.29**	**—**
20	**Total at 30 Jun 2026**	**2,803,309**	**2,803,309**	**129,356**	**129,356**	**1,616,950**	**100.00**	
	Malta	2,731,549	2,731,549	124,568	124,568	1,557,100	94.60	—
	France	59,942	59,942	4,761	4,761	59,512	3.62	1.0
	United Kingdom	22,619	22,619	1,191	1,191	14,887	0.91	2.0
	Germany	1,757	1,757	84	84	1,050	0.06	0.8
	Belgium	1,117	1,117	53	53	662	0.04	1.0
	Netherlands	939	939	50	50	625	0.04	2.0
	Ireland	526	526	15	15	188	0.01	1.5
	Spain	507	507	29	29	363	0.02	0.5
	Luxembourg	501	501	19	19	237	0.01	0.5
	Poland	361	361	10	10	125	0.01	1.0
	Cyprus	360	360	23	23	288	0.02	1.0
	Australia	186	186	3	3	38	—	1.0
	Hong Kong	177	177	7	7	87	0.01	0.5
	Slovakia	127	127	4	4	50	—	1.5
	Norway	104	104	4	4	50	—	2.5
	Lithuania	21	21	1	1	13	—	1.0
	Bulgaria	12	12	—	—	—	—	2.0
	Sweden	11	11	—	—	—	—	2.0
	Hungary	4	4	—	—	—	—	1.0
	Estonia	1	1	—	—	—	—	1.5
	Others	21,057	21,057	857	857	10,713	0.65	—
20	Total at 31 Dec 2025	2,841,878	2,841,878	131,679	131,679	1,645,988	100.00	

1 Column 'Exposure value for SA' represents the exposure at default ('EAD') amounts and is disclosed as per the EBA guidelines.
2 Exposure less than €500 cannot be displayed as amounts are shown in €000.

Table 10: EU CCyB2 – Amount of institution-specific countercyclical capital buffer

		Group	
		30 Jun 2026	31 Dec 2025
		€000	€000
1	Total risk exposure amount	**2,106,230**	2,173,520
2	Institution specific countercyclical capital buffer rate (%)	**0.05**	0.06
3	Institution specific countercyclical capital buffer requirement	**1,065**	1,232

Credit risk

Overview

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance and treasury business, mainly through the holdings of debt securities, but also from off-balance sheet products such as guarantees. Credit risk represents our largest regulatory capital requirement.

We form part of a universal bank with a conservative approach to credit risk. This is reflected in our credit risk profile being diversified across a number of asset classes with a credit quality profile mainly concentrated in the lower risk classes.

The principal objectives of our credit risk functions are:

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

The credit risk functions within Wholesale Credit Risk ('WCR') and International Wealth and Premier Banking ('IWPB') Risk are the constituent parts that support the Chief Risk Officer ('CRO') in overseeing credit risks. The major duties comprise undertaking independent reviews of large and high-risk credit proposals, overseeing large exposure policy and reporting on our wholesale and retail credit risk management disciplines. These functions also own our credit policy and credit systems programmes, oversee portfolio management and report on risk matters to senior executive management and regulators.

These credit risk functions work closely with other parts of Risk, for example with Operational Risk on the internal control framework and with the Country Head of Enterprise Risk Management on the risk appetite process. In addition, they work jointly with Finance on stress testing and impairment calculation under IFRS9.

The credit risk functions fulfil an essential role as independent risk control units that are distinct from business line management, as they provide objective scrutiny of risk rating assessments, credit proposals for approval and other risk matters.

Our credit risk procedures operate through a hierarchy of credit limit approval authorities. Credit approval authorities are assigned to the CRO and relevant staff. HSBC Bank Malta p.l.c. is responsible for the quality and performance of its credit portfolios in accordance with HSBC Group standards. Where lending facilities are proposed in excess of local credit approval authorities, concurrence must be sought from the regional credit risk and/or the global credit risk function as appropriate.

Credit risk management

Our exposure to credit risk arises from a wide range of customers and products, and the risk rating systems in place to measure and monitor these risks are correspondingly diverse. Senior management receives a variety of reports on our credit risk exposures, including expected credit losses, total exposures (with sectoral distribution), updates on specific portfolios that are considered to have heightened credit risk, as well as key risk indicators through a number of metrics monitored in the Risk Appetite Statement.

Credit risk exposures are generally measured and managed in portfolios of either customer types or product categories. Risk rating systems are designed to assess the default propensity of, and loss severity associated with distinct customers who are managed as individual relationships or, on a portfolio basis.

Risk rating systems for retail exposures are generally quantitative in nature, applying techniques such as behavioural analysis across product portfolios comprising large numbers of homogeneous transactions. Rating systems for individually managed relationships typically use customer financial statements and market data analysis, but also qualitative elements and a final subjective overlay to better reflect any idiosyncratic elements of the customer's risk profile.

A fundamental principle of our policy and approach is that analytical risk rating systems and scorecards are all valuable tools at the disposal of management. The wholesale credit process provides for at least an annual review of facility limits granted. Reviews may be more frequent, as required by circumstances such as the emergence of adverse risk factors.

We constantly seek to improve the quality of our risk management. HSBC Bank Malta p.l.c.'s IT systems that process credit risk data, continue to be enhanced in order to deliver both comprehensive management information in support of business strategy, and solutions to evolving regulatory reporting requirements. HSBC Bank Malta p.l.c. adheres to HSBC Group standards that govern the process through which risk rating systems are initially developed, judged fit for purpose, approved and implemented. They also govern the conditions under which analytical risk model outcomes can be overridden by decision takers and the process of model performance monitoring and reporting. The emphasis is on an effective dialogue between business line and risk management, suitable independence of decision takers, and a good understanding and robust challenge on the part of senior management.

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

Further explanation of HSBC Bank Malta p.l.c.'s approach to credit risk, including detail of the past due and impaired exposures, and its approach to credit risk impairment, can be found in the Annual Report and Accounts of HSBC Bank Malta p.l.c.

Table EU CR1 provides information on the gross carrying amount of exposures and related impairment with further details on the IFRS 9 stage, accumulated partial write off and collateral. The IFRS 9 stages have the following characteristics:

- Stage 1: These financial assets are unimpaired and without a significant increase in credit risk. A 12-month allowance for Expected Credit Loss ('ECL') is recognised.
- Stage 2: A significant increase in credit risk has been experienced on these financial assets since initial recognition. A lifetime ECL is recognised.
- Stage 3: There is objective evidence of impairment and the financial assets are therefore considered to be in default or otherwise credit impaired. A lifetime ECL is recognised.
- Purchased or originated credit-impaired ('POCI'): Financial assets purchased or originated at a deep discount are seen to reflect incurred credit losses. A lifetime ECL is recognised. Where held, these exposures are included in Stage 3 in this table.

Table 11: EU CR1 – Performing and non-performing exposures and related provisions

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
005	**Cash balances at central banks and other demand deposits**	1,164,438	1,164,438	—	—	—	—	—	—	—	—	—	—
010	**Loans and advances**	2,860,692	2,686,783	173,909	70,206	—	70,206	(15,455)	(6,144)	(9,311)	(16,597)	—	(16,597)
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	139,387	139,387	—	—	—	—	(9)	(9)	—	—	—	—
040	Credit institutions	194,421	194,421	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	243	222	21	—	—	—	(19)	(3)	(16)	—	—	—
060	Non-financial corporations	647,881	603,011	44,870	27,820	—	27,820	(9,143)	(5,819)	(3,324)	(8,422)	—	(8,422)
070	– of which: SMEs	307,133	262,265	44,868	27,820	—	27,820	(6,146)	(2,828)	(3,318)	(8,422)	—	(8,422)
080	Households	1,878,760	1,749,742	129,018	42,386	—	42,386	(6,284)	(313)	(5,971)	(8,175)	—	(8,175)
090	**Debt securities**	2,875,847	2,875,847	—	—	—	—	(62)	(62)	—	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	2,650,456	2,650,456	—	—	—	—	(52)	(52)	—	—	—	—
120	Credit institutions	225,391	225,391	—	—	—	—	(10)	(10)	—	—	—	—
130	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
150	**Off-balance-sheet exposures**[1]	1,450,529	1,208,851	24,340	1,188	—	959	(790)	(593)	(92)	(639)	—	(638)
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
170	General governments	279,173	278,895	—	—	—	—	(4)	(4)	—	—	—	—
180	Credit institutions	38,376	27,699	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	21,248	20,629	37	—	—	—	(27)	(26)	—	—	—	—
200	Non-financial corporations	801,810	582,998	20,633	1,021	—	813	(714)	(519)	(92)	(639)	—	(638)
210	Households	309,922	298,630	3,670	167	—	146	(45)	(44)	—	—	—	—
220	**Total at 30 Jun 2026**	8,351,506	7,935,919	198,249	71,394	—	71,165	(16,307)	(6,799)	(9,403)	(17,236)	—	(17,235)

		Accumulated partial write-off	Collaterals and financial guarantees received	
			On performing exposures	On non-performing exposures
		€000	€000	€000
005	**Cash balances at central banks and other demand deposits**			
010	**Loans and advances**	(9,341)	2,086,247	46,561
020	Central banks	—	—	—
030	General governments	—	134,822	—
040	Credit institutions	—	—	—
050	Other financial corporations	—	192	—
060	Non-financial corporations	(9,341)	391,529	15,310
070	– of which: SMEs	(9,341)	210,706	15,310
080	Households	—	1,559,704	31,251
090	**Debt securities**	—	490,820	—
100	Central banks	—	—	—
110	General governments	—	490,820	—
120	Credit institutions	—	—	—
130	Other financial corporations	—	—	—
140	Non-financial corporations	—	—	—
150	**Off-balance-sheet exposures**		—	—
160	Central banks		—	—
170	General governments		—	—
180	Credit institutions		—	—
190	Other financial corporations		—	—
200	Non-financial corporations		—	—
210	Households		—	—
220	**Total at 30 Jun 2026**	(9,341)	2,577,067	46,561

Table 11: EU CR1 - Performing and non-performing exposures and related provisions (continued)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		Total	of which: Stage 1	of which: Stage 2	Total	of which: Stage 2	of which: Stage 3	Total	of which: stage 1	of which: stage 2	Total	of which: stage 2	of which: stage 3
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
005	Cash balances at central banks and other demand deposits	1,418,609	1,418,609	—	—	—	—	(1)	(1)	—	—	—	—
010	Loans and advances	2,922,171	2,741,695	180,476	74,513	—	74,513	(15,528)	(5,846)	(9,682)	(17,576)	—	(17,576)
020	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
030	General governments	149,376	149,376	—	—	—	—	(14)	(14)	—	—	—	—
040	Credit institutions	191,808	191,808	—	—	—	—	—	—	—	—	—	—
050	Other financial corporations	289	278	11	—	—	—	(14)	(3)	(11)	—	—	—
060	Non-financial corporations	660,047	614,356	45,691	29,996	—	29,996	(8,914)	(5,353)	(3,561)	(8,814)	—	(8,814)
070	– of which: SMEs	294,706	249,025	45,681	29,996	—	29,996	(6,175)	(2,625)	(3,550)	(8,814)	—	(8,814)
080	Households	1,920,651	1,785,877	134,774	44,517	—	44,517	(6,586)	(476)	(6,110)	(8,762)	—	(8,762)
090	Debt securities	2,858,911	2,858,911	—	—	—	—	(66)	(66)	—	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	2,445,430	2,445,430	—	—	—	—	(60)	(60)	—	—	—	—
120	Credit institutions	413,481	413,481	—	—	—	—	(6)	(6)	—	—	—	—
130	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures[1]	1,383,804	1,150,819	25,399	1,262	—	1,017	(634)	(464)	(66)	(185)	—	(173)
160	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
170	General governments	289,020	287,860	932	—	—	—	(2)	(2)	—	—	—	—
180	Credit institutions	37,982	28,611	—	—	—	—	—	—	—	—	—	—
190	Other financial corporations	6,900	6,635	34	—	—	—	(7)	(7)	—	—	—	—
200	Non-financial corporations	762,728	554,140	19,032	1,023	—	791	(584)	(415)	(65)	(185)	—	(173)
210	Households	287,174	273,573	5,401	239	—	226	(41)	(40)	(1)	—	—	—
220	Total at 31 Dec 2025	8,583,495	8,170,034	205,875	75,775	—	75,530	(16,229)	(6,377)	(9,748)	(17,761)	—	(17,749)

			Collaterals and financial guarantees received	
		Accumulated partial write-off	On performing exposures	On non-performing exposures
		€000	€000	€000
005	Cash balances at central banks and other demand deposits			
010	Loans and advances	(9,868)	2,156,385	49,189
020	Central banks	—	—	—
030	General governments	—	144,788	—
040	Credit institutions	—	—	—
050	Other financial corporations	—	207	—
060	Non-financial corporations	(9,868)	382,674	16,708
070	– of which: SMEs	(9,868)	197,465	16,708
080	Households	—	1,628,716	32,481
090	Debt securities	—	434,114	—
100	Central banks	—	—	—
110	General governments	—	368,643	—
120	Credit institutions	—	65,471	—
130	Other financial corporations	—	—	—
140	Non-financial corporations	—	—	—
150	Off-balance-sheet exposures		—	—
160	Central banks		—	—
170	General governments		—	—
180	Credit institutions		—	—
190	Other financial corporations		—	—
200	Non-financial corporations		—	—
210	Households		—	—
220	Total at 31 Dec 2025	(9,868)	2,590,499	49,189

1 As shown in the above table EU CR1, 'Off-balance-sheet exposures' exclude from the respective heading 'of which: stage 1', 'of which: stage 2' and 'of which: stage 3', those exposures which are out-of-scope for IFRS9, which are mainly non-financial guarantees.

The net credit exposures based on maturity and type of financial instrument are shown in table EU CR1-A. The term 'exposures' refers to items on the balance sheet whose 'net value of exposure' is determined by subtracting the credit risk adjustments from the gross amount. On the basis of the residual contractual maturity, the net exposure is divided into the five maturity buckets in the table.

Table 12: EU CR1-A – Maturity of exposures

		Net exposure value[1]					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		€000	€000	€000	€000	€000	€000
1	Loans and advances	**194,216**	**317,758**	**294,781**	**2,092,091**	**—**	**2,898,846**
2	Debt securities	**—**	**1,111,658**	**1,764,127**	**—**	**—**	**2,875,785**
3	**Total at 30 Jun 2026**	**194,216**	**1,429,416**	**2,058,908**	**2,092,091**	**—**	**5,774,631**
1	Loans and advances	202,604	341,176	199,171	2,220,629	—	2,963,580
2	Debt securities	—	979,213	1,879,632	—	—	2,858,845
3	Total at 31 Dec 2025	202,604	1,320,389	2,078,803	2,220,629	—	5,822,425

1 Cash balances at central banks, other demand deposits and off-balance sheet exposures are not included in the above table.

The table below analyses the change in stock of specific credit risk adjustment for the periods ending 30 June 2026 and 31 December 2025 respectively.

Table 13: EU CR2 – Changes in the stock of non-performing loans and advances

		At 30 Jun 2026	At 31 Dec 2025
		Gross carrying amount	Gross carrying amount
		€000	€000
010	Initial stock of non-performing loans and advances	**74,513**	76,325
020	Inflows to non-performing portfolios	**6,541**	14,112
030	Outflows from non-performing portfolios	**(10,848)**	(15,924)
040	– of which: due to write-offs	**(288)**	(644)
050	– of which: due to other situations	**(10,560)**	(15,280)
060	**Final stock of non-performing loans and advances**	**70,206**	74,513

Impaired loans and advances

Impaired loans and advances are those that are classified as CRR9 or CRR10. These grades are assigned when HSBC Bank Malta p.l.c. considers that either the customer is unlikely to pay its credit obligations in full without recourse to security, or when the customer is more than 90 days past due on any material credit obligation to the Bank.

Impaired loans and advances also include renegotiated loans and advances that have been subject to a change in contractual cash flows as a result of a financial concession which the Bank would not otherwise consider, and where it is probable that without the concession the borrower would be unable to meet the contractual payment obligations in full, unless the concession is insignificant and there are no other indicators of impairment. Impaired loans and advances can also arise from when a non-financial concession is granted, which may trigger an Unlikely to Pay ('UTP') assessment, the outcome of which may result in the exposure being re-classified as CRR9.

Table 14: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

			Secured carrying amount		
		Unsecured carrying amount	Total	of which: secured by collateral	of which: secured by financial guarantees
		€000	€000	€000	€000
1	Loans and advances[1]	**1,930,476**	**2,132,808**	**1,899,690**	**233,118**
2	Debt securities	**2,384,965**	**490,820**	**—**	**490,820**
3	**Total at 30 Jun 2026**	**4,314,249**	**2,623,628**	**1,899,690**	**723,938**
4	– of which: non-performing exposures	**7,048**	**46,561**	**46,561**	**—**
EU-5	– of which: defaulted	**7,048**	**46,561**	**46,561**	**—**
1	Loans and advances	2,176,614	2,205,574	1,968,969	236,605
2	Debt securities	2,424,731	434,114	—	434,114
3	Total at 31 Dec 2025	4,601,345	2,639,688	1,968,969	670,719
4	– of which: non-performing exposures	7,748	49,189	49,189	—
EU-5	– of which: defaulted	7,748	49,189	49,189	—

1 Cash balances at central banks and other demand deposits are included in the above table.

Credit risk exposures and credit risk mitigant techniques

The table below shows the updated CRR3 credit risk exposure classes under the standardised approach, reflecting the EAD before and after the impact of CRM techniques and credit conversion factors ('CCF'). RWAs have been calculated on the new CRR3 methodology and comparatives have not been restated.

Table 15: EU CR4 – standardised approach – Credit risk exposure and CRM effects

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
		€000	€000	€000	€000	€000	%
	Asset classes						
1	Central governments or central banks	**2,592,006**	**130,069**	**2,706,741**	**55,889**	**64,414**	**2.3**
2	Non-central government public sector entities	**515,827**	**160,741**	**501,565**	**60,014**	**30,142**	**5.4**
EU 2a	Regional government or local authorities	—	—	—	—	—	—
EU 2b	Public sector entities	**515,827**	**160,741**	**501,565**	**60,014**	**30,142**	**5.4**
3	Multilateral development banks	**225,444**	—	**225,444**	—	—	—
EU 3a	International organisations	**606,003**	—	**606,003**	—	—	—
4	Institutions	**443,006**	**32,077**	**443,006**	**28,443**	**103,313**	**21.9**
5	Covered bonds	—	—	—	—	—	—
6	Corporates	**333,329**	**432,878**	**232,856**	**88,048**	**293,468**	**91.5**
6.1	– of which: Specialised Lending	—	—	—	—	—	—
7	Subordinated debt exposures and equity	**53**	—	**53**	—	**132**	**249.1**
EU 7a	Subordinated debt exposures	—	—	—	—	—	—
EU 7b	Equity	**53**	—	**53**	—	**132**	**249.1**
8	Retail	**90,270**	**226,801**	**90,269**	**5,229**	**68,611**	**71.8**
9	Secured by mortgages on immovable property and ADC exposures	**2,098,128**	**473,703**	**2,098,117**	**59,332**	**1,023,064**	**47.4**
9.1	Secured by mortgages on residential immovable property – non IPRE	**1,802,083**	**151,558**	**1,802,083**	**1,347**	**689,432**	**38.2**
9.2	Secured by mortgages on residential immovable property – IPRE	**16,001**	**5**	**16,001**	**1**	**12,147**	**75.9**
9.3	Secured by mortgages on commercial immovable property – non IPRE	**230,586**	**280,172**	**230,575**	**42,316**	**226,110**	**82.9**
9.4	Secured by mortgages on commercial immovable property – IPRE	**3,345**	**2,805**	**3,345**	**3**	**2,708**	**80.9**
9.5	Acquisition, Development and Construction ('ADC')	**46,113**	**39,163**	**46,113**	**15,665**	**92,667**	**150.0**
10	Exposures in default	**51,598**	**402**	**51,598**	**50**	**56,259**	**108.9**
EU 10a	Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
EU 10b	Collective investment undertakings	—	—	—	—	—	—
EU 10c	Other items	**164,603**	—	**164,603**	—	**164,874**	**100.2**
12	**Total at 30 Jun 2026**	**7,120,267**	**1,456,671**	**7,120,255**	**297,005**	**1,804,277**	**24.3**

Table 15: EU CR4 – standardised approach – Credit risk exposure and CRM effects (continued)

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density
		€000	€000	€000	€000	€000	%
	Asset classes						
1	Central governments or central banks	2,557,689	118,368	2,678,038	67,911	49,398	1.8
2	Non-central government public sector entities	459,965	170,636	436,252	60,013	30,073	—
EU 2a	Regional government or local authorities	—	—	—	—	—	—
EU 2b	Public sector entities	459,965	170,636	436,252	60,013	30,073	—
3	Multilateral development banks	347,913	—	347,913	—	—	—
EU 3a	International organisations	611,358	—	611,358	—	—	—
4	Institutions	653,120	23,969	653,120	20,113	158,020	23.5
5	Covered bonds	—	—	—	—	—	—
6	Corporates	331,893	409,052	236,576	66,985	284,923	93.9
6.1	– of which: Specialised Lending	—	—	—	—	—	—
7	Subordinated debt exposures and equity	46	—	46	—	116	252.2
EU 7a	Subordinated debt exposures	—	—	—	—	—	—
EU 7b	Equity	46	—	46	—	116	252.2
8	Retail	75,159	173,531	75,159	2,665	58,286	74.9
9	Secured by mortgages on immovable property and ADC exposures	2,170,544	501,071	2,169,221	66,549	1,068,562	47.8
9.1	Secured by mortgages on residential immovable property – non IPRE	1,885,773	87,017	1,884,450	7,774	757,500	40.0
9.2	Secured by mortgages on residential immovable property – IPRE	18,046	106,916	18,046	283	14,617	79.7
9.3	Secured by mortgages on commercial immovable property – non IPRE	228,256	286,830	228,256	52,031	231,589	82.6
9.4	Secured by mortgages on commercial immovable property – IPRE	5,300	4,901	5,300	471	6,118	106.0
9.5	Acquisition, Development and Construction ('ADC')	33,169	15,407	33,169	5,990	58,738	150.0
10	Exposures in default	54,999	528	54,999	63	60,166	109.3
EU 10a	Claims on institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
EU 10b	Collective investment undertakings	—	—	—	—	—	—
EU 10c	Other items	153,630	—	153,630	—	158,936	103.5
12	Total at 31 Dec 2025	7,416,316	1,397,155	7,416,312	284,299	1,868,480	24.3

Defaulted exposures

Table 16: EU CQ1 – Credit quality of forborne exposures

		Gross carrying amount/nominal amount				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures**	
			Non-performing forborne						
		Performing forborne	**Total**	**of which: defaulted**	**of which: impaired**	**On performing forborne exposures**	**On non-performing forborne exposures**	**Total**	**of which: forborne non-performing exposures**
		€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
005	**Cash balances at central banks and other demand deposits**	—	—	—	—	—	—	—	—
010	**Loans and advances**	**10,827**	**31,671**	**31,671**	**31,671**	**(181)**	**(5,945)**	**30,294**	**19,966**
020	Central banks	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	—	—	—	—	—	—	—	—
060	Non-financial corporations	**1,760**	**19,058**	**19,058**	**19,058**	**(116)**	**(4,641)**	**10,984**	**9,397**
070	Households	**9,067**	**12,613**	**12,613**	**12,613**	**(65)**	**(1,304)**	**19,310**	**10,569**
080	Debt securities	—	—	—	—	—	—	—	—
090	Loan commitments given	—	—	—	—	—	—	—	—
100	**Total at 30 Jun 2026**	**10,827**	**31,671**	**31,671**	**31,671**	**(181)**	**(5,945)**	**30,294**	**19,966**

Table 16: EU CQ1 – Credit quality of forborne exposures (continued)

		Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Performing forborne	Total	of which: defaulted	of which: impaired	On performing forborne exposures	On non-performing forborne exposures	Total	of which: forborne non-performing exposures
		€000	€000	€000	€000	€000	€000	€000	€000
005	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
010	Loans and advances	12,594	37,169	37,169	37,169	(395)	(6,484)	36,836	24,631
020	Central banks	—	—	—	—	—	—	—	—
030	General governments	—	—	—	—	—	—	—	—
040	Credit institutions	—	—	—	—	—	—	—	—
050	Other financial corporations	—	—	—	—	—	—	—	—
060	Non-financial corporations	2,120	22,965	22,965	22,965	(244)	(5,059)	14,676	12,712
070	Households	10,474	14,204	14,204	14,204	(151)	(1,425)	22,160	11,919
080	Debt securities	—	—	—	—	—	—	—	—
090	Loan commitments given	—	—	—	—	—	—	—	—
100	Total at 31 Dec 2025	12,594	37,169	37,169	37,169	(395)	(6,484)	36,836	24,631

The below table presents an analysis of performing and non-performing exposures by days past due. The gross NPL ratio at 30 June 2026 was 2.40% (2.49% at 31 December 2025) calculated in line with the EBA guidelines.

Table 17: EU CQ3 – Credit quality of performing and non-performing exposures by past due days

		Gross carrying amount/nominal amount											
		Performing exposures			**Non-performing exposures**								
		Total	**Not past due or past due ≤ 30 days**	**Past due > 30 days ≤ 90 days**	**Total**	**Unlikely to pay but not past due or past due ≤ 90 days**	**Past due > 90 days ≤ 180 days**	**Past due > 180 days ≤ 1 year**	**Past due > 1 year ≤ 2 years**	**Past due > 2 years ≤ 5 years**	**Past due > 5 years ≤ 7 years**	**Past due > 7 years**	**of which: defaulted**
		€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
5	**Cash balances at central banks and other demand deposits**	**1,164,438**	**1,164,438**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	**Loans and advances**	**2,860,692**	**2,858,866**	**1,826**	**70,206**	**43,122**	**4,008**	**2,618**	**3,698**	**3,997**	**4,508**	**8,255**	**70,206**
20	Central banks	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
30	General governments	**139,387**	**139,387**		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
40	Credit institutions	**194,421**	**194,421**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
50	Other financial corporations	**243**	**243**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
60	Non-financial corporations	**647,881**	**647,837**	**44**	**27,820**	**19,314**	**394**	**7**	**1,414**	**1,721**	**3,393**	**1,577**	**27,820**
70	– of which: SMEs	**307,133**	**307,089**	**44**	**27,820**	**19,314**	**394**	**7**	**1,414**	**1,721**	**3,393**	**1,577**	**27,820**
80	Households	**1,878,760**	**1,876,978**	**1,782**	**42,386**	**23,808**	**3,614**	**2,611**	**2,284**	**2,276**	**1,115**	**6,678**	**42,386**
90	**Debt securities**	**2,875,847**	**2,875,847**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
100	Central banks	**—**	**—**	**—**	**—**	**—**	**—**	**—**					**—**
110	General governments	**2,650,456**	**2,650,456**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
120	Credit institutions	**225,391**	**225,391**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
130	Other financial corporations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
140	Non-financial corporations	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
150	**Off-balance-sheet exposures**	**1,450,529**			**1,188**								**1,188**
160	Central banks	**—**			**—**								**—**
170	General governments	**279,173**			**—**								**—**
180	Credit institutions	**38,376**			**—**								**—**
190	Other financial corporations	**21,248**			**—**								**—**
200	Non-financial corporations	**801,810**			**1,021**								**1,021**
210	Households	**309,922**			**167**								**167**
220	**Total at 30 Jun 2026**	**8,351,506**	**6,899,151**	**1,826**	**71,394**	**43,122**	**4,008**	**2,618**	**3,698**	**3,997**	**4,508**	**8,255**	**71,394**

Table 17: EU CQ3 – Credit quality of performing and non-performing exposures by past due days (continued)

		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
		Total	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Total	Unlikely to pay but not past due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which: defaulted
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
5	Cash balances at central banks and other demand deposits	1,418,609	1,418,609	—	—	—	—	—	—	—	—	—	—
10	Loans and advances	2,922,171	2,919,021	3,150	74,513	42,043	4,999	6,331	1,912	6,328	4,492	8,408	74,513
20	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
30	General governments	149,376	149,376	—	—	—	—	—	—	—	—	—	—
40	Credit institutions	191,808	191,808	—	—	—	—	—	—	—	—	—	—
50	Other financial corporations	289	289	—	—	—	—	—	—	—	—	—	—
60	Non-financial corporations	660,047	660,036	11	29,996	19,739	7	1,371	—	3,871	3,581	1,427	29,996
70	– of which: SMEs	294,706	294,695	11	29,996	19,739	7	1,371	—	3,871	3,581	1,427	29,996
80	Households	1,920,651	1,917,512	3,139	44,517	22,304	4,992	4,960	1,912	2,457	911	6,981	44,517
90	Debt securities	2,858,911	2,858,911	—	—	—	—	—	—	—	—	—	—
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—
110	General governments	2,445,430	2,445,430	—	—	—	—	—	—	—	—	—	—
120	Credit institutions	413,481	413,481	—	—	—	—	—	—	—	—	—	—
130	Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
140	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures	1,383,804			1,262								1,262
160	Central banks	—			—								—
170	General governments	289,020			—								—
180	Credit institutions	37,982			—								—
190	Other financial corporations	6,900			—								—
200	Non-financial corporations	762,728			1,023								1,023
210	Households	287,174			239								239
220	Total at 31 Dec 2025	8,583,495	7,196,541	3,150	75,775	42,043	4,999	6,331	1,912	6,328	4,492	8,408	75,775

Table 18: EU CQ4 – Quality of non-performing exposures by geography

		Gross carrying/nominal amount						
			of which: non-performing	of which: defaulted	of which: subject to impairment	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		€000	€000	€000	€000	€000	€000	€000
010	**On-balance-sheet exposures[1,2]**	**5,806,745**	**70,206**	**70,206**	**5,806,745**	**(32,114)**		**—**
020	Malta	**3,237,872**	**67,523**	**67,523**	**3,237,872**	**(31,005)**		**—**
030	France	**874,500**	**—**	**—**	**874,500**	**(55)**		**—**
040	Germany	**494,159**	**—**	**—**	**494,159**	**(14)**		**—**
050	Netherlands	**140,931**	**34**	**34**	**140,931**	**(3)**		**—**
060	Belgium	**82,754**	**—**	**—**	**82,754**	**(5)**		**—**
070	Other countries	**976,529**	**2,649**	**2,649**	**976,529**	**(1,032)**		**—**
080	**Off-balance-sheet exposures**	**1,451,717**	**1,188**	**1,188**			**1,429**	
090	Malta	**1,379,012**	**1,186**	**1,186**			**1,424**	
100	France	**48,529**	**—**	**—**			**—**	
110	United Kingdom	**8,371**	**—**	**—**			**—**	
120	United States	**4,793**	**—**	**—**			**—**	
130	Netherlands	**4,029**	**—**	**—**			**5**	
140	Other countries	**6,983**	**2**	**2**			**—**	
150	**Total at 30 Jun 2026**	**7,258,462**	**71,394**	**71,394**	**5,806,745**	**(32,114)**	**1,429**	**—**
010	On-balance-sheet exposures[1,2]	5,855,595	74,513	74,513	5,855,595	(33,170)		—
020	Malta	3,472,573	71,623	71,623	3,472,573	(32,047)		—
030	France	762,317	1	1	762,317	(55)		—
040	Germany	437,664	—	—	437,664	(30)		—
050	Netherlands	104,940	48	48	104,940	(4)		—
060	United Kingdom	57,268	—	—	57,268	(1)		—
070	Other countries	1,020,833	2,841	2,841	1,020,833	(1,033)		—
080	Off-balance-sheet exposures	1,385,066	1,262	1,262			819	
090	Malta	1,322,448	1,258	1,258			814	
100	France	30,501	—	—			—	
110	United Kingdom	9,829	—	—			—	
120	United States	6,738	1	1			—	
130	Belgium	5,291	2	2			—	
140	Other countries	10,259	1	1			5	
150	Total at 31 Dec 2025	7,240,661	75,775	75,775	5,855,595	(33,170)	819	—

1 Cash balances at central banks and other demand deposits are not included in the above table.
2 Amounts shown by geographical region and country/territory in the above table are based on the country/territory of residence of the counterparty except for financial investments with international organisations and multilateral developments which are assigned to the geographical area 'Other countries'.

Table 19: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

		Gross carrying amount					
			of which: non-performing	of which: defaulted	of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		€000	€000	€000	€000	€000	€000
010	Agriculture, forestry and fishing	**67**	**—**	**—**	**67**	**—**	**—**
020	Mining and quarrying	**—**	**—**	**—**	**—**	**—**	**—**
030	Manufacturing	**46,557**	**3,275**	**3,275**	**46,557**	**(935)**	**—**
040	Electricity, gas, steam and air conditioning supply	**108,764**	**—**	**—**	**108,764**	**(3,036)**	**—**
050	Water supply	**2,967**	**—**	**—**	**2,967**	**(2)**	**—**
060	Construction	**28,777**	**785**	**785**	**28,777**	**(655)**	**—**
070	Wholesale and retail trade	**148,937**	**6,200**	**6,200**	**148,937**	**(3,201)**	**—**
080	Transport and storage	**10,693**	**—**	**—**	**10,693**	**(394)**	**—**
090	Accommodation and food service activities	**26,776**	**2,975**	**2,975**	**26,776**	**(2,395)**	**—**
100	Information and communication	**6,962**	**1,629**	**1,629**	**6,962**	**(451)**	**—**
110	Real estate activities	**119,034**	**10,307**	**10,307**	**119,034**	**(3,121)**	**—**
120	Financial and insurance activities	**33,860**	**1,235**	**1,235**	**33,860**	**(1,176)**	**—**
130	Professional, scientific and technical activities	**104,425**	**422**	**422**	**104,425**	**(557)**	**—**
140	Administrative and support service activities	**24,101**	**980**	**980**	**24,101**	**(1,292)**	**—**
150	Public administration and defense, compulsory social security	**—**	**—**	**—**	**—**	**—**	**—**
160	Education	**4,540**	**—**	**—**	**4,540**	**(25)**	**—**
170	Human health services and social work activities	**8,282**	**—**	**—**	**8,282**	**(301)**	**—**
180	Arts, entertainment and recreation	**103**	**—**	**—**	**103**	**(1)**	**—**
190	Other services	**856**	**12**	**12**	**856**	**(23)**	**—**
200	**Total at 30 Jun 2026**	**675,701**	**27,820**	**27,820**	**675,701**	**(17,565)**	**—**
010	Agriculture, forestry and fishing	110	4	4	110	(5)	—
020	Mining and quarrying	—	—	—	—	—	—
030	Manufacturing	49,432	3,358	3,358	49,432	(817)	—
040	Electricity, gas, steam and air conditioning supply	118,877	—	—	118,877	(3,000)	—
050	Water supply	495	—	—	495	(3)	—
060	Construction	35,879	3,299	3,299	35,879	(1,038)	—
070	Wholesale and retail trade	138,792	4,418	4,418	138,792	(2,239)	—
080	Transport and storage	3,110	—	—	3,110	(377)	—
090	Accommodation and food service activities	31,816	3,768	3,768	31,816	(2,766)	—
100	Information and communication	2,503	1,911	1,911	2,503	(712)	—
110	Real estate activities	96,547	7,894	7,894	96,547	(2,863)	—
120	Financial and insurance activities	42,873	1,293	1,293	42,873	(1,207)	—
130	Professional, scientific and technical activities	133,969	584	584	133,969	(1,147)	—
140	Administrative and support service activities	20,622	968	968	20,622	(1,224)	—
150	Public administration and defense, compulsory social security	—	—	—	—	—	—
160	Education	4,855	2	2	4,855	(23)	—
170	Human health services and social work activities	8,777	2,484	2,484	8,777	(286)	—
180	Arts, entertainment and recreation	85	—	—	85	—	—
190	Other services	1,301	13	13	1,301	(21)	—
200	Total at 31 Dec 2025	690,043	29,996	29,996	690,043	(17,728)	—

The table below provides information on the instruments that were cancelled in exchange for collateral obtained by taking possession and on the value of the collateral obtained. The value at initial recognition represents the gross carrying amount of the collateral obtained by taking possession at initial recognition on the balance sheet, whilst the accumulated negative change is the accumulated impairment or negative change in the initial recognition value of the collateral obtained, including amortisation in the case of property plant and equipment ('PP&E') and investment properties.

Table 20: EU CQ7 – Collateral obtained by taking possession and execution processes

		At 30 Jun 2026		At 31 Dec 2025	
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**	Value at initial recognition	Accumulated negative changes
		€000	**€000**	€000	€000
010	Property Plant and Equipment ('PP&E')	**—**	**—**		
020	Other than PP&E	**2,295**	**(472)**	2,316	(472)
030	Residential immovable property	**649**	**(400)**	670	(400)
040	Commercial Immovable property	**1,646**	**(72)**	1,646	(72)
050	Movable property (auto, shipping, etc.)	**—**	**—**	—	—
060	Equity and debt instruments	**—**	**—**	—	—
070	Other collateral	**—**	**—**	—	—
080	**Total**	**2,295**	**(472)**	2,316	(472)

Counterparty credit risk

Overview

Counterparty Credit Risk ('CCR') is the credit risk associated with contracts to exchange value such as derivatives and securities financing transactions (including repos and reverse repos), and securities lending and borrowing. CCR exposures relating to derivatives and securities financing transactions create a bilateral risk of loss because the market value of the transaction can be positive or negative to either counterparty to the transaction. An economic loss to the local group would occur on derivatives and securities financing transactions if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

The table on the following page sets out details of the local group's counterparty credit risk exposures through its over the counter ('OTC') derivative exposures.

Credit authority for CCR

HSBC Bank Malta p.l.c. Wholesale Credit Risk has a delegated approval authority for corporates. Depending on the level of the credit limit and customer risk rating ('CRR'), credit approval might require concurrence from HSBC Group or Regional WCR when HSBC Bank Malta p.l.c.'s delegated approval authority threshold is exceeded. Sovereigns, intra-group and banks limits require the region's or group WCR's concurrence irrespective of the amount of the facility.

All corporate credit limits are reviewed at least once a year. At the request of the local relationship manager and potentially the global relationship manager, HSBC Bank Malta p.l.c.'s WCR may recommend credit limit applications to the relevant credit authority for specific limit requests. WCR's recommendations highlight the main risk drivers and are based on the in-depth analysis of the existing portfolio which includes views on contingent market risk and stress exposure and potentially include proposals to reduce the portfolio risk or mitigate proposed transactions.

Credit limit set up for CCR management

Two groups of limits are used in the management of CCR:

– Counterparty-level limits; and;
– Portfolio-level traded credit risk limits.

Counterparty-level limits

Category A ('Cat A') limits

Cat A limits are those for which a credit limit is typically recorded at the full notional amount of the facility, the Bank being actually or potentially at risk for 100% of the facility. Cat A facilities include on balance sheet assets such as loans or lines of credit. They may be either funded or unfunded. Cat A limits are set according to maturity bands.

Category B ('Cat B') limits

Cat B limits cover key counterparty credit exposures arising from off balance sheet products and are used for the monitoring of the Potential Future Exposure ('PFE'). Usage under Cat B represents the potential cost of replacement of the OTC contracts.

Category S ('Cat S') limits

Cat S limits cover the risk that counterparties will fail to meet their delivery obligations, either through payment systems ('PSL'), or through settlement processes for treasury and securities transactions ('TSL').

Portfolio-level limits

Risk has established a number of portfolio-level limits to monitor risk at an aggregate level. These are formalised through a mandate shared with the Head of Global Markets ('GM'), subject to annual review and ongoing monitoring routines.

Table 21: EU CCR1 – Analysis of CCR exposure by approach

		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWAs
		€000	€000	€000	€000	€000	€000	€000	€000
EU1	EU-Original Exposure Method (for derivatives)	**—**	**—**		**1.4**	**—**	**—**	**—**	**—**
EU2	EU-Simplified SA-CCR (for derivatives)	**—**	**—**		**1.4**	**—**	**—**	**—**	**—**
1	SA-CCR (for derivatives)	**6,102**	**6,994**		**1.4**	**18,248**	**18,248**	**18,248**	**12,066**
2	IMM (for derivatives and SFTs)			**—**	**—**	**—**	**—**	**—**	**—**
2a	– of which: securities financing transactions netting sets			**—**		**—**	**—**	**—**	**—**
2b	– of which: derivatives and long settlement transactions netting sets			**—**		**—**	**—**	**—**	**—**
2c	– of which: from contractual cross-product netting sets			**—**		**—**	**—**	**—**	**—**
3	Financial collateral simple method (for SFTs)					**—**	**—**	**—**	**—**
4	Financial collateral comprehensive method (for SFTs)					**—**	**—**	**—**	**—**
5	VaR for SFTs					**—**	**—**	**—**	**—**
6	**Total at 30 Jun 2026**					**18,248**	**18,248**	**18,248**	**12,066**
EU1	EU-Original Exposure Method (for derivatives)	—	—		1.4	—	—	—	—
EU2	EU-Simplified SA-CCR (for derivatives)	—	—		1.4	—	—	—	—
1	SA-CCR (for derivatives)	6,213	9,261		1.4	21,299	21,299	21,299	16,809
2	IMM (for derivatives and SFTs)			—	—	—	—	—	—
2a	– of which: securities financing transactions netting sets			—		—	—	—	—
2b	– of which: derivatives and long settlement transactions netting sets			—		—	—	—	—
2c	– of which: from contractual cross-product netting sets			—		—	—	—	—
3	Financial collateral simple method (for SFTs)					—	—	—	—
4	Financial collateral comprehensive method (for SFTs)					—	—	—	—
5	VaR for SFTs					—	—	—	—
6	Total at 31 Dec 2025					21,299	21,299	21,299	16,809

Market risk

Overview

Market risk is the risk that movements in market risk factors, including foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce the Bank's income or portfolio value.

When disclosing information referred to in Article 435(1), points (a) and (d) of the Regulation (EU) 575/2013 on the risk management objectives and policies to manage market risk, institutions shall include:

- an explanation of their management's strategic objectives in undertaking trading activities;
- a description of the policies referred to in Article 104(1) for determining which position is to be included in the trading book, including the definition of stale positions and the risk management policies for monitoring those positions. In addition, institutions shall describe cases where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category, including the market and fair value of such cases as well as any reclassification from one book to the other since the last reporting period, including the fair value of such cases and the reason for the reclassification;
- a description of internal risk transfer activities, including the types of internal risk transfer desk;
- the processes implemented to identify, measure, monitor and control the institution's market risks; and
- the policies for hedging and mitigating risk; strategies and processes for monitoring the continuing effectiveness of hedges.

There were no material changes to the policies and practices for the management of market risk throughout 2025.

Exposure to Market risk

Exposure to market risk is split into two portfolios:

- Trading portfolios: these comprise positions held for client servicing and market-making, with the intention of short-term resale and/or to hedge risks resulting from such positions.
- Non-trading portfolios: these comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, financial investments measured at fair value through other comprehensive income, and debt instruments measured at amortised cost.

The local group operates in non-trading portfolios, with the objective of managing and controlling market risk exposures, to optimise return on risk while maintaining a market risk profile consistent with our established risk appetite.

The table below reflects the market risk RWAs under the standardised approach.

Table 22: EU MR1 – Market risk under the standardised approach

		At	
		30 Jun 2026	31 Dec 2025
		RWAs	RWAs
		€000	€000
	Outright products		
1	Interest rate risk (general and specific)	**—**	—
2	Equity risk (general and specific)	**—**	—
3	Foreign exchange risk	**116**	102
4	Commodity risk	**—**	—
	Options		
5	Simplified approach	**—**	—
6	Delta-plus approach	**—**	—
7	Scenario approach	**—**	—
8	Securitisation (specific risk)	**—**	—
9	**Total**	**116**	102

Non-Financial Risk ('NFR')

Overview

HSBC Bank Malta p.l.c. defines NFR as the risk of loss resulting from:

– people, inadequate or failed internal processes, data or systems; and
– external events, including legal risk.

This risk includes external or internal fraud risk, non-authorised activities, errors and omissions – including low probability events that would result in a high value loss should they arise – and risks related to models. It arises during daily operations (including those undertaken by a Third Party on our behalf) while taking Financial Risk.

HSBC Bank Malta p.l.c. classifies losses using the following taxonomy, comprising seven level 1 risk categories: Financial Reporting and Tax Risk, Financial Crime and Fraud Risk, Regulatory Compliance Risk, Legal Risk, Resilience Risk, Model Risk and People Risk.

▶ Further information can be found in The Report of the Directors under the Risk Governance section of the Annual Report and Accounts 2025.

Regulation (EU) No 575/2013 (CRR), as amended by Regulation (EU) 2024/1623, includes amendments to the operational risk capital calculation, where a revised framework was introduced and all previously existing approaches for the calculation of the regulatory capital are replaced by the business indicator component ('BIC'). The BIC is based on the business indicator ('BI'), which measures an institution's volume of business .

The table below presents a detailed breakdown of the items included within each component of Business Indicator calculation under the Standardised Measurement approach. It also outlines ECB approved divested activities as applicable to the calculation framework.

Table 23: EU OR2 – Business Indicator, components and subcomponents

		2025	2024	2023	Average value
BI and its subcomponents		**€000**	€000	€000	€000
1	**Interest, lease and dividend component ('ILDC')**				157,472
EU-1	**ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3)**				157,472
1a	Interest and lease income	**198,564**	231,995	213,909	214,823
1b	Interest and lease expense	**23,220**	26,001	18,063	22,428
1c	Total assets/Asset component*	**7,277,440**	6,874,979	6,843,784	6,998,734
1d	Dividend income/dividend component	**—**	—	—	—
2	**Services component ('SC')**				25,294
2a	Fee and commission income	**23,331**	22,905	22,306	22,847
2b	Fee and commission expense	**2,811**	2,960	3,040	2,937
2c	Other operating income	**4,346**	1,353	1,641	2,447
2d	Other operating expense	**(256)**	927	119	263
3	**Financial component ('FC')**				8,851
3a	Net profit or loss applicable to trading book ('TB')	**9,218**	9,654	7,555	8,809
3b	Net profit or loss applicable to banking book ('BB')	**—**	92	34	42
EU-3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				Accounting approach
4	**Business Indicator ('BI')**				191,617
5	**Business indicator component ('BIC')**				22,994
Disclosure on the BI:					
6a	BI gross of excluded divested activities	**191,617**			
6b	Reduction in BI due to excluded divested activities	**—**			
EU-6c	Impact in BI of mergers/acquisitions	**—**			

* Total Assets/Asset component are computed on basis article 314(2) of (EU)2024/1623.

The table below reports the business indicator and the resulting operational risk capital requirement that are used in the operational risk calculation. The internal loss multiplier for 2026 is set at 1 by the EBA.

Table 24: EU OR3 – Operational risk own funds requirements and risk exposure amounts

		Amount €000
1	Business Indicator Component ('BIC')	22,994
EU-1	Alternative Standardised Approach ('ASA') Own Funds Requirements (OROF) under Article 314(4)	—
3	Minimum Required Operational Risk Own Funds Requirements ('OROF')	22,994
4	Operational Risk Exposure Amounts ('REA')	287,425

Organisation and responsibilities

Responsibility for managing non-financial risk lies with our staff members. The non-financial risk framework sets out our approach to governance and risk appetite and provides a uniform approach to non-financial risks and associated controls.

The effectiveness of first line of defence risk and control owners and second line of defence risk stewards in managing HSBC Group's Non-Financial Risk processes and practices is assessed both during the Risk Management Meeting ('RMM') and other governance meetings.

Within the second line of defence non-financial risk is organised as a specific risk discipline within our Enterprise Risk function, managed by the Head of Operational Risk and the Head of Resilience Risk, who together are responsible for monitoring the effectiveness of the internal control environment, the level of operational losses and the resilience risk taxonomies.

We manage risk using a three lines of defence ('LOD') model:

The First LOD has ultimate ownership for risk and controls, and is accountable for identifying, assessing, and managing events and near misses, and for delivering good conduct outcomes.

The Second LOD provides subject matter expertise, advice, guidance and review and challenge of the First LOD's activities to help ensure that risk management decisions and actions are appropriate, within risk appetite and support the delivery of conduct outcomes. The Second LOD is independent of the risk-taking activities undertaken by the First LOD and includes Chief Risk and Compliance Officers, Risk Stewards, the Enterprise Risk Management ('ERM') function and Second LOD Assurance teams.

The third LOD is Internal Audit, which provides independent assurance to management and the non-executive Risk and Audit Committees as to whether our risk management, governance and internal control processes are designed and operating effectively.

Measurement and monitoring

We have codified our Risk Management Framework ('RMF') to a high standard, supplemented by detailed policies. These policies explain our approach to identifying, assessing, monitoring and controlling financial and non-financial risk, and provide guidance on mitigating actions to be taken when an external or internal event occurs, there are near misses; or when issues or weaknesses are identified.

Monitoring risk exposure against risk appetite and tolerance on a regular basis, and setting out our risk acceptance process, drives risk awareness in a more forward-looking manner. It assists management in determining whether further action is required.

Business managers are responsible for maintaining an appropriate level of internal control, commensurate with the scale and nature of operations. They are responsible for identifying and assessing risks, designing controls and monitoring the effectiveness of these controls. The RMF helps managers to fulfil these responsibilities by defining a standard risk assessment methodology.

Risk and control assessment approach

Non-financial risk and control assessments are performed by individual business units and functions at least annually. The risk and control assessment process is designed to provide business areas and functions with a forward-looking view of non-financial risks, an assessment of the effectiveness of controls, and a tracking mechanism for action plans so that they can proactively manage non-financial risks within acceptable levels. These determine our end-to-end control effectiveness ratings and the level of residual risk.

Recording

We use a Group-wide risk management system to record the results of our non-financial risk management process. Non-financial risk and control assessments as described above, are inputted and maintained by business units. Business management monitors and follows up the progress of documented action plans. Operational risk losses are entered into HSBC Group-wide risk management system and reported to the RMM, the Risk Committee, and the Board itself on a regular basis.

Liquidity and funding

Overview

Liquidity risk is the risk that HSBC Bank Malta p.l.c. 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. In accordance with Article 451a(4) CRR, a qualitative assessment of the liquidity risk management is being disclosed. To complement the qualitative assessment, table EU LIQ1 hereunder has been defined to provide the quantitative LCR information and complements Article 435(1)(f) of the CRR.

Liquidity management across HSBC group

HSBC Bank Malta p.l.c. manages its liquidity and funding risks in line with HSBC Group framework. As per the framework, 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 risks are managed by HSBC Bank Malta p.l.c. on a standalone basis with no implicit reliance assumed on any other Group entity unless pre-committed. HSBC Group's general policy is that each defined operating entity should be self-sufficient in funding its own activities.

Strategies and processes in the management of liquidity risk

HSBC has an internal liquidity and funding risk management framework ('LFRF'), which aims to allow it to withstand very severe liquidity stresses. It is designed to be adaptable to changing business models, markets and regulations. The management of liquidity and funding is undertaken locally (by country) in compliance with HSBC Group's LFRF, and with practices and limits set by the Markets Treasury through the RMM and approved by the Board of Directors. The policy of HSBC Bank Malta p.l.c. is that it should be self-sufficient in funding its own activities.

The key aspects of the internal LFRF which are used to ensure that HSBC maintains an appropriate overall liquidity risk profile are:

- the Bank is to manage liquidity and funding risk on a standalone basis without reliance on other members of HSBC Group or central banks and other shareholders;
- minimum liquidity coverage ratio ('LCR') requirement;
- minimum net stable funding ratio ('NSFR') requirement or other appropriate metric;
- annual individual liquidity adequacy assessment;
- liquidity funds transfer pricing; and
- forward looking funding assessments.

Structure and Organisation of the liquidity risk management function

The Asset, Liability and Capital Management ('ALCM') team is responsible for the application of the LFRF for the Bank. The elements of the LFRF are underpinned by a robust governance framework, the two major elements of which are:

- the Asset and Liability Management Committee ('ALCO'); and
- the annual Internal Liquidity Adequacy Assessment Process ('ILAAP') used to validate risk tolerance and set risk appetite.

HSBC Bank Malta p.l.c. is required to prepare an ILAAP document at an annual frequency. The final objective of the ILAAP, approved by the Board of Directors, is to verify that HSBC Bank Malta p.l.c. maintains liquidity resources which are adequate in both amount and quality at all times, ensuring that there is no significant risk that its liabilities cannot be met as they fall due, maintaining a prudent funding profile.

Management of liquidity and funding risk

Liquidity coverage ratio

The LCR metric was designed to promote the short-term resilience of a bank's liquidity profile. It aims to ensure that a bank has an adequate stock of unencumbered high-quality liquid assets ('HQLA') that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs for a 30 calendar days liquidity stress scenario.

The LCR is calculated in accordance with Commission Delegated Regulation (EU) 2015/61 (LCR Delegated Act) supplementing the CRR.

In accordance with Regulation EU 2019/876 of the European Parliament ('CRR2'), the table below presents the average of the preceding twelve month-end balances for each reporting date. As such therefore, the LCR values reported below do not represent the point-in-time ratios at the end of each period. As per the table below, as at 30 June 2026, HSBC Bank Malta p.l.c.'s twelve month-end average LCR stood at 488.1%.

Table 25: EU LIQ1 – Quantitative information of LCR

		Total unweighted value (average)				Total weighted value (average)			
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	**30 Jun 2026**	31 Mar 2026	31 Dec 2025	30 Sep 2025
		€000	€000	€000	€000	**€000**	€000	€000	€000
EU 1a	Quarter ending on Quarter ending on 31 Dec 2025								
EU 1b	Number of data points used in the calculation of averages					**12**	12	12	12
High-Quality Liquid Assets									
1	Total high-quality liquid assets ('HQLA'), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					**3,595,611**	3,552,534	3,474,121	3,382,253
Cash – Outflows									
2	Retail deposits and deposits from small business customers	**4,679,930**	4,667,219	4,653,303	4,640,708	**347,168**	345,662	344,220	342,702
3	– of which: Stable deposits	**3,162,354**	3,161,311	3,159,177	3,159,734	**158,118**	158,066	157,959	157,987
4	– of which: Less stable deposits	**1,517,576**	1,505,908	1,494,126	1,480,974	**189,050**	187,596	186,261	184,715
5	Unsecured wholesale funding	**1,404,883**	1,415,509	1,411,938	1,372,718	**687,344**	684,826	682,701	659,641
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	**531,871**	516,192	502,224	496,606	**127,477**	123,681	120,330	119,059
7	Non-operational deposits (all counterparties)	**873,012**	899,317	909,714	876,112	**559,867**	561,145	562,371	540,583
8	Unsecured debt	**—**	—	—	—	**—**	—	—	—
9	Secured wholesale funding					**—**	—	—	—
10	Additional requirements	**1,191,204**	1,181,955	1,200,487	1,172,898	**165,368**	166,011	168,579	161,836
11	Outflows related to derivative exposures and other collateral requirements	**15,520**	18,090	21,101	20,787	**15,520**	18,090	21,101	20,787
12	Outflows related to loss of funding on debt products	**—**	—	—	—	**—**	—	—	—
13	Credit and liquidity facilities	**1,175,684**	1,163,865	1,179,386	1,152,111	**149,848**	147,921	147,478	141,049
14	Other contractual funding obligations	**46,244**	46,147	46,349	47,149	**33,357**	33,035	32,695	33,046
15	Other contingent funding obligations	**235,692**	234,222	232,074	226,462	**11,785**	11,711	11,604	11,323
16	Total Cash Outflows					**1,245,022**	1,241,245	1,239,797	1,208,549

Table 25: EU LIQ1 – Quantitative information of LCR (continued)

		Total unweighted value (average)				Total weighted value (average)			
		30 Jun 2026	31 Mar 2026	31 Dec 2025	30 Sep 2025	**30 Jun 2026**	31 Mar 2026	31 Dec 2025	30 Sep 2025
		€000	€000	€000	€000	**€000**	€000	€000	€000
Cash – Inflows									
17	Secured lending (e.g. reverse repos)	**—**	—	—	—	**—**	—	—	—
18	Inflows from fully performing exposures	**491,922**	524,212	551,973	554,718	**483,950**	516,561	545,982	549,156
19	Other cash inflows	**19,628**	21,319	24,513	24,265	**19,627**	21,320	24,513	24,264
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**—**	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)					**—**	—	—	—
20	Total Cash Inflows	**511,550**	545,531	576,486	578,983	**503,577**	537,881	570,495	573,421
EU-20a	Fully exempt inflows	**—**	—	—	—	**—**	—	—	—
EU-20b	Inflows subject to 90% cap	**—**	—	—	—	**—**	—	—	—
EU-20c	Inflows subject to 75% cap	**511,550**	545,531	576,486	578,983	**503,577**	537,881	570,495	573,421
Total Adjusted Value									
21	Liquidity Buffer					**3,595,611**	3,552,534	3,474,121	3,382,253
22	Total Net Cash Outflows					**741,445**	703,364	669,302	635,128
23	Liquidity Coverage Ratio %^					**488.1**	508.7	520.9	537.4

^ Ratio derived based on the average of the preceding twelve month-end balances for each reporting date and does not represent the point-in-time ratio as the end of the period.

Retail deposits are the main liability of the Bank. Despite the short-term contractual nature of retail deposits, these are, to a material extent, stable in nature and are expected to remain on balance sheet for an extended period of time. The stability of the deposits are reflected in weighted average retail deposit values that are low relative to the corresponding unweighted average amount.

The Bank operates a structural liquidity surplus with the excess liquidity being either invested in high quality liquid bonds, placed in deposits with the Central Bank or with other HSBC Group entities. The high level of deposits compared to the level of loans results in excess liquidity, which explains the elevated level of LCR and NSFR ratios.

From an operations perspective, the key functions supporting liquidity management are the following:

- Asset Liability and Capital Management which manages the balance sheet to achieve efficient allocation and utilisation of all resources. Asset Liability and Capital Management function reviews the risk arising from the Liquidity and Funding, as well as Interest Rates, Foreign Exchange and Capital. It serves as the First Line of Defence and ensures prudent management of the above mentioned risk.
- Markets Treasury manages the liquidity of the Bank in line with ALCM, Group and regulatory norms. It is also responsible for executing the management of the Interest Rate Risk in the Banking Book and forms part of the First Line of Defence.
- Risk function, through the RMM, is the formal governance committee established to provide recommendation and advice to HSBC Bank Malta p.l.c.'s CRO on enterprise-wide management of all risks. The Risk function is the Second Line of Defence for risk matters including liquidity.
- Asset and Liability Management Committee is the primary senior management committee for considering liquidity adequacy within the Bank.
- The Board represents the Bank's administrative, management and supervisory body.

Liquidity risk is largely managed locally, however local Markets Treasury interacts with other Group entities to deploy the excess liquidity and with HBCE on strategic matters regarding its assets.

HSBC Bank Malta p.l.c.'s liquidity reporting includes LCR, NSFR, Additional Monitoring Metrics ('AMM') – (contains the maturity ladder, concentration of funding by counterparty, concentration of funding by product type, prices for various maturities, rollover of funding, and concentration of counterbalancing capacity), and PRA110.

HSBC Bank Malta p.l.c. has also an Internal Liquidity Metric which provides an analysis of the liquidity of the Bank. The Internal Liquidity Metric is composed of three scenarios being the combined and idiosyncratic scenarios (3-months), and a market wide scenario (12 months). Terms in parenthesis refer to the respective scenario's stress testing time horizon. The assumptions for outflows, inflows and the liquid asset buffer monetisation are calibrated internally by the Bank. The metric includes details of the management actions possible under the baseline scenario and the recovery scenario. HSBC Bank Malta p.l.c. ensures adequacy through HSBC Group's liquidity and funding management framework which ensures that all foreseeable funding commitments and deposit withdrawals can be met when due or in case of stress.

HSBC Group framework requires operating entities to maintain strong liquidity positions in line with regulatory and internal requirements. These requirements ensure the maintenance of:

- A diversified and stable funding base comprising core retail and corporate customer deposits, institutional balances, and long-term funding, while discouraging reliance on short-term professional funding; and
- A liquid assets portfolio that enables HSBC Bank Malta p.l.c. to respond to unforeseen liquidity requirements.

HSBC Bank Malta p.l.c. has a strong liquidity surplus, however it also has set-up a Contingency Funding Plan to document procedures for:

- Identifying when a liquidity stress is starting;
- Managing liquidity during a liquidity stress; and
- Remediating the liquidity position once a liquidity stress has elapsed.

On an annual basis management provides a declaration on the adequacy of liquidity risk management arrangements of the institution, providing assurance that the liquidity risk management systems put in place are adequate with regard to the Bank's profile and strategy. The Liquidity Adequacy Statement, signed by the Bank's Chairman and CEO states that HSBC Bank Malta p.l.c. "maintains liquidity resources which are adequate in both amount and quality at all times to support the business activity, and ensures that there is no significant risk that its liabilities cannot be met as they fall due".

Net stable funding ratio ('NSFR')

The NSFR requires institutions to maintain sufficient stable funding in relation to the required stable funding. It is designed to give a picture of the Bank's long-term funding profile (that is, funding with a term of over one year) and is therefore used as a complement to the LCR.

The table below shows the components of the NSFR for unweighted values by residual maturity and the resultant weighted amounts. HSBC Bank Malta p.l.c.'s NSFR was 260.0% as at 30 June 2026. The below table shows NSFR ratio as at period end.

Table 26: EU LIQ2 – Net Stable Funding Ratio

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		€000	€000	€000	€000	€000
At 30 Jun 2026						
Available stable funding ('ASF') items						
1	**Capital items and instruments**	**—**	**—**	**—**	**654,702**	**654,702**
2	Own funds	—	—	—	584,586	584,586
3	Other capital instruments		—	—	70,116	70,116
4	**Retail deposits**		**4,754,238**	**—**	**—**	**4,400,958**
5	Stable deposits		3,207,626	—	—	3,047,244
6	Less stable deposits		1,546,612	—	—	1,353,714
7	**Wholesale funding**		**1,502,317**	**67,495**	**59,945**	**579,189**
8	Operational deposits		603,517	—	—	301,759
9	Other wholesale funding		898,800	67,495	59,945	277,430
10	**Interdependent liabilities**		**—**	**—**	**—**	**—**
11	**Other liabilities**	**—**	**92,779**	**—**	**—**	**—**
12	NSFR derivative liabilities	—				
13	All other liabilities and capital instruments not included in the above categories		92,779	—	—	—
14	**Total available stable funding ('ASF')**					**5,634,849**
Required stable funding ('RSF') items						
15	**Total high-quality liquid assets ('HQLA')**					**12,784**
EU 15a	Assets encumbered for more than 12m in cover pool		—	—	—	—
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	**Performing loans and securities:**		**583,138**	**107,916**	**2,446,095**	**1,914,626**
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		—	—	—	—
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		419,775	22,586	—	53,270
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		45,575	39,298	695,890	1,848,367
21	– of which: with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		16,907	9,025	217,030	1,061,214
22	Performing residential mortgages		42,054	43,362	1,745,404	—
23	– of which: with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		33,973	35,322	1,342,356	—
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		75,734	2,670	4,801	12,989
25	Interdependent assets		—	—	—	—
26	Other assets:	—	45,842	—	138,743	167,631
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		—	—	—	—
29	NSFR derivative assets		—	—	—	—
30	NSFR derivative liabilities before deduction of variation margin posted		4,576	—	—	229
31	All other assets not included in the above categories		41,266	—	138,743	167,402
32	Off-balance sheet items		—	—	1,451,717	72,468
33	**Total RSF**					**2,167,509**
34	**Net Stable Funding Ratio (%)**					**260.0**

Table 26: EU LIQ2: Net Stable Funding Ratio (continued)

		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
		€000	€000	€000	€000	€000
At 30 Mar 2026						
Available stable funding ('ASF') items						
1	Capital items and instruments	—	—	—	664,539	664,539
2	Own funds	—	—	—	589,160	589,160
3	Other capital instruments		—	—	75,379	75,379
4	Retail deposits		4,725,575	—	—	4,376,191
5	Stable deposits		3,199,919	—	—	3,039,922
6	Less stable deposits		1,525,656	—	—	1,336,269
7	Wholesale funding		1,627,080	65,607	60,000	634,206
8	Operational deposits		564,044	—	—	282,022
9	Other wholesale funding		1,063,036	65,607	60,000	352,184
10	Interdependent liabilities		—	—	—	—
11	Other liabilities	—	87,442	—	—	—
12	NSFR derivative liabilities	—				
13	All other liabilities and capital instruments not included in the above categories		87,442	—	—	—
14	Total available stable funding ('ASF')					5,674,936
Required stable funding ('RSF') items						
15	Total high-quality liquid assets ('HQLA')					6,392
EU 15a	Assets encumbered for more than 12m in cover pool		—	—	—	—
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		838,844	116,679	2,459,815	1,966,621
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		—	—	—	—
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		637,106	2,846	—	65,133
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs		85,231	59,961	685,910	1,884,455
21	– of which: with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		10,018	18,213	218,308	1,081,304
22	Performing residential mortgages		42,633	43,522	1,768,646	—
23	– of which: with a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		34,207	35,828	1,369,649	—
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		73,874	10,350	5,259	17,033
25	Interdependent assets		—	—	—	—
26	Other assets:		37,729	—	147,021	172,584
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		—	—	—	—
29	NSFR derivative assets		—	—	—	—
30	NSFR derivative liabilities before deduction of variation margin posted		5,469	—	—	273
31	All other assets not included in the above categories		32,260	—	147,021	172,311
32	Off-balance sheet items		—	—	1,349,602	67,361
33	Total RSF					2,212,958
34	Net Stable Funding Ratio (%)					256.4

Liquid Assets

Liquid assets consist of any unencumbered liquid securities and available cash held by Markets Treasury. They are managed at HSBC Bank Malta p.l.c. level. The LFRF gives ultimate control of all unencumbered assets and sources of liquidity to Markets Treasury.

The liquid asset buffer may also include securities in held-to-collect portfolios. To qualify as part of the liquid asset buffer, held-to-collect portfolios must have a deep and liquid repo market in the underlying security.

Liquidity stress testing

HSBC Bank Malta p.l.c. undertakes liquidity stress testing to test that its risk appetite is appropriate, to validate that it can continue to operate under various stress scenarios and to test whether the stress assumptions within the LCR scenario are appropriate and conservative enough for the business. Stress testing enables management to make sure of the availability of the liquidity in a time of stress to continue to meet the liquidity requirements.

HSBC Bank Malta p.l.c. also conducts reverse stress testing with the specific aim of reviewing the remoteness of the scenarios that would lead HSBC Bank Malta p.l.c. to exhaust its liquidity resources. If the scenarios are not deemed remote enough, then corrective action is taken.

Several different stress testing scenarios are run that test the quality of liquidity resources under stresses of varying durations and nature. As part of this exercise, various assumptions are used. These assumptions are approved by ALCO and the Board of Directors. The results of the stress testing are presented through the ILAAP to ALCO, the Risk Management Committee and the Board of Directors.

Overall adequacy of liquidity risk management

HSBC Bank Malta p.l.c. is required to manage liquidity risk and funding risk in accordance with the LFRF, which includes the preparation of an ILAAP document, to ensure that:

- liquid resources are adequate, both in terms of value and quality;
- there is no significant risk that liabilities cannot be met as they fall due;
- a prudent structural funding profile is maintained;

- adequate liquidity resources continue to be maintained; and
- the liquidity risk framework is adequate and robust.

The two key objectives of the ILAAP are to:

- demonstrate that all material liquidity and funding risks are captured within the internal framework; and
- validate the risk tolerance/appetite set by HSBC Bank Malta p.l.c. by demonstrating that reverse stress testing scenarios are acceptably remote; and vulnerabilities have been assessed through the use of severe stress scenarios.

The final conclusion of the ILAAP, approved by the Board of Directors, is that HSBC Bank Malta p.l.c.:

- maintains liquidity resources which are adequate in both amount and quality at all times;
- ensures that there is no significant risk that its liabilities cannot be met as they fall due; and
- ensures its liquidity resources contain an adequate amount of HQLA and maintains a prudent funding profile.

Interest rate risk in the banking book

Interest rate risk in the banking book ('IRRBB') is the risk of an adverse impact to earnings or capital due to changes in market interest rates. The risk arises from non-traded assets and liabilities, specifically loans, deposits, and financial instruments that are not held for trading intent or held in order to hedge positions held with trading intent.

All interest rate risks must be identified, measured, managed and monitored with robust policies and frameworks in place.

Key metrics to monitor IRRBB are projected net interest income ('NII') and economic value of equity ('EVE') sensitivities ('Δ') under varying interest rate scenarios as prescribed by the regulators.

ALCM monitors and controls interest rate risk in the banking book. This includes reviewing and challenging the lines of business prior to the release of new products and proposed behavioural assumptions used for hedging activities. ALCM is also responsible for maintaining and updating the transfer pricing framework, informing the ALCO of the banking book interest rate risk exposure and managing the balance sheet in conjunction with Markets Treasury. EVE and NII sensitivities are monitored against risk appetite limits and triggers. Group IRRBB as part of Group Treasury, Markets Treasury and ALCO perform oversight over the management of IRRBB. IRRBB is also subject to independent oversight and challenge from Treasury Risk, Internal Audit and Model governance.

Interest rate risk that can be economically hedged is transferred to Markets Treasury to manage within Market Risk limits and in accordance with internal transfer pricing rules. To help manage this risk and provide more stable earnings, HSBC Bank Malta p.l.c. uses a structural hedge, which is a portfolio of fixed rate assets such as bonds and customer loans. Any interest rate risk that Markets Treasury cannot economically hedge remains within the business from where the risks originate.

A principal part of the management of non-traded interest rate risk is to monitor the sensitivity of expected net interest income ('NII') under varying interest rate scenarios (i.e. simulation modelling), under a static balance sheet where all other economic variables are held constant.

Sensitivity of net interest income reflects the Bank's sensitivity of earnings due to changes in market interest rates. This is calculated on a quarterly basis.

An EVE sensitivity represents the expected movement in EVE due to pre-specified interest rate shocks, where all other economic variables are held constant. EVE represents the present value of the Banking Book Assets and Liabilities excluding equity, based on a run-off balance sheet. This equates to the current book value of equity plus the present value of future NII in this scenario. EVE can be used to assess the economic capital required to support interest rate risk in the banking book and provides a comprehensive view of the potential long-term effects of changes in interest rates. EVE sensitivity measures the impact to EVE from a movement in interest rates, including the assumed term profile of non-maturing deposits having adjusted for stability and price sensitivity. EVE provides a comprehensive view of the potential long term effects of changes in interest rates. It is measured and reported as part of internal risk metrics, regulatory rules (including the Supervisory Outlier Test) and external Pillar 3 disclosures. HSBC Bank Malta p.l.c. monitors EVE sensitivities as a percentage of capital resources on a quarterly basis.

The NII sensitivities are indicative and based on scenarios and assumptions prescribed by the EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2022/14). This hypothetical base case projection of our NII (excluding insurance) follows the currency specific Parallel Up and Down EBA shock scenarios (200bps for EUR).

The EVE sensitivities produced in the table below are based on EBA Supervisory Outlier Test ('SOT') shocks: Parallel Up, Parallel Down, Steepener, Flattener, Short rates shock up, and Short rates shock down.

Key modelling and parametric assumptions used in calculating sensitivities are:

- For EVE sensitivities commercial margins and other spread components have been excluded from the interest cash flows calculation and all balance sheet items are discounted at the risk free rate back to the reporting date; and
- For NII sensitivities a constant balance sheet is assumed over a one-year period; a commercial margin is included. All forecasted market rates are based on implied forward rates from the spot curves at each quarter-end; all interest rate shocks are parallel shocks; pass-on assumptions are applied for managed rate products; customer pricing includes flooring where there are contractual obligations, and customer optionality including prepayment and early redemption risk is included where present.

Non-maturing deposits ('NMD') are deposits that have no explicit maturity and no explicit repricing date, thus behaviouralisation assumptions are applied. Behavioural assumptions are reviewed and challenged at least on an annual basis. The repricing maturity of non-maturing deposits is assessed using both:

- a historical analysis at product level to confirm the stable part of deposits in respect of past interest rate environment; and
- the business expectations of customer behaviour and product characteristics with respect to stressed scenarios.

HSBC Bank Malta p.l.c. is exposed to a change in Eurozone interest rates curve on banking operations and structural elements of the balance sheet. Out of the set of interest rates scenarios that are run, the two most adverse ones are a decrease of 200 basis points with respect to NII and an increase of 200 basis points in short term interest rates with respect to EVE. HSBC Bank Malta p.l.c. would see its Net Interest Income on a 1 year horizon decrease by €31.5 million for an instantaneous decrease of 200 basis points in the reference interest rate curve. As at 30 June 2026, HSBC Bank Malta p.l.c. would see a reduction of €28.5 million in the EVE parallel up scenario.

The changes in sensitivities were driven by factors including an increase in stabilisation activities in line with the Bank's strategy and modelling improvements.

Table 27: EU IRRBB1 – Interest rate risks of non-trading book activities

		ΔEVE		ΔNII	
		30 Jun 2026	31 Dec 2025	**30 Jun 2026**	31 Dec 2025
	Supervisory shock scenarios	**€000**	€000	**€000**	€000
1	Parallel up	**(28,542)**	(26,142)	**17,643**	21,550
2	Parallel down	**21,916**	19,229	**(31,457)**	(42,908)
3	Steepener	**3,999**	4,355		
4	Flattener	**(11,198)**	(11,876)		
5	Short rates up	**(20,832)**	(20,276)		
6	Short rates down	**11,350**	11,093		

ESG risks

Qualitative information on environmental risk

Strategy and Business processes

This section describes how HSBC Bank Malta p.l.c.:

- integrates environmental factors and risks in its business strategy, taking account of:
  - the impact of environmental factors and risks on the business environment, business model, strategy and financial planning; and
  - the evolution of these over time in the light of changing technology, policy framework, business environment, stakeholder preferences, as well as the physical environment itself;
- sets objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and monitors performance against them. This includes explanation of the links to current international and European policy framework and benchmarks;
- incorporates environmental objectives and EU-taxonomy-aligned activities into its current and future investment activities and targets; and
- engages directly or indirectly with new and existing counterparties to review their strategies for mitigating and reducing environmental risks.

HSBC Bank Malta p.l.c. is one of the 13 founding members of the Malta ESG Alliance. The aim of the Malta ESG Alliance is to act as a platform for Maltese businesses to collaborate and work together in order to lead and drive national ESG goals and ultimately act as catalysts.

Business strategy to integrate environmental factors and risks on the business environment, business model, strategy and financial planning.

HSBC Group's ambition is to become a net zero bank by 2050. Supporting customers is core to the strategy, with financing their transition playing a key role in achieving the net zero ambition. As a subsidiary of HSBC Group, HSBC Bank Malta p.l.c. actively contributes to the achievement of 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.

The updated Net Zero Transition Plan, released in November 2025, sets out the actions that HSBC Group is continuing to take to achieve its net zero ambition and to align its financing with the Paris Agreement goals of holding the increase in global average temperature to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C, intensifying its efforts to be customer focused, commercial and agile. The Net Zero Transition Plan remains structured around the three core implementation pillars: supporting customers, embedding net zero into the way HSBC Group operates, and partnering for an enabling environment.

As stated in the 2025 Net Zero Transition Plan, HSBC Group has undertaken a detailed review of each of its interim 2030 financed emissions targets this year to seek to ensure its approach continues to reflect the evolving external context, including developments in policy, technology, climate science, customer actions, available data and methodologies. It has updated its targets for all its in scope carbon intensive sectors, apart from thermal coal mining. The thermal coal mining target remains unchanged, in alignment with the thermal coal phase-out policy and thermal coal financing drawn balance exposure reporting. The key change is the adoption of a target range for the interim 2030 financed emissions targets, informed by International Energy Agency's ('IEA') 2024 Net Zero Emissions and Announced Pledges Scenarios.

HSBC Group expects to periodically review and, if required, update its targets. It seeks to monitor the latest developments in climate science and associated scenarios to help inform its approach to target setting and its portfolio alignment to support the transition of the real economy to net zero. In 2026, HSBC Group will continue to review and enhance its approach to disclosures.

HSBC Bank Malta p.l.c.'s approach to sustainability is aligned to HSBC Group strategy, taking into account local regulatory requirements.

In early 2026, HSBC Continental Europe established its Prudential Transition Plan ('PTP') as a risk management tool. The PTP is aligned with the European Banking Authority ('EBA') guidelines on ESG risk management and is intended to complement the HSBC Group's Net Zero Transition Plan, which sets out the strategic direction and level of ambition. It strengthens governance, accountability, and oversight within the Bank in relation to the identified material risks. HSBC Bank Malta p.l.c. has developed an interim PTP structured as an overlay to HBCE's.

Become a net zero bank

HSBC Group has made progress towards achieving the ambition of becoming a net zero bank by 2050, across its financed emissions footprint, in own operational emissions and through the engagement with suppliers, and in deploying capital to support customers' transition to net zero.

HSBC Group has sector specific sustainability risk policies covering the energy sector, thermal coal, agricultural commodities, forestry, and mining and metals. These are summarised in the Sustainability Risk Policies Framework which also contains the Thermal Coal Phase-Out Policy. HSBC Group also implements a cross-sector policy for project-related financing, informed by international standards.

Thermal coal phase-out policy

The Thermal Coal Phase-Out Policy aims to support thermal coal phase-out aligned to science-based pathways. The policy seeks to achieve two primary objectives:

- phasing out the financing of thermal coal-fired power and thermal coal mining by 2030 in markets in the EU and the Organisation for Economic Co-operation and Development ('OECD'), and by 2040 in other markets; and

– to identify and manage risks arising from the provision of financing or advisory services to clients with thermal coal assets.

As of 30 June 2026, HSBC Bank Malta p.l.c. total exposure to fossil fuel sector (coal, oil, and gas extraction) is €36.8 million.

In addition, the HSBC Asset Management business has its own policies on Energy and Thermal Coal that apply to investment products it manages. Where it does not have full portfolio discretion, commitments included in these policies are subject to client, fund director and regulatory approval.

Energy Policy

The Energy Policy outlines HSBC Group's ambition to support and finance the energy transition. This policy covers oil and gas (including conventional and unconventional oil and gas, methane emissions, and activities in environmentally and socially critical areas), hydrogen, power generation, nuclear, renewables and hydropower, biomass energy and energy from waste. The policy seeks to achieve the following objectives:

– to help drive global greenhouse gas ('GHG') emissions reductions, both to achieve a net zero in HSBC Group's portfolio and to support clients 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 clients with thermal coal assets.

Financed emissions

HSBC Group aims to reduce its financed emissions to net zero by 2050. Financed emissions link the financing provided to customers and their activities in the real economy and provide an indication of the greenhouse gas emissions associated with those activities. They form part of HSBC Bank Malta p.l.c.'s scope 3 emissions, which include emissions associated with the use of a company's products and services. HSBC Bank Malta p.l.c. assesses and discloses financed emissions in its portfolio.

► For more information, please refer to "GHG Financed Emissions" on page 46.

Net zero in own operations

HSBC Group has the ambition to achieve net zero across its operations, travel and supply chain by 2050. Its approach is to reduce emissions from consumption, replace consumption with low emissions alternatives, and remove remaining emissions with high quality carbon credits, in line with external guidance.

In order to contribute to HSBC Group's ambition, HSBC Bank Malta p.l.c. is focused on key objectives of reducing greenhouse gas emissions, improving energy efficiency and partnering with suppliers.

Following the completion of the construction project named HSBC HUB in 2024, HSBC Bank Malta p.l.c. continued to deliver initiatives to reduce CO2 emissions and increase the Green Energy quotient. The new operations centre located in Qormi has been redeveloped and achieved LEED gold certification.

Support customers on their transition to net zero

HSBC Group aims to help its customers transition to net zero and a sustainable future by providing and facilitating between USD 750 billion and USD 1 trillion of sustainable finance and investment by 2030.

Wholesale strategy

The HSBC Group continues to make progress towards its aim to become a net zero bank by 2050. Supporting our customers is core to our strategy and financing their transition is both critical to them and aligned to our net zero ambition. We want to be our customers' most trusted international financial partner through the transition, creating long-term value for them and our shareholders. We have refined our approach to intensify our efforts to be customer focused, commercial and agile, leveraging our simpler business structure.

Our customers include businesses of all sizes – from some of the largest companies across sectors such as energy, power and utilities, transport, manufacturing and real estate, to medium-sized and small business customers with widely differing transition needs. Our lending to corporate and institutional customers makes up the majority of our balance sheet and financed emissions, so the role we play with these customers is critical to achieving our net zero ambition.

HSBC Bank Malta p.l.c.'s strategy for the Corporate and Institutional Banking reflects the overarching objective to support clients in their transition to net zero by:

– Understanding the impact of climate change on customers: HSBC Bank Malta p.l.c. continues to work with customers to capture holistic information on their transition to net zero, and the risks and opportunities in five key areas (emissions, reduction targets, plans, transition risks and physical risks). Customers in scope are assessed through a Transition Engagement Questionnaire ('TEQ') that supports commercial decision-making and credit assessments, pricing and capital allocation.
– Supporting customers' transition activities and investments – HSBC Bank Malta p.l.c has a wide suite of products including Green and Sustainability Linked Loans, all of which meet the required standards and practices. These are designed to support related investments.
– Monitoring of Key Metric Indicators ('KMIs') and Key Performance Indicators ('KPIs') that are in place to monitor climate risk and the performance of the strategy.

International Wealth and Premier Banking ('IWPB') strategy

The overall ambition in retail banking is to be the partner for our customers' transition to a sustainable lifestyle and help clients manage lending and investments for positive long-term environmental and social impacts.

Key initiatives in lending and investment:

– In Malta, the bank focuses on supporting a sustainable lending and investment activity through its product range. IWPB offers discounted interest rates on Energy Efficiency Loans and on loans for electric vehicles and plug-in hybrid cars.
– The Retail banking business has completed the roll out of cards made up of 100% recycled material, issuing them to customers needing new or replacement cards. The recycled plastic card action is reducing CO_2 emissions and is saving plastic waste as part of our net zero strategy.
– In addition, investment in our digital platforms supported strong growth in digital service adoption with 97% of retail transactions executed through online banking channels. The deployment of Instant SEPA payments in October 2025 further accelerated adoption. We also continue to migrate more customers from paper to digital.
– Our financial advisory solution ensure that granular sustainability preferences of our customers are taken into consideration during the provision of investment advice. The Strategic Financial Planning tool, which is used during the provision of financial advice has been enabled to automatically filter ESG products that meet customer sustainability preferences.
– HSBC Bank Malta p.l.c. continued to actively campaign through channels such as letters, emails and social media to encourage customers to undertake a financial planning review and provide us with their sustainability preferences.
– HSBC Bank Malta p.l.c. offers the HSBC Responsible Investment Fund ('HSBC RIF') range, housed in a single French registered SICAV. The funds cater for various risk profiles and are all certified with the French SRI label. In addition, HSBC Bank Malta p.l.c. offers funds, such as the HSBC GIF Global Equity Climate Transition Fund and the HSBC GIF Global Corporate Bond Climate Transition Fund.
– Investments into sustainable funds increased considerably and as at 30 June 2026, Assets Under Management in Sustainable Funds have exceeded €84 million.

► For more information on our Asset Management and Insurance activity please refer to the Sustainability Statement in the Annual Report and Accounts 2025.

Objectives and limits to assess and address climate and environmental risk and performance assessment

HSBC Group aims to become a net zero bank – covering financed emissions, operations and supply chain – by 2050. HSBC Bank Malta p.l.c. is aligned with this ambition, supporting the transition to a net zero economy. This is embedded in the Bank's business strategy, financial planning, and risk management.

To assess and address environmental risks, HSBC Bank Malta p.l.c. has set granular climate and nature risk indicators across businesses and functions to monitor the exposure to such risks. HSBC Bank Malta p.l.c.'s climate change and nature stress testing and scenario analysis are also used to provide insights on the long-term effects of transition and physical risks across retail and wholesale banking portfolios.

Climate and nature related risk annual materiality assessment is performed to help understanding how environmental risk may impact across the Bank's risk taxonomy and activities.

HSBC Bank Malta p.l.c. in conjunction with HSBC Continental Europe has developed an approach to allocate economic capital to climate and nature risk in the Internal Capital Adequacy Assessment Process ('ICAAP'). This considers stress testing results.

EU Taxonomy-aligned activities

HSBC Bank Malta p.l.c. is in the early stages of integrating EU Taxonomy considerations into its broader climate strategy.

HSBC Bank Malta p.l.c. 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. Consequently, not all sustainable finance provided by HSBC Bank Malta p.l.c., and in particular transition finance, will meet the strict criteria for EU Taxonomy alignment.

The composition of the Bank's banking book is a key driver of the Green Asset Ratio ('GAR'). With the (Non-Financial Reporting Directive ('NFRD') and Corporate Sustainability Reporting Directive ('CSRD') counterparties 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.

Policies and procedures relating to engagement with counterparties on their strategies to mitigate and reduce environmental risks

The HSBC Group believes supporting its customers' transition is one of the most significant roles it can play in the global transition to net zero. The HSBC Group takes a holistic approach to understanding and supporting the transition journeys of customers and potential customers. By coupling portfolio management and transaction decision making process with engagement tailored to the customers' individual circumstances, the HSBC Group works to support their transition pathways.

The HSBC Group's Sustainability Risk Policies Framework provides an overview of how the HSBC Group identifies, evaluates and manages risks related to the delivery of its sustainability approach and sets out in one place its sector specific sustainability risk approach covering: Energy, Agricultural Commodities, Forestry, Metals and Mining and Project Related Financing. It also includes Thermal Coal Phase-Out Policy. These policies cover the wholesale lending and financing activities.

Sustainability risk management in CIB mandates that relationship managers ('RMs') assess climate and nature risk factors in credit applications for new lending requests and during annual credit reviews. The HSBC Group's credit policies also require manual credit risk rating overrides if climate and nature are deemed to have a material impact on credit risk under 12 months if not already captured under the original risk rating. HSBC Bank Malta p.l.c. has also started to incorporate nature into wholesale credit risk management processes and developed tools to further understand and assess its corporate book, including completing a pilot nature scenario analysis stress test. The Bank continues to refine and enhance its capabilities, methodologies and tools, in line with evolving regulatory and reporting expectations.

Reputational risk

We manage the reputational impact of climate risk through our broader reputational risk framework, which plays a role in managing the risk of greenwashing, and is supported by our sustainability risk policies and metrics.

Our global network of sustainability risk managers provides local policy guidance to relationship managers for the oversight of policy compliance, and in support of implementation across our wholesale banking activities.

Processes and controls will continue to evolve as the Bank looks at net zero considerations for sectors, customers and deals with higher climate and nature-related impact and risk. These considerations include: adherence with the sustainability risk policies, climate-related credit risk, customer transition plan assessment outcomes (where relevant), reputational risk considerations and financed emissions.

Governance

This section describes HSBC Bank Malta p.l.c's governance arrangements for ESG risks, specifically how the Board and management:

- discharge their responsibilities for setting the risk framework and overseeing the implementation of objectives, strategy and policies for environmental risk management across the relevant transmission channels;
- consider the short-, medium- and long-term effects of environmental factors and risks in their own work and integrate them into organisational structure within business lines and internal control functions; and
- incorporate the management of environmental factors and risk into internal governance, including the terms of reference for committees, the delegation of tasks and responsibilities, and the feedback loops between risk management and the management body across the relevant transmission channels.

It also describes:

- the established reporting lines and frequency of reporting for environmental risks; and
- the alignment of HSBC Bank Malta p.l.c.'s remuneration policy to its environmental risk objectives.

Given the wide-ranging remit of sustainability matters, activities are managed through a combination of specialist and regular governance infrastructure, where appropriate. Sustainability-related risk is considered within the existing governance structure, in line with the three lines of defence model, to ensure that senior management have adequate oversight of key sustainability-related issues.

It is expected that HSBC Bank Malta p.l.c.'s approach to ESG governance will continue to develop, in line with the evolving approach to sustainability matters, stakeholder and regulatory expectations.

The governance described below is not limited to environment-related topics but covers also social and governance topics.

Responsibilities of the management body

The Board of Directors of HSBC Bank Malta p.l.c. determines the orientation of HSBC Bank Malta p.l.c.'s business and oversees the implementation thereof, including with respect to ESG and climate-related matters. The Board of Directors oversees and monitors that HSBC Bank Malta p.l.c.'s risk strategy, with its risk appetite and risk management framework, is implemented consistently, including the ESG risks.

The Risk Committee, set up by the HSBC Bank Malta p.l.c. Board, is accountable to the Board and oversees and advises the Board on risk-related matters impacting HSBC Bank Malta p.l.c. including climate-related and environmental risks. The Audit Committee, also set up by HSBC Bank Malta p.l.c.'s Board, is accountable to the Board and has responsibilities that include internal controls over, inter alia, financial reports as required by applicable laws and regulations. This includes all ESG-related financial reports.

Board members routinely receive ESG-related training as part of their annual development and training. The Board of HSBC Bank Malta p.l.c., its Risk Committee and its Audit Committee regularly receive updates on ESG-related matters.

The Chief Executive Officer, supported by the Executive Committee, works on HSBC Bank Malta p.l.c.'s ESG strategy and its operational plan for sustainable finance, while receiving regular updates from the members of the Executive Committee on ESG-related matters.

Integration of environmental factors, organisational structure within business lines and internal control functions

HSBC Bank Malta's approach to climate and environmental risk management is aligned to HSBC group-wide risk management framework and the three lines of defence model, which sets out how HSBC Bank Malta p.l.c. defines, identifies, assesses, manages, and reports its risks. Climate risk in HSBC is considered as a cross cutting risk as per HSBC Group Risk Management Framework, which defines the way HSBC identifies, assesses and manages its risks.

This approach ensures that the Board and senior management have visibility and oversight of the key environmental and climate risks.

Role of committees and lines of reporting

The Board and its committees receive regular updates on the climate-related and environmental risks in the overall business strategy and risk management framework.

The Climate and ESG Steering Committee

The Climate and ESG Steering Committee is chaired by the Chief Risk Officer. It is tasked with oversight of climate, nature and ESG related risks, ensuring regular reviews across HSBC Bank Malta p.l.c. through the three lines of defence enabling an assessment of the risks involved in the HSBC Bank Malta p.l.c. perimeter and how they are controlled and monitored, giving clear, explicit and dedicated focus to current and forward-looking aspects of risks. This committee has an escalation path to the HSBC Bank Malta p.l.c.'s Risk Committee for climate and environmental risks.

Climate Action Network ('CAN')

The Bank also supports the Climate Action Network ('CAN'). This is a network of bank employees from across different business lines and functions that are committed to drive sustainable projects inside and outside the Bank. These projects range from environmental to future skills topics. Initiatives are led ably by our people who use a central platform where they share their achievements and successes of their projects.

Risk Committee Terms of Reference

On the non-executive side, the Risk Committee's Terms of Reference specifically mention the climate and environmental risks among risks related matters that are overseen by this committee.

Alignment of remuneration policy

HSBC Group's approach to remuneration promotes sound and effective risk management to support its business objectives and the delivery of its strategy, the purpose being to align risk, performance, and reward.

A number of climate-related metrics are used in HSBC Bank Malta p.l.c. within the annual incentive scorecards of HSBC Bank Malta p.l.c.'s executives. The completion of these weighted climate-related goals forms part of the annual performance assessment and the associated performance rating basis of the variable remuneration. The goals are linked to HSBC Group's climate ambitions.

Summary of the ESG Governance Structure.

The below table shows how ESG-related risk Governance is embedded within HSBC Bank Malta p.l.c.'s general corporate governance framework.

Board	The Board sets the strategic direction, including on ESG, upon management's recommendation, and oversees its execution. – The Risk Committee advises and supports the Board on the oversight of risk related matters and enterprise risks. – The Audit Committee advises and supports the Board on matters relating to financial reporting and the effectiveness of internal financial control systems.
General Management	The Chief Executive Officer is responsible for the management of the business, as well as the setting and implemention of the HSBC Bank Malta p.l.c.'s Strategy as part of HBCE, including on ESG. – The Executive Committee supports the CEO in the development and implementation of the ESG Strategy. – The Risk Management Meeting supports the CRO on enterprise-wide management of all risks, including key policies and frameworks for Nature-related risk.
Sustainability/ Climate Specific Forum	The Climate and ESG Steering Committee oversees all risk activities relating to Climate and Nature risk management, including physical and transition risks.

Risk management

Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework including definitions, methodologies, and international standards

HSBC Bank Malta p.l.c. manages climate and nature-related risks across its lines of businesses and incorporates environmental considerations within its traditional risk types in line with HSBC Group-wide risk management framework. The climate and nature related risk approaches aim to effectively manage the material risks that could potentially impact HSBC Bank Malta p.l.c.'s operations, financial performance, financial stability and reputation. It is informed by the evolving expectations of the regulatory banking environment.

Climate and nature-related risks are not stand-alone risks. They may have far-reaching, complex, and nuanced impacts across the risk taxonomy. These risks are incorporated within the risk management framework through the policies and controls for existing risks, where appropriate.

The physical impacts of climate change, biodiversity loss and ecosystem services degradation, in addition to the transition to a net zero economy, can create significant financial risks for companies, investors and the financial system. HSBC Bank Malta p.l.c. may be affected by climate and nature-related risks either directly or indirectly through its relationships with customers, which could result in both financial and non-financial impacts.

Climate and nature-related risk approaches aim to effectively manage the material climate and nature-related risks that could impact the HSBC Bank Malta p.l.c.'s operations, financial performance, stability, and reputation. It is informed by the evolving expectations of the HSBC Bank Malta p.l.c's regulators.

A climate and nature risk materiality assessment helps HSBC Bank Malta p.l.c. understand how climate and nature-related risks may impact across HSBC Group's risk taxonomy. The assessment considers short-term (up to 2027), medium-term (2028 – 2035) and long-term (2036 – 2050) periods. These time periods align to the Climate Action 100+ disclosure framework v2.

In addition to the assessment performed across financial and non-financial risk types, climate and nature-related risks are also considered in:

- HSBC Bank Malta p.l.c. risk reporting.
- policies, processes, and controls across many areas of the Bank.

HSBC Bank Malta p.l.c.'s environmental risk management is based on HSBC Group's Risk Management Framework, the HSBC climate risk approach and HBCE's nature-related risk management approach.

Approach to managing climate risk

Climate change poses different risks to the stability of the financial system and these risks are collectively referred to as 'climate risk'.

Climate risk approach identifies two primary drivers of climate risk:

- physical risk – risk arising from increased frequency and severity of extreme weather events, such as hurricanes and floods (acute risk), or chronic gradual shifts in weather patterns or sea level rise (chronic risk).
- transition risk – risk arising 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.

The inclusion of climate risk into HSBC Bank Malta p.l.c.'s Risk Appetite Statement ('RAS') helps to define the type and level of risk the Bank is willing to take and supports the oversight and management of the financial and non-financial risks. The climate risk appetite supports the business in delivering HSBC Group's climate and net zero ambition effectively and sustainably.

This includes focus on:

- the transition and physical risks that impact HSBC Group's financial position under current and future climate scenarios; and
- the risks associated with not delivering against net zero ambitions.

HSBC Bank Malta p.l.c. is taking entity level actions to contribute to HSBC Group's ambitions. The local RAS is approved and overseen by HSBC Bank Malta p.l.c.'s Board.

Approach to managing nature-related risk

HSBC Bank Malta p.l.c. may also be exposed to nature-related risks beyond climate change.

Nature-related risk is defined as a potential threat posed to HSBC Bank Malta p.l.c. linked to its organisation´s dependencies on nature and nature impact. Similar to climate change, nature-related risk can be understood and managed through two main channels:

- physical risk is driven by dependencies on nature and arises when natural systems, and therefore their benefits to society are compromised through human activity or otherwise.
- transition risk is driven by changes introduced to halt or reverse damage to nature and arises when the changes required are costly to businesses and/or households.

In addition to these primary risk drivers, the following thematic issues related to climate risk that may also impact nature topics, which are most likely to materialise in the form of reputational, regulatory compliance and litigation risks have been identified:

- Net zero alignment risk had previously been identified as a thematic issue and is now replaced and managed within the new risk type Sustainability Execution Risk, which is the risk of not meeting our sustainability ambitions, targets and commitments as set out in firm-level external reporting, sustainability risk policies and associated internal policies, and other ESG commitments.
- risk of greenwashing, which arises from the act of knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to stakeholders of HSBC Group.

The nature risk management approach requires that HSBC Bank Malta p.l.c. as part of HBCE, embed nature-related risk within the Bank's existing risk management governance structure. The inclusion of nature clarifies the responsibilities of relevant risk owners and stewards and ensures that nature is assessed as a risk driver.

In 2025, HSBC Bank Malta p.l.c. completed a nature related scenario analysis facilitating forward-looking assessment of the financial impact of nature-related risks.

Description of the link between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

HSBC Bank Malta p.l.c. seeks to manage climate and nature risks across all its businesses in line with HSBC Group-wide risk management framework and is incorporating climate considerations within its traditional risk types.

Risk management tools, such as forward-looking indicators, emerging risks, horizon scanning, and stress testing and scenario analysis can be used to inform medium to longer-term risk assessments.

In 2025, the climate and nature scores were calculated for wholesale corporate clients within the scope of TEQ (Transition Engagement Questionnaire). In addition, the results from the Internal Climate Scenario Analysis ('ICSA') have been utilised along with the outcomes of the climate scores to complete the materiality assessment of HSBC Bank Malta p.l.c.'s wholesale corporate portfolio with the following key conclusions:

- Transition to a low carbon economy can materialise as an increased credit risk for HSBC Bank Malta p.l.c. Climate-related regulatory, policy or technological developments may impact corporate customers' business models, resulting in financial difficulty for customers.
- Physical risk with extreme weather events may disrupt customers or cause damage to their assets. For instance, for commercial real estate, properties may be impacted by adverse weather events, potentially affecting both property values and borrowers' ability to meet their financial commitments.
- Liquidity risk may increase because climate and nature risks drivers may impact the liquidity risk directly through our ability to raise funds or liquidate assets, or indirectly through customers' demands for liquidity. For instance, clients who want to avoid any association with HSBC, in the event of greenwashing concerns or reputational concerns relating to the progress made towards HSBC net zero commitments, could potentially take out their deposits, which could have an impact on liquidity risk.
- Market risk may increase if the risks associated with climate and nature are not accurately reflected within HSBC trading book assets. Indeed, trading losses may result from increases in market volatility and widening spreads due to the macro and micro economic impacts of transition and physical risk.
- Operational risk coming from physical risk faced by HSBC Bank Malta p.l.c.'s own operations and premises may increase, owing to the more frequent and severe weather events and chronic shifts in weather patterns, which could affect its ability to conduct day-to-day operations. For instance, if physical hazards disrupt transportation facilities and telecommunications infrastructure, the Bank's operational ability may be reduced.

– Regulatory compliance risk may result from the increasing pace, breadth and depth of climate-related regulatory expectations requiring implementation in short timeframes. For instance, greenwashing related to products offered by financial institutions is the focus of several new global regulations and can result in increased risk from product governance, mis-selling and marketing practices.
– Conduct risks could develop in association with the increasing demand for 'green' products where there are differing and developing standards or taxonomies.

Climate and nature related risks identification and assessment

Climate risk assessment is supported by tools that identify physical and transition risk exposures and opportunities to help customers in delivering their own net zero transition plans.

Key tools implemented in HSBC Bank Malta p.l.c. include:

– Materiality Assessment helps to identify and assess the most material climate risk impacts at HSBC Bank Malta p.l.c.'s level.
– horizon scanning to identify potential opportunities and threats (regulatory development and stakeholder sentiment) in the risk environment and to identify policies and controls that need development to ensure resilience to the future risk environment.
– stress testing and scenario analysis to identify and size the range of climate risks over multiple time horizons.
– Internal Capital Adequacy Assessment/Internal Liquidity Adequacy Assessment Process to identify and measure climate risk impacts on capital and liquidity.
– transition engagement questionnaire responses to understand corporate clients' climate strategies and risk.
– collection of Energy Performance Certificates ('EPCs') for retail banking and corporate customers.
– monitoring of flash flooding and sea level rise risks by geographical locations for secured exposures in retail banking.

HSBC intends to enhance and expand these tools and further integrate them into decision-making at the portfolio and counterparty levels.

HSBC Group's approach to climate and nature-related risks is clearly delineated in its risk management framework and three lines of defense model, which set out how it identifies, assesses and manages its risks.

HSBC Bank Malta p.l.c. with the support of HSBC Group, continues to develop a set of capabilities to execute climate stress testing and scenario analysis. These are used to improve the understanding of risk exposures for risk management and to respond to regulatory requirements.

In 2025, HSBC Group also ran a scenario analysis on HSBC Bank Malta p.l.c.'s portfolio on nature risk which supports the understanding of the financial impact resulting from nature risk impacts on its Wholesale Credit Risk ('WCR') portfolio by means of different scenarios.

Activities, commitments and exposures contributing to mitigate environmental risks

HSBC Bank Malta's p.l.c. as part of HBCE's action plan to achieve its objectives, is embedding net zero by supporting its customers in high-emitting sectors notably through the provision of transition solutions.

In wholesale banking, HSBC Bank Malta p.l.c. seeks to engage with its customers on their climate strategies and risks. It continues to deepen this strategic discussion with its higher transition risk and/or largest corporate customers through the completion of a Transition Engagement Questionnaire ('TEQ') performed annually. This questionnaire contains specific, climate-focused questions to support HSBC Bank Malta p.l.c. in understanding the level of climate risk to their business and transition strategy. Wholesale Banking is using the data collected to further engage with its customers and identify any additional business opportunities that could support their transition to net zero.

In retail banking, client engagement takes place through the collection of EPC certificates for the retail mortgage book to understand building energy performance.

In addition, HSBC Bank Malta p.l.c. applies, where relevant, HSBC Group's sustainability risks policies to its corporate clients to mitigate adverse environmental impacts within specific sectors.

Implementation of tools and processes for identification, measurement and management of climate and environmental risks

HSBC Group has developed an approach, which incorporates specific assessment for the HSBC Bank Malta p.l.c.'s portfolio, to allocate dedicated capital to climate risk and nature in the Internal Capital Adequacy Assessment Process ('ICAAP'). We have incorporated climate impacts into the credit risk economic Capital via the 2025 ICSA results by modelling climate and environmental risk adjusted Credit Risk Rating notch movements.

The potential impacts were measured by reviewing the modelled effect on HSBC Group's Expected Credit Losses ('ECL') for HSBC Bank Malta p.l.c. corporate customers and comparing these to a counterfactual scenario without climate change.

This climate scenario analysis exercise helps to identify and understand the materiality of a range of climate risks to different segments of HSBC Bank Malta p.l.c.'s loan portfolio. However, the use of these models in the industry is still in its infancy and risk capture is partial and complex due to inherent modelling and data challenges.

The intention is to continue enhancing HSBC Group's climate scenario analysis capabilities.

Data availability, quality and accuracy, and efforts to improve these aspects

The local group has a holistic approach to data governance encompassing all risk types as well as business lines and functions. This is set out within HSBC Group Data Management Policy and Controls which covers Environmental Risk data. HSBC Group's data management commitments are captured within its Data Management Procedures and also align to Basel Committee on Banking Supervision "Principles for Effective Risk Data Aggregation and Risk Reporting ('BCBS 239')" requirements.

HSBC Group Data Management Procedure seeks to embed effective data management in business activities and processes by articulating the activities that must be incorporated across HSBC Group (including HSBC Bank Malta p.l.c.). The Procedure applies to all users and providers of data in HSBC Group and assigns responsibility to all staff for managing the quality of data in the processes and systems that they own. Complementing the Data Management Procedure is the BCBS 239 Compliance Framework. This defines the minimum standards to be met when aggregating and reporting environmental risk data. The documents have been designed to reflect and implement the BCBS 239 principles, and adherence to the standards within the Framework is mandatory for all applicable local group areas.

Qualitative information on social risk

HSBC Bank Malta p.l.c., as a major banking and financial services organisation, faces social risks. Social risks are understood as the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of social factors on the institution's counterparties or invested assets. As defined by the European Banking Authority ('EBA'), social factors include human rights violation, labour rights, income inequality, lack of human rights, customer safety and protection, privacy, poverty and non-discrimination. Furthermore, climate change and transition to a low carbon economy have social impacts that include changes to the job market. These include the decrease in the demand for certain jobs and skills, the emergence of new jobs and skills, consumers' changing preferences, and shareholders' willingness to swiftly integrate climate, environmental and social changes in their companies.

HSBC Bank Malta p.l.c.'s Board takes overall responsibility for the ESG strategy, overseeing executive management in developing the approach, execution and associated reporting. Progress against ESG ambitions is reviewed through Board discussion and review of key topics such as updates on net zero, customer experiences and employee sentiment.

Human rights

Strategy and business processes

The local group, as part of HSBC Group, encourages protection of its employees' human rights, in line with HSBC Group's Human Rights Statement. More broadly fostering an inclusive culture, that enables its people to thrive, is a core element of the people strategy.

The local group requires its employees to treat colleagues with dignity and respect, further embedding an inclusive environment. Employees are made aware of their employment rights and duties through a variety of channels, including employment contracts and policies, procedures in employee handbooks, employee websites and a global Code of Conduct. Employees are trained on a range of human rights related topics including but not limited to inclusion, bullying and harassment, racism and data privacy. In addition, employees receive regular training as part of HSBC Group's broader financial crime control framework, covering anti-money laundering, anti-bribery and corruption and financial sanctions. Each of these areas intersects with human rights risk.

From a customer standpoint, HSBC Group has developed sustainability risk policies which are also used at HSBC Bank Malta p.l.c. level. The policies also apply to the main financing products offered to customers. Customers are engaged, where appropriate, and supported in adopting more sustainable practices. The sustainability risk policies specifically referring to human right considerations include issues such as land rights, harmful or exploitative child labour or forced labour, rights of local communities, workers' rights and the health and safety of communities.

Regarding suppliers, HSBC Bank Malta is aligned to HSBC Group's Global Code of Conduct which sets out HSBC Group's commitments to the environment, inclusion and human rights, and outlines the minimum commitments expected by suppliers on these issues. Commitment to the Code is formalised with clauses in supplier contracts, which support the right to audit and act if a breach is discovered.

Policies and risk management

HSBC Bank Malta p.l.c. has defined employment practices and relations policies set in the Human Resources ('HR') procedure guideline within a Functional Instruction Manual ('FIM'). This manual aims to ensure that HSBC Bank Malta p.l.c. as an employer takes all appropriate steps to meet employment laws, regulatory commitments and obligations to the workforce. These include and are not limited to human rights violations, labour rights, income inequality, lack of human rights, privacy, poverty and non-discrimination matters.

Failure to comply with the policy could result in financial loss, legal or regulatory action, reputational damage or impacts on employees. In addition to employee impacts, failure to comply with the requirements in this policy could indirectly lead to negative impacts on the outcomes for customers.

Employee matters

Strategy and business processes

HSBC Group promotes an inclusive organisation that values difference, takes responsibility and seeks different perspectives for the overall benefit of HSBC Group's stakeholders. HSBC Bank Malta p.l.c. remains committed to be a leading employer and to unlock the full potential of its people in support of its customers and strategy.

HSBC Bank Malta p.l.c. promotes a dynamic, inclusive connected culture that enables its people to thrive and be treated with dignity and respect. HSBC Bank Malta p.l.c. is also committed to foster a supportive environment focused on mental health and well-being, encouraging its employees to adopt alternative and more flexible ways of working that suit their needs.

HSBC Bank Malta p.l.c. encourages people to speak up, including if observing unlawful or unethical behaviour. A range of speak up channels are offered to listen to concerns of employees, including a whistleblowing platform, "HSBC Confidential". This platform allows employees to raise any concerns in confidence and, where preferred, anonymously. HSBC Confidential can be accessed in various ways, including by telephone lines, online portals and email.

Employee wellbeing remains a top priority. An annual Wellbeing Allowance whereby employees may claim reimbursement of the cost of a personal wellbeing initiative was introduced in 2024 with 84% of employees availing themselves of this benefit in 2025. Tools and training are available to support mental, physical and financial health. Helping employees to be healthy and happy is a key enabler of HSBC Bank Malta p.l.c.'s strategy. Wellbeing questions are included in the annual Snapshot survey to get feedback from employees and continue to improve the approach on this topic.

Governance

Our whistleblowing channel, HSBC Confidential is open to all colleagues to raise concerns in line with local laws. All whistleblowing reports received are investigated in a detailed and independent manner and remedial action is taken where appropriate.

HSBC Bank Malta p.l.c.'s remuneration policy, being neutral and inclusive, is designed to motivate and retain the best employees and to make sure each and every employee is treated fairly. The Bank's Remuneration and Nomination Committee (the 'Committee' or 'RemNom') within its remuneration oversight remit, is responsible for overseeing the implementation and operation of the Bank's remuneration framework, satisfying itself that the remuneration framework is aligned with local law, rules or regulations, as well as with the risk appetite, business strategy culture and values, and long-term interests of the Bank. The Committee also seeks to satisfy itself that the remuneration framework is appropriate to attract, retain and motivate individuals of the quality required to support the success of HSBC Bank Malta p.l.c. It ensures that the remuneration policy is consistent with and promotes sound and effective risk management.

The local group is committed to managing change while maintaining a regular dialogue with bodies representing employees, supporting managers, redeploying impacted colleagues when possible, and proposing, where appropriate, adapted financial and supporting measures.

Policies and risk management

Global principles overlay all Group policies and procedures, connecting the organisation's purpose, values, strategy and approach to risk management. They guide the local group in the decisions it takes and how it operates. The risk management framework is underpinned by HSBC Group's values and governs HSBC Group's overall approach to managing risk.

The Functional Instruction Manual, which describes the employment practices and employee relations policy which are further set out in the Human Resources procedures and guidelines, ensures that the local group effectively manages cases where employees demonstrate poor behaviours towards each other (Personal Conduct cases). Any Personal Conduct Cases are taken into account in the performance review for HSBC Bank Malta p.l.c.'s employees.

Compliance is required with all applicable anti-bribery and corruption laws in all markets and jurisdictions in which the local group operates. A global anti-bribery and corruption policy exists, which requires compliance with the spirit of laws and regulations to demonstrate commitment to ethical behaviours and conduct as part of environmental, social and corporate governance.

Customer matters

Strategy and business processes

The conduct approach sets the standards for all part of HSBC Bank Malta p.l.c. to ensure strategic aims are met by focusing on its customers and the integrity of financial markets. It concentrates on five conduct outcomes:

- understanding customers' needs;
- providing products and services that offer a fair exchange of value;
- serving customers' ongoing needs, and putting things right in case of mistake;
- acting with integrity in the local financial markets HSBC Bank Malta p.l.c. 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 conduct approach is embedded into the way HSBC Group develops, distributes, structures and delivers products and services. The approach to product design and development – including how products are advertised – is set out in HSBC Bank Malta p.l.c.'s policies and provides a clear basis from which strategic product and service decisions are made. Global businesses each take the following approach:

- carrying out relevant testing 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 ensure that they continue to meet customers' needs and deliver a fair value for money;
- reviewing products to help ensure they remain relevant and perform in line with expectations;
- where products do not meet customers' needs or no longer meet high standards, improving them or withdrawing them from sale;
- wherever possible, acting on feedback from customers to provide better and more accessible products and services; and
- considering the impact on the integrity of markets when introducing new products.

Governance

Oversight of product design and sales is provided by governance committees chaired and attended by senior executives who are accountable for ensuring that risks are managed appropriately, and within appetite, to ensure fair customer outcomes.

Policies and risk management

Customers' interests are at the heart of this organisation. Policies and procedures are in place that set the standards required to protect them. These include:

- providing information on products and services that is clear, fair and not misleading;
- enabling customers to understand the key features, the risks, exclusions and limitations for all products and services including ESG-related products;
- enabling customers to make informed decisions before purchasing a product or service; and
- checking that customers are offered appropriate products and, where relevant, receive the right advice.

As an example, within International Wealth and Premier Banking, customers' financial needs and personal circumstances are considered to offer suitable product recommendations. This is achieved through measures such as:

- a globally consistent risk rating methodology for investment products, which is customised for local regulatory requirements; and
- a thorough customer risk profiling methodology to assess customers' financial objectives, attitudes towards risk, financial ability to bear investment risk, and knowledge and experience.

In addition, ongoing sales quality testing and mystery shopping reviews assess whether customers receive a fair outcome.

In Corporate and Institutional Banking, focused sales outcome testing is operated to ensure that product features and pricing are correctly explained. Sample based testing on sales of products are undertaken to ensure that product features and pricing have been correctly explained and sales processes have been adhered to. Feedback is collated centrally and acted upon in a timely manner.

Tracking, recording and complaints management aim to be open and consistent. A consistent set of principles enables HSBC Bank Malta p.l.c. to remain customer focused throughout the complaints process.

Community and society

HSBC Group has a long-standing commitment to support the communities in which it operates through charitable partnerships and volunteering opportunities. HSBC Group aims to provide people with the skills and knowledge needed to thrive through the transition to a sustainable future.

Through the HSBC Malta Foundation, the local group seeks to work with numerous stakeholders in the community with the aim of creating a sustainable future. Every year, the HSBC Malta Foundation earmarks part of its funding for causes that are important to our community. In 2026, the HSBC Malta Foundation continued to support a number of projects including the King's Trust International Achieve Programme (now in its 11th year), the JA Malta Foundation, the Malta Community Chest Fund Foundation and the Jesuit's Church Foundation amongst others.

The HSBC Malta Foundation continued to work with ĠEMMA within the Ministry for Social Policy and Children's Rights to deliver financial literacy sessions to various audiences including elderly people living in the community.

The sessions focus on helping the various audiences to learn how to make good financial and lifestyle choices. The HSBC Malta Foundation has a long track record of supporting financial literacy initiatives. This is part of our commitment to helping young people acquire the skills they need to live a fulfilling and successful life. Currently the HSBC Malta Foundation is sponsoring a major transformative project in line with its strategic priorities.

This project is being carried out with The University of Malta ('UM') – and is another research initiative aimed at strengthening the sustainability and growth of the freight and logistics sector in Malta. In collaboration with the Research, Innovation & Development Trust ('RIDT') and funded by the HSBC Malta Foundation, this project marks a step forward in addressing the challenges and opportunities in this vital industry of logistics and transport. Situated strategically in the Mediterranean Sea, the Maltese islands have played a pivotal role in facilitating the expansion of local and international freight and logistics operations. Despite this, a noticeable gap exists in research and data availability, hindering further progress and optimisation within the sector. Recognising the urgency and importance of addressing these gaps, UM, RIDT, and the HSBC Malta Foundation have united to embark on a comprehensive research project. With a donation of €150,000 from the HSBC Malta Foundation, the project aims to explore the sustainability of freight transport while emphasising its critical role in the economic development of the islands.

The "Sustainable Freight Transport" multi-year initiative will delve into various facets of the sector, including Malta's potential as a regional transshipment hub for high-end goods, local freight sector mapping, and the formulation of actionable recommendations for sustainable sectoral development.

Reputational risk

HSBC Group Reputational Risk Committee provides recommendations and advice on significant reputational risk matters with impact across the HSBC Group.

At an HSBC Bank Malta p.l.c. level, Reputational Risk and Client Selection Committees ('RRCSC') are regular committees, established to provide recommendations and advice on clients with a focus on wider reputational risks for both Corporate and Institutional Banking and International Wealth and Premier Banking. Cases with significant impact are escalated to the regional/Global equivalent of these committees as required.

Conflict of interest

HSBC Bank Malta p.l.c. lines of business and functions have in place controls and procedures, aligned with the Conflicts of Interest Policy (including Personal Account Dealing, Personal Connection Conflicts and Outside Activities), to identify and prevent or manage Conflicts of Interests. The management body of HSBC Bank Malta p.l.c. is governed by comparable rules set out in the Board of Directors' Internal rules.

The conflicts covered by these procedures may be potential or actual, and may arise between:

- one client and another (client versus client).
- HSBC Bank Malta p.l.c. and a client (HSBC Bank Malta p.l.c. versus client).
- an employee and a client (employee versus client);
- an employee and HSBC Bank Malta p.l.c. (employee versus HSBC Bank Malta p.l.c.) and
- one part of HSBC and another (HSBC Bank Malta p.l.c. versus HSBC Bank Malta p.l.c.).

Under the Conflict of Interest policy, businesses and functions in HSBC Bank Malta p.l.c. (including its subsidiaries), must:

- identify all types of potential conflicts that could reasonably arise in the context of their activities;
- maintain a register of all identified actual and potential conflicts on foreseeable events that could arise within that Business or Function, with each scenario evaluated and mitigating controls assigned;
- prevent or manage conflicts on an ongoing basis;
- disclose conflicts where appropriate; and
- evidence all occurrences of actual conflicts that cannot be managed.

All Outside Activities undertaken by HSBC employees need to be reported to management and recorded appropriately on a dedicated HSBC Group tool. Employees must promptly escalate, document, and manage any Personal Conflicts arising from Outside Activities, as well as any Personal Conflicts that arise in the course of their day-to-day duties.

Material conflict of interest risks and issues are escalated to, and overseen by, the relevant risk management forums within the applicable business lines and functions, in accordance with their approved Terms of Reference.

Conflict of interest has been highlighted as a prioritised Regulatory Compliance Risk. Climate and/or ESG considerations should be documented where relevant and appropriate.

Third party risk and Code of Conduct

HSBC Bank Malta p.l.c. is committed to the fair treatment of businesses that supply it with goods and services and expects them to operate responsibly in line with HSBC Group's values.

During the selection and tender process, third party suppliers are asked to complete a questionnaire which asks questions about their Carbon Emissions Reduction policy, whether climate goals are integrated into their strategy, and whether there is a dedicated equality and inclusion team in their workplace.

HSBC Bank Malta p.l.c.'s contracts with third-parties include clauses covering conflicts of interest, duty of care, sustainable development and responsibility. They also include clauses requiring the third party to notify the Bank of any event that may affect the quality expected for the service; the commitments of the parties; their financial situation; or the concentration risk and ability to perform the services efficiently to the agreed service levels and in accordance with applicable law and regulation. Once an event has been identified, notified and investigated, a rectification plan and all necessary measures to minimise the impact are put in place.

HSBC Bank Malta p.l.c.'s internal policy on event management requires the escalation of all incidents of critical concern (including those related to ESG and third-party suppliers) to appropriate senior management stakeholders without delay. Operational incidents and near-misses are recorded in the bank's risk management tool (subject to de minimis thresholds for some incident types) and are subject to the relevant risk governance, including root cause analysis where appropriate.

HSBC is encouraging participation of diverse suppliers in procurement activities. HSBC Group's supplier code of conduct sets out HSBC Group's commitments to the environment, inclusion and human rights, and outlines the minimum commitments expected of suppliers on these issues. Commitment to this code of conduct is formalised with clauses in supplier contracts, which support the right to audit and action if a breach is discovered.

Financial crime risk

The bank is committed to the highest financial crime risk standards and sustains its capability through ongoing training, the risk management framework, metrics, Key Risk Indicators ('KRI's'), oversight and governance. We believe that the enforcement of such high compliance standards, whilst protecting the Bank, its customers and its people, is a competitive advantage, and is essential to our success and that of the jurisdiction.

Anti-bribery and corruption

HSBC Bank Malta p.l.c. and the wider HSBC Group remain committed to maintaining high standards of ethical behaviour and have zero tolerance towards bribery and corruption. HSBC complies with all anti-bribery and corruption laws in all markets and jurisdictions including the UK Bribery Act, US Foreign Corrupt Practices, the Hong Kong Prevention of Bribery Ordnance and the French Anti-Corruption Agency Guidelines.

HSBC Bank Malta p.l.c. adheres to HSBC Group Anti-Bribery and Corruption compliance programme and policies which are overseen by the HSBC Holdings plc Board. HSBC requires all employees, including the Board of Directors and Associated Persons, to comply with the principles in the policy in the performance of their services for or on behalf of HSBC.

All HSBC entities and individuals are required by Group Policy to apply controls in order to protect against bribery and corruption risks. All HSBC staff undergo mandatory Anti-Bribery and Corruption training annually. HSBC also maintains clear whistle blowing policies and processes, to ensure that individuals can confidentially report concerns with no fear of retribution, confident that they will be investigated and remediated appropriately.

As part of its risk management, HSBC Bank Malta p.l.c performs an annual assessment of the anti-bribery and corruption inherent and residual risk to understand if any new risks have been identified with ratings revisited accordingly. Risk evaluation takes into consideration various pillars related to anti-bribery and corruption including Employee, Third Party, Strategic and Customer Risks.

Scope of ESG reporting

The information reported in the following tables relates to the principal operating entities within HSBC Bank Malta p.l.c.'s prudential scope of consolidation at 30 June 2026. The subsidiary engaged in insurance activities is excluded from the prudential consolidation.

Within this scope, due to operational limitations, the bank entity has been selected on the basis of its relative exposure to achieve overall material disclosure coverage at local group level. Consequently, the exposures of HSBC Bank Malta p.l.c.'s asset management subsidiary are not included in the tables below. These tables provide information on non-trading book exposures

Exposures and assets classified as held for sale or held for trading are excluded from the Pillar 3 ESG disclosures.

EU Taxonomy-aligned activities

This Pillar 3 report as at 30 June 2026 has been prepared under the current Pillar 3 disclosures framework and, in line with current supervisory expectations, excludes ESG templates 6 to 10, template 1 (column c), and template 4 (column c) under Regulation (EU) 2024/3172, which pertains to EU Taxonomy and GAR related disclosures.

This approach reflects the publication of the European Banking Authority ('EBA') no-action letter in August 2025, and its subsequent endorsement and operationalisation through the European Central Bank ('ECB') supervisory clarification and FAQs issued in December 2025, under which banks are not expected to prioritise the disclosure of certain ESG Pillar 3 templates relating to the EU Taxonomy and the Green Asset Ratio ('GAR') until the amended EBA disclosure implementing technical standards ('ITS') enter into force.

Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

In accordance with Article 449a of CRR, HSBC Bank Malta p.l.c. has disclosed those exposures which are more exposed to risks from the transition to a low-carbon and climate resilient economy as specified in Recital 6 of the Commission Delegated Regulation (EU) 2020/1818; and a subtotal for exposures to "other sectors" not mentioned therein.

The table sets out information on the Bank's exposures to non-financial corporates operating in carbon-related sectors, and the quality of those exposures, including non-performing status, stage 2 classification, and related provisions, as well as maturity buckets. Counterparty Nomenclature of Economic Activities ('NACE') sector allocation is based on the nature of the immediate counterparty.

Identification of exposures towards companies excluded from EU-Paris aligned benchmark

HSBC Bank Malta p.l.c. is currently required to report the gross carrying amount of exposures to counterparties that are excluded from the EU Paris-aligned Benchmarks as specified in Article 12.1, points (d) to (g), and Article 12.2 of Commission Delegated Regulation (EU) 2020/1818.

Exposure to companies excluded from Paris-aligned Benchmarks stands at €107 million (compared to €117 million at 31 December 2025).

The methodlogy and approach used to report to report exposures excluded from the Paris-aligned Benchmarks ('PAB') in template 1 follows the guidance set out in EBA Q&A 2023_6940 published in April 2024.

Counterparties are excluded based upon the criteria listed in Articles 12.1 and 12.2 of the Climate Benchmark Standards Regulation. The relevant articles and approach are set out below:

Approach to article 12.1

#12.1 Administrators of EU Paris-aligned Benchmarks shall exclude all of the following companies from those benchmarks:

(a)-(c) companies involved in any activities related to controversial weapons; companies involved in the cultivation and production of tobacco; companies that benchmark administrators find in violation of the United Nations Global Compact ('UNGC') principles or the Organisation for Economic Cooperation and Development "Guidelines for Multinational Enterprises";

(d) companies that derive 1 per cent or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;

(e) companies that derive 10 per cent or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;

(f) companies that derive 50 per cent or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels; and

(g) companies that derive 50 per cent or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2 e/kWh.

Criteria (a) – (c) are out of scope and companies in these sectors are excluded in the disclosure.

To identify companies under criteria (d) to (f), an external data source, Urgewald, has been used. Urgewald is a non-profit environmental and human rights organisation, which tracks and reports on corporates engaging in Coal and Oil & Gas. Counterparties have been reported against the two following lists: Global Coal Exit List ('GCEL'); and Global Oil & Gas Exit List ('GOGEL').

A two-step approach has been used to identify companies under criterion (g): i) a sector analysis to identify companies allocated to the electricity generation sector based on NACE code, and; ii) companies which declare their activities as fully renewable were removed from the list (based on their website). The remaining population is reported in the relevant column of the table.

Approach to article 12.2

#12.2 Administrators of EU Paris-aligned Benchmarks shall exclude from those benchmarks any companies that are found or estimated by them or by external data providers to significantly harm one or more of the environmental objectives referred to in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council (8), in accordance with the rules on estimations laid down in Article 13(2) of this Regulation.

Reporting of companies under #12.2 is based on counterparty information that identifies in its voluntary disclosures under the EU Taxonomy Regulation that the Do No Significant Harm ('DNSH') criteria was not met.

Data limitation

Companies are not required to disclose the assessments about the technical screening criteria, which includes DNSH, that the taxonomy-eligible economic activities fail to meet but may do so voluntarily. The Bank places reliance on the extent to which its counterparties voluntarily disclose the compliance assessment of the DNSH criteria. On this basis the disclosure includes a limited population based on the availability of counterparty information.

Identification of clients excluded from the EU Paris-Benchmark is done on a best-efforts basis either based on available third-party data or relevant sector classification. The coverage of available information on counterparty exposures is expected to improve over time.

Identification of environmentally sustainable exposures ('CCM')

HSBC Bank Malta p.l.c. does not disclose column c of Template 1, "of which environmentally sustainable ('CCM')", until the amendments to the EBA disclosure implementing technical standards

('ITS') are adopted by the EC and enter into force. This approach aligns with the EBA's no-action letter and ECB supervisory guidance, which recommend not prioritising enforcement of these specific disclosures, as outlined above.

NACE classification update

The regulatory expectations, in line with the Joint Bank Reporting Committee ('JBRC') recommendations, are that institutions subject to Pillar 3 disclosure requirements apply the NACE Rev. 2.1 classification from 1 January 2026.

However, the current ESG Pillar 3 ITS templates applicable to interim 2026 reporting remain calibrated to NACE Rev. 2.0 labels and have not been formally updated following the EBA's recent revisions to the ESG Pillar 3 framework, which are expected to apply from 1 December 2026 reference date (i.e. for year end 2026).

Accordingly, the Bank has prepared its interim 2026 ESG Pillar 3 disclosures using the NACE Rev. 2.0 classification. Where counterparties are classified under NACE Rev. 2.1 in source systems, these classifications have been mapped to NACE Rev. 2.0, using the internal mapping solution aligned with the mapping prescribed by the European Council and JBRC for reporting purposes. This approach reflects the current template requirements and supports consistency and comparability across reporting frameworks.

Greenhouse Gases ('GHG') financed emissions

Background

As part of the HSBC Group's ambition to become a net zero bank by 2050, the HSBC Group has set financed emissions targets for 2030. As stated in the 2025 Net Zero Transition Plan, the HSBC Group has undertaken a detailed review of each of the interim 2030 financed emissions targets to seek to ensure the HSBC Group's approach continues to reflect the evolving external context, including developments in policy, technology, climate science, customer actions, available data and methodologies.

The HSBC Group has updated its targets for all in-scope carbon intensive sectors, apart from thermal coal mining. The thermal coal mining target remains unchanged, in alignment with the HSBC Group's thermal coal phase-out policy and thermal coal financing drawn balance exposure reporting.

Its analysis of financed emissions comprises on-balance sheet 'financed emissions' which include emissions related to on-balance sheet lending, such as project finance and direct lending.

Financed emissions link the financing provided to customers with their activities in the real economy to help provide an indication of the GHG emissions associated with those activities.

They form part of HSBC Group's scope 3 emissions, which include emissions associated with the use of a company's products and services.

In the approach to assessing the financed emissions, the key methodological decisions were shaped in line with industry practices and standards. HSBC Group recognises these are still continue to evolve.

In 2026, the HSBC Group will intend to continue to review the approach for regional regulatory reporting.

Coverage of the analysis – the HSBC Group

For each sector, the analysis focuses on the parts of the value chain where HSBC believes most of the emissions are produced to help reduce double counting of emissions. By estimating emissions and setting targets for customers that directly account for, or indirectly influence the majority of emissions in each of the most carbon-emissive sectors, HSBC can focus its engagement and resources where the bank believes the potential for change is highest. For each sector, the reported emissions now typically include all the major greenhouse gases including carbon dioxide, methane and nitrous oxide among others. These are reported as tonnes of CO_2 equivalent ('tCO_2e').

The figure below shows the scope of HSBC Group's financed emissions analysis for the seven in-scope sectors, including upstream, midstream and downstream activities within each sector. The allocation of companies to different parts of the value chain is highly dependent on expert judgement and data availability on company revenue streams. As data quality improves, HSBC expects this will be further refined.

Sector	Scope of emissions	Value chain in scope				Coverage of GHGs
Oil and gas	1,2 and 3	Upstream (e.g. extraction)	Midstream (e.g. transport)	Downstream (e.g. fuel use)	Integrated/diversified	All GHGs
Power and utilities	1 and 2	Upstream (e.g. generation)	Midstream (e.g. transmission and distribution)		Diversified utilities-power generation	All GHGs
Cement	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. clicker and cement manufacturing)		Downstream (e.g. construction)	All GHGs
Iron and steel	1 and 2	Upstream (e.g. raw materials, extraction)	Midstream (e.g. ore to steel)		Downstream (e.g. construction)	All GHGs
Aviation	1 for airlines, 3 for aircraft lessors	Upstream (e.g. parts manufacturers)	Midstream (e.g. aircraft manufacturing)		Downstream (e.g. airlines and aircraft lessors)	All GHGs
Automotive	1,2 and 3	Upstream (e.g. suppliers)	Midstream (e.g. motor vehicle manufacture)		Downstream (e.g. retail)	All GHGs
Thermal coal mining	1,2 and 3	Upstream (e.g. extraction)	Midstream (e.g. processing)		Downstream (e.g. retail)	All GHGs

To calculate annual on-balance sheet financed emissions, the HSBC Group uses drawn balances as at 31 December in the year of analysis related to wholesale credit and lending, which include business loans and project finance, as the value of finance provided to customers.

The HSBC Group's methodology is based upon the Global GHG Accounting and Reporting Standard for Financial Emissions, developed by the PCAF; which provides detailed methodological guidance to measure and disclose financed emissions.

The PCAF provides guidance on estimating emissions using different data sources. Emissions can be estimated using data on production, revenue, or outstanding loan amounts in combination with emission factors specific to that data. The HSBC Group endeavours to use the best available dataset according to PCAF, based on internal data sources and third-party vendor data.

The PCAF recommends that financial institutions should, in line with the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard requirement, aim to score, disclose data quality scores and seek to improve data quality over time.

For further details on the financed emissions approach including the data sources, data and methodology limitations and sectoral approach please refer to:

- The ESG review in the HSBC Group Annual report and Accounts available on HSBC Group website: https://www.hsbc.com/who-we-are/esg-and-responsible-business.
- The Financed Emissions and Thermal Coal Exposures Methodology, see: https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

HSBC Bank Malta p.l.c. Financed Emissions

HSBC Bank Malta p.l.c. has expanded the sectoral and on-balance sheet exposure coverage for financed emissions measurement to comply with mandatory requirements from the Article 449a of CRR.

To calculate annual on-balance sheet financed emissions, HSBC Bank Malta p.l.c. used drawn balances as at 30 June 2026 related to wholesale loans and advances to corporate customers. HSBC Bank Malta p.l.c also utilises NACE codes at individual obligor level aligned to the approach to the sectoral classification for balance sheet exposure. Given there is limited data availability at an individual obligor level, HSBC Bank Malta p.l.c has estimated the emissions figures based upon industry averages derived based on data from Institutional Shareholder Services group of companies ('ISS') at NACE level aligned to PCAF data quality score 5.

Plans to enhance methods to estimate counterparties' emission

The methodologies and data used to assess financed emissions and set targets continue to evolve alongside changes to industry guidance, market practice and regulation.

HSBC Bank Malta p.l.c. understands the need to provide early transparency on climate disclosures but this needs to be balanced with the recognition that the existing data and reporting processes require significant enhancements. Estimates were used as granular client-reported data is not available. As data improves for client reported emissions, the Bank's reliance on estimate will continue to reduce.

Data and methodology limitations

The financed emissions estimate and methodological choices are shaped by the availability of data for the sectors it analyses.

- The methodologies and data used to assess financed emissions continue to evolve alongside changes to industry guidance, market practice and regulation. The majority of clients do not yet report emissions data at the granular subsidiary level and the full scope of greenhouse gas emissions required in the analysis, in particular scope 3 emissions. Given the absence of client-reported emissions at the required granularity covering all scopes of emissions, HSBC has estimated emissions using proxies based on industry averages. These industry averages may be defined at country, region or global level based on the data availability to calculate emission factors and may not be country specific. Given financed emissions data is entirely reliant on the 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 datasets. Given the multi-year lag for emissions availability, HSBC Bank Malta p.l.c. has used emissions data from 2023 with a regional deflator to reduce the use of a proxy and 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 fluctuation in exchange rate;
- Financed emissions have been calculated at the obligor level where NACE code granularity exists using industry averages. For HSBC Bank Malta p.l.c., financed emissions are calculated at the individual obligor level and this may therefore differ between the counterparty group sectors used for financed emission reporting at 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 bank remains committed to transparency around the methodology and scope of analysis; and
- The methodology and approach to the scope of the financed emission calculations for HSBC Bank Malta p.l.c. reported in template 1 is not aligned with HSBC Group methodology and emissions figures will differ. This is to ensure alignment with financial reporting requirements to expand coverage across a wider range of sectors for disclosure purposes rather than focusing on target sectors, which is currently done at the HSBC Group level.

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity

		Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
	30 Jun 2026		of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
1	Exposures towards sectors that highly contribute to climate change[1]	525,707	107,285	—	43,428	24,052	(14,901)	(3,290)	(7,177)	544,834	502,653	—	429,356	62,848	33,503	—	3.0
2	A – Agriculture, forestry and fishing	67	—	—	—	—	—	—	—	174	161	—	39	28	—	—	3.0
3	B – Mining and quarrying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	B.05 – Mining of coal and lignite	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	B.06 – Extraction of crude petroleum and natural gas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	B.07 – Mining of metal ores	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	B.08 – Other mining and quarrying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	B.09 – Mining support service activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	C – Manufacturing	47,509	—	—	142	3,275	(943)	(8)	(672)	103,680	90,773	—	39,445	3,012	5,052	—	2.5
10	C.10 – Manufacture of food products	9,620	—	—	3	—	(28)	(3)	—	8,144	7,508	—	6,783	756	2,081	—	3.4
11	C.11 – Manufacture of beverages	1,607	—	—	—	—	—	—	—	441	384	—	1,607	—	—	—	0.2
12	C.12 – Manufacture of tobacco products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	C.13 – Manufacture of textiles	2,025	—	—	—	1	(5)	—	—	2,081	1,677	—	2,025	—	—	—	1.0
14	C.14 – Manufacture of wearing apparel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

30 Jun 2026		Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
15	C.15 – Manufacture of leather and related products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	**62**	**—**	**—**	**—**	**—**	**(1)**	**—**	**—**	**73**	**69**	**—**	**2**	**—**	**60**	**—**	**20.3**
17	C.17 – Manufacture of paper and paper products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	C.18 – Printing and reproduction of recorded media	**803**	**—**	**—**	**—**	**243**	**(108)**	**—**	**(103)**	**469**	**403**	**—**	**803**	**—**	**—**	**—**	**0.6**
19	C.19 – Manufacture of coke and refined petroleum products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20	C.20 – Manufacture of chemicals and chemical products	**90**	**—**	**—**	**—**	**—**	**(1)**	**—**	**—**	**94**	**70**	**—**	**2**	**88**	**—**	**—**	**5.5**
21	C.21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations	**1,370**	**—**	**—**	**—**	**—**	**(11)**	**—**	**—**	**383**	**349**	**—**	**1,370**	**—**	**—**	**—**	**—**
22	C.22 – Manufacture of rubber products	**1,970**	**—**	**—**	**—**	**—**	**(4)**	**—**	**—**	**1,710**	**1,439**	**—**	**1,970**	**—**	**—**	**—**	**0.3**

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

		Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
	30 Jun 2026		of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
23	C.23 – Manufacture of other non-metallic mineral products	**7,852**	**—**	**—**	**78**	**42**	**(70)**	**(2)**	**(26)**	**15,899**	**4,880**	**—**	**6,980**	**548**	**324**	**—**	**2.6**
24	C.24 – Manufacture of basic metals	**15**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**35**	**31**	**—**	**15**	**—**	**—**	**—**	**0.2**
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	**7,188**	**—**	**—**	**—**	**2,960**	**(557)**	**—**	**(543)**	**16,486**	**16,291**	**—**	**6,602**	**338**	**248**	**—**	**1.1**
26	C.26 – Manufacture of computer, electronic and optical products	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
27	C.27 – Manufacture of electrical equipment	**4**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3**	**3**	**—**	**4**	**—**	**—**	**—**	**—**
28	C.28 – Manufacture of machinery and equipment n.e.c.	**12,461**	**—**	**—**	**—**	**—**	**(144)**	**—**	**—**	**55,884**	**55,810**	**—**	**10,122**	**—**	**2,339**	**—**	**3.1**
29	C.29 – Manufacture of motor vehicles, trailers and semi-trailers	**17**	**—**	**—**	**1**	**—**	**(3)**	**(2)**	**—**	**40**	**39**	**—**	**17**	**—**	**—**	**—**	**—**
30	C.30 – Manufacture of other transport equipment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
31	C.31 – Manufacture of furniture	**1,716**	**—**	**—**	**60**	**29**	**(8)**	**(1)**	**—**	**1419**	**1319**	**—**	**434**	**1,282**	**—**	**—**	**6.7**
32	C.32 – Other manufacturing	**10**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**1**	**—**	**10**	**—**	**—**	**—**	**—**

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

30 Jun 2026		Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
33	C.33 – Repair and installation of machinery and equipment	**699**	**—**	**—**	**—**	**—**	**(3)**	**—**	**—**	**518**	**500**	**—**	**699**	**—**	**—**	**—**	**0.4**
34	**D – Electricity, gas, steam and air conditioning supply**	**108,764**	**107,285**	**—**	**33,786**	**—**	**(3,036)**	**(2,922)**	**—**	**82,672**	**66,630**	**—**	**73,499**	**35,265**	**—**	**—**	**3.3**
35	D35.1 – Electric power generation, transmission and distribution	**108,764**	**107,285**	**—**	**33,786**	**—**	**(3,036)**	**(2,922)**	**—**	**82,672**	**66,630**	**—**	**73,499**	**35,265**	**—**	**—**	**5.4**
36	D35.11 – Production of electricity	**67,443**	**65,964**	**—**	**33,786**	**—**	**(3,035)**	**(2,922)**	**—**	**50,526**	**41,208**	**—**	**32,178**	**35,265**	**—**	**—**	**5.2**
37	D35.2 – Manufacture of gas; distribution of gaseous fuels through mains	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
38	D35.3 – Steam and air conditioning supply	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
39	**E – Water supply; sewerage, waste management and remediation activities**	**2,967**	**—**	**—**	**—**	**—**	**(2)**	**—**	**—**	**232**	**110**	**—**	**2,896**	**71**	**—**	**—**	**1.0**
40	**F – Construction**	**28,791**	**—**	**—**	**127**	**785**	**(655)**	**(6)**	**(549)**	**17,061**	**15,912**	**—**	**26,678**	**534**	**1,579**	**—**	**1.7**
41	F.41 – Construction of buildings	**1,079**	**—**	**—**	**83**	**116**	**(153)**	**(4)**	**(145)**	**603**	**590**	**—**	**1,041**	**38**	**—**	**—**	**1.2**
42	F.42 – Civil engineering	**17,786**	**—**	**—**	**44**	**—**	**(65)**	**(2)**	**—**	**7,729**	**7,224**	**—**	**17,786**	**—**	**—**	**—**	**1.2**
43	F.43 – Specialised construction activities	**9,926**	**—**	**—**	**—**	**669**	**(437)**	**—**	**(404)**	**8,729**	**8,098**	**—**	**7,851**	**496**	**1,579**	**—**	**2.6**

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

	30 Jun 2026	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
44	**G – Wholesale and retail trade; repair of motor vehicles and motorcycles**	173,807	—	—	5,320	6,710	(4,304)	(125)	(3,057)	325,457	315,065	—	163,209	3,985	6,613	—	1.6
45	**H – Transportation and storage**	10,693	—	—	25	—	(394)	(3)	—	7,806	7,022	—	10,528	165	—	—	1.8
46	H.49 – Land transport and transport via pipelines	252	—	—	14	—	(3)	—	—	60	48	—	87	165	—	—	6.1
47	H.50 – Water transport	6	—	—	5	—	—	—	—	6	3	—	6	—	—	—	0.3
48	H.51 – Air transport	6	—	—	6	—	(3)	(3)	—	7	2	—	6	—	—	—	—
49	H.52 – Warehousing and support activities for transportation	10,429	—	—	—	—	(388)	—	—	7,733	6,969	—	10,429	—	—	—	1.7
50	H.53 – Postal and courier activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
51	**I – Accommodation and food service activities**	31,651	—	—	511	2,975	(2,431)	(5)	(857)	4,491	3,857	—	28,830	2,379	442	—	3.2
52	**L – Real estate activities**	121,458	—	—	3,517	10,307	(3,136)	(221)	(2,042)	3,261	3,123	—	84,232	17,409	19,817	—	5.4
53	**Exposures towards sectors other than those that highly contribute to climate change[1]**	149,994	—	—	1,442	3,768	(2,664)	(34)	(1,245)				104,074	39,718	6,202	—	0.2
54	**K – Financial and insurance activities**	—	—	—	—	—	—	—	—				—	—	—	—	—

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

		Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)[3]							
	30 Jun 2026		of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
55	Exposures to other sectors (NACE codes J, M-U)	149,994	—	—	1,442	3,768	(2,664)	(34)	(1,245)				104,074	39,718	6,202	—	0.2
56	Total	675,701	107,285	—	44,870	27,820	(17,565)	(3,324)	(8,422)	544,834	502,653	—	533,430	102,566	39,705	—	2.4

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.

2 Where portfolio exposures were rounded to zero due to reporting in thousands, associated metrics such as financed emissions and average weighted maturity are not included in the disclosure. These adjustments relate to immaterial positions and have no significant impact on aggregate results.

3 Financed emissions for Interim reporting 2026, compared to the year-end 2025 figures, reflect a net increase of 0.3 per cent. This increase is primarily driven by changes in exposure, offset by a decrease resulting from foreign exchange (FX) rate movement.

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

	31 Dec 2025	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
1	Exposures towards sectors that highly contribute to climate change[1]	517,012	117,310	—	44,507	23,251	(14,279)	(3,460)	(6,728)	542,979	500,984	—	410,623	78,612	27,777	—	3.0
2	A – Agriculture, forestry and fishing	110	—	—	15	4	(5)	—	(4)	294	272	—	80	30	—	—	2
3	B – Mining and quarrying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	B.05 – Mining of coal and lignite	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	B.06 – Extraction of crude petroleum and natural gas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	B.07 – Mining of metal ores	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	B.08 – Other mining and quarrying	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	B.09 – Mining support service activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	C – Manufacturing	50,512	—	—	927	3,358	(823)	(11)	(635)	103,750	92,163	—	41,979	3,330	5,203	—	2.4
10	C.10 – Manufacture of food products	9,136	—	—	525	—	(49)	(4)	—	7,866	7,246	—	6,177	798	2,161	—	3.7
11	C.11 – Manufacture of beverages	4,992	—	—	—	—	(6)	—	—	1,500	1,375	—	4,992	—	—	—	—
12	C.12 – Manufacture of tobacco products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	C.13 – Manufacture of textiles	3,002	—	—	—	—	(6)	—	—	3,169	2,552	—	3,002	—	—	—	1.5
14	C.14 – Manufacture of wearing apparel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

31 Dec 2025	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
		of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
Sector/Sub sector																
15 C.15 – Manufacture of leather and related products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16 C.16 – Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	61	—	—	—	—	—	—	—	74	70	—	—	—	61	—	21.4
17 C.17 – Manufacture of paper and paper products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18 C.18 – Printing and reproduction of recorded media	1,537	—	—	—	329	(102)	—	(95)	928	798	—	1,537	—	—	—	—
19 C.19 – Manufacture of coke and refined petroleum products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
20 C.20 – Production of chemicals and chemical products	913	—	—	—	—	(3)	—	—	497	269	—	818	95	—	—	4.3
21 C.21 – Manufacture of basic pharmaceutical products and pharmaceutical preparations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
22 C.22 – Manufacture of rubber products	1,823	—	—	—	—	(1)	—	—	1,631	1,372	—	1,823	—	—	—	0.1

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

	31 Dec 2025	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
23	C.23 – Manufacture of other non-metallic mineral products	6,586	—	—	130	13	(27)	(1)	—	13,351	4,184	—	5,529	724	333	—	2.6
24	C.24 – Manufacture of basic metals	22	—	—	—	—	—	—	—	52	46	—	22	—	—	—	—
25	C.25 – Manufacture of fabricated metal products, except machinery and equipment	7,634	—	—	191	2,979	(551)	(2)	(540)	18,777	18,570	—	7,010	365	259	—	1.0
26	C.26 – Manufacture of computer, electronic and optical products	1	—	—	—	—	—	—	—	4	4	—	1	—	—	—	—
27	C.27 – Manufacture of electrical equipment	27	—	—	5	—	(3)	(3)	—	2	2	—	27	—	—	—	—
28	C.28 – Manufacture of machinery and equipment n.e.c.	11,943	—	—	—	—	(66)	—	—	53,549	53,472	—	9,554	—	2,389	—	3.4
29	C.29 – Manufacture of motor vehicles, trailers and semi-trailers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
30	C.30 – Manufacture of other transport equipment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31	C.31 – Manufacture of furniture	2,145	—	—	76	37	(7)	(1)	—	1,826	1,697	—	797	1,348	—	—	6.0
32	C.32 – Other manufacturing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

	31 Dec 2025	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
33	C.33 – Repair and installation of machinery and equipment	690	—	—	—	—	(2)	—	—	524	506	—	690	—	—	—	0.7
34	D – Electricity, gas, steam and air conditioning supply	118,877	117,310	—	35,780	—	(3,000)	(2,991)	—	93,027	74,863	—	83,097	35,780	—	—	3.3
35	D35.1 – Electric power generation, transmission and distribution	118,877	117,310	—	35,780	—	(3,000)	(2,991)	—	93,027	74,863	—	83,097	35,780	—	—	5.8
36	D35.11 – Production of electricity	67,955	66,388	—	35,780	—	(2,997)	(2,991)	—	52,328	42,678	—	32,175	35,780	—	—	5.7
37	D35.2 – Manufacture of gas; distribution of gaseous fuels through mains	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
38	D35.3 – Steam and air conditioning supply	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
39	E – Water supply; sewerage, waste management and remediation activities	495	—	—	—	—	(3)	—	—	95	21	—	429	66	—	—	1.8
40	F – Construction	35,879	—	—	835	3,299	(1,038)	(53)	(847)	18,922	17,695	—	32,893	1,245	1,741	—	2.0
41	F.41 – Construction of buildings	11,890	—	—	419	3,689	(469)	(43)	(349)	3,462	3,406	—	11,085	698	107	—	2.6
42	F.42 – Civil engineering	15,088	—	—	54	(1,173)	(41)	(2)	—	7,271	6,768	—	15,088	—	—	—	1.0
43	F.43 – Specialised construction activities	8,901	—	—	362	783	(528)	(8)	(498)	8,189	7,521	—	6,720	547	1,634	—	3.0
44	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	171,874	—	—	3,070	4,928	(3,356)	(47)	(1,973)	316,463	306,616	—	146,830	18,458	6,586	—	1.6

Table 28: Template 1: Banking book – Indicators of potential climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (continued)

	31 Dec 2025	Gross carrying amount (€000)					Accumulated impairment/negative changes in fair value due to credit risk and provisions (€000)			GHG financed emissions (scope 1, 2 and 3 emissions of the counterparty) (in tons of CO_2 equivalent)							
			of which: exposures to companies excluded from EU Paris-aligned benchmarks under Articles 12(1) (d) to (g) and 12(2) of Regulation (EU) 2020/1818	of which: environmentally sustainable (CCM)	of which: stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures		of which: Scope 3 financed emissions	percentage of GHG emissions (column i) derived from company-specific reporting (%)	<= 5 years (€000)	> 5 year <= 10 years (€000)	> 10 year <= 20 years (€000)	> 20 years (€000)	Average weighted maturity (years)
	Sector/Sub sector																
45	H – Transportation and storage	3,110	—	—	116	—	(377)	(7)	—	2,187	1,986	—	3,110	—	—	—	1.4
46	H.49 – Land transport and transport via pipelines	165	—	—	113	—	(1)	(1)	—	53	44	—	165	—	—	—	0.1
47	H.50 – Water transport	5	—	—	—	—	—	—	—	9	4	—	5	—	—	—	—
48	H.51 – Air transport	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
49	H.52 – Warehousing and support activities for transportation	2,940	—	—	3	—	(376)	(6)	—	2,125	1,938	—	2,940	—	—	—	1.5
50	H.53 – Postal and courier activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
51	I – Accommodation and food service activities	36,816	—	—	878	3,768	(2,797)	(17)	(1,228)	5,529	4,770	—	33,932	2,422	462	—	3.4
52	L – Real estate activities	99,339	—	—	2,886	7,894	(2,880)	(334)	(2,041)	2,712	2,598	—	68,273	17,281	13,785	—	5.5
53	Exposures towards sectors other than those that highly contribute to climate change[1]	173,031	—	—	1,184	6,745	(3,449)	(102)	(2,086)				158,196	8,445	6,390	—	2.6
54	K – Financial and insurance activities	4	—	—	—	—	—	—	—				4	—	—	—	—
55	Exposures to other sectors (NACE codes J, M – U)	173,027	—	—	1,184	6,745	(3,449)	(102)	(2,086)				158,192	8,445	6,390	—	2.6
56	Total	690,043	117,310	—	45,691	29,996	(17,728)	(3,562)	(8,814)	542,979	500,984	—	568,819	87,057	34,167	—	2.9

Banking book – climate change transition risk: loans collateralised by immovable property – energy efficiency of collateral

This table presents the gross carrying amount[1] of loans collateralized with commercial and residential immovable property and of repossessed real estate collateral. The loans are presented in the template within the EU area based upon where the loan itself is booked, as a proxy for the location of the underlying collateral. The table also includes information on the level of energy efficiency of the underlying collateral measured in kWh/m² energy consumption and in terms of the label of the EPC[2]. In the absence of an EPC energy consumption data, the energy consumption is estimated.This estimation methodology is set out below.

During the year, EPCs were requested from corporate and retail customers to enable reporting of the level of energy efficiency and the corresponding EPC labels, for both residential and commercial property collateral. In some countries, EPC labels are not mandatory. Where EPCs do not incorporate a specific label, the EPC label is not estimated as per the current reporting requirements.

In Malta, 84% of exposures on loans collateralised by property are related to residential property while 16% of them are related to commercial property. The share of repossessed collaterals is non-significant.

As from Q4 2022, EPCs are being requested from customers on new residential mortgages to enable reporting of the level of energy. EPCs collected as at 30 June 2026 account for less than 9.71% (31 December 2025: 7.51%) of total exposure on loans collateralised by residential property. As from 2024, EPCs are being reported in respect of loans collateralised by commercial property where we have such information. As at 30 June 2026, EPCs collected amount to circa 56.19% (31 December 2025: 53.13%) of total exposure on loans collateralised by commercial property. The majority of collected EPCs in respect of loans collateralised by residential immovable property only show the level of energy and do not include a label. Where EPCs do not incorporate a specific label, the EPC label is not estimated as per the reporting requirements. However, the energy consumption level used, for the score, has been estimated. In order to keep a conservative approach, where estimation is required, the level of energy has been estimated using a few different methods according to the data availability. The majority of loans collateralised by commercial property is based on a mapping of property types with government statistics. In this context, the information published in the paper 'Long Term Renovation Strategy 2050', issued by the Maltese Ministry for the environment-climate change and planning, has been leveraged. The average level of energy consumption has been computed for each type of commercial asset (offices, education, restaurants, etc) to map and allocate them to the appropriate bucket of level of energy consumption.

The methodology used for determining energy efficiency is primarily based on estimations and is mainly dependent on external sources (Malta Government Statistics). This approach has limitations, as the existing Maltese energy efficiency statistics are based on a reporting date of 2019 and energy levels may have changed subsequently, for example where refurbishments have been made.

The methodology and approach used to report EPC certificate with energy efficiency scores only, in Template 2 follows the guidance set out in EBA Q&A 2024_7013 published in September 2024.

HSBC Bank Malta p.l.c. aims to continue to engage with business and corporate customers for the information needed and to refine its methodology to align with the requirements.

1 As defined in Part 1 of Annex V of Commission Implementing Regulation (EU) 2021/451.
2 As defined in Article 2(12) of 2010/31/EU for EU countries, or in the relevant regulation for those exposures outside the EU. Energy Performance of Buildings Directive 2010/31/EU10 ('EPBD') and the Energy Efficiency Directive 2012/27/EU promote policies that aim to achieve a highly energy efficient and decarbonised building stock by 2050. The EPBD introduced energy performance certificates ('EPC') as instruments for improving the energy performance of buildings.

Table 29: Template 2: Banking book – Indicators of potential climate change transition risk: loans collateralised by immovable property – energy efficiency of the collateral

	30 Jun 2026	Total gross carrying amount						
			Level of energy efficiency (EP score in kWh/m² of collateral)					
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
	Counterparty sector	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
1	**Total EU area**	**1,932,243**	**114,521**	**1,612,734**	**20,519**	**12,624**	**1,765**	**170,080**
2	– of which: Loans collateralised by commercial immovable property	**273,373**	**28,234**	**51,596**	**12,239**	**11,564**	**1,210**	**168,530**
3	– of which: Loans collateralised by residential immovable property	**1,656,575**	**86,191**	**1,560,489**	**8,280**	**1,060**	**555**	**—**
4	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	**2,295**	**96**	**649**	**—**	**—**	**—**	**1,550**
5	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated[1]	**1,617,762**	**4,527**	**1,495,526**	**—**	**—**	**—**	**117,709**
6	**Total non-EU area**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
7	– of which: Loans collateralised by commercial immovable property	**—**	**—**	**—**	**—**	**—**	**—**	**—**
8	– of which: Loans collateralised by residential immovable property	**—**	**—**	**—**	**—**	**—**	**—**	**—**
9	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated	**—**	**—**	**—**	**—**	**—**	**—**	**—**

Table 29: Template 2: Banking book – Indicators of potential climate change transition risk: loans collateralised by immovable property – energy efficiency of the collateral (continued)

	30 Jun 2026	Total gross carrying amount								
		Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
		A	B	C	D	E	F	G		of which: energy efficiency (EP score in kWh/m² of collateral) estimated
	Counterparty sector	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**%**
1	**Total EU area**	**14,051**	**68,968**	**10,539**	**4,895**	**6,362**	**11**	**5**	**1,827,412**	**89**
2	– of which: Loans collateralised by commercial immovable property	**14,051**	**68,968**	**10,539**	**4,895**	**6,362**	**11**	**5**	**168,542**	**78**
3	– of which: Loans collateralised by residential immovable property	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,656,575**	**90**
4	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,295**	**100**
5	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated[1]								**1,617,762**	**100**
6	**Total non-EU area**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
7	– of which: Loans collateralised by commercial immovable property	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
8	– of which: Loans collateralised by residential immovable property	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
9	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
10	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated								**—**	**—**

1 Include the gross carrying amount of loans collateralised by residential property where an actual EPC was collected (without EPC label) which amounted to €160,837,000 (31 December 2025: €129,529,000).

Table 29: Template 2: Banking book – Indicators of potential climate change transition risk: loans collateralised by immovable property – energy efficiency of the collateral (continued)

		Total gross carrying amount						
			Level of energy efficiency (EP score in kWh/m² of collateral)					
	31 Dec 2025		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500
	Counterparty sector	€000	€000	€000	€000	€000	€000	€000
1	Total EU area	1,997,459	102,518	1,705,622	18,989	10,296	3,208	156,826
2	– of which: Loans collateralised by commercial immovable property	270,592	33,880	56,503	12,337	9,784	2,812	155,276
3	– of which: Loans collateralised by residential immovable property	1,724,551	68,542	1,648,449	6,652	512	396	—
4	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	2,316	96	670	—	—	—	1,550
5	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated	1,724,170	11,916	1,604,910	—	208	—	107,136
6	Total non-EU area	—	—	—	—	—	—	—
7	– of which: Loans collateralised by commercial immovable property	—	—	—	—	—	—	—
8	– of which: Loans collateralised by residential immovable property	—	—	—	—	—	—	—
9	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—
10	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated	—	—	—	—	—	—	—

Table 29: Template 2: Banking book – Indicators of potential climate change transition risk: loans collateralised by immovable property – energy efficiency of the collateral (continued)

		Total gross carrying amount								
		Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
	31 Dec 2025	A	B	C	D	E	F	G		of which: energy efficiency (EP score in kWh/m² of collateral) estimated
	Counterparty sector	€000	€000	€000	€000	€000	€000	€000	€000	%
1	Total EU area	8,551	73,162	4,198	7,612	5,702	6	6	1,898,222	91
2	– of which: Loans collateralised by commercial immovable property	8,551	73,162	4,198	7,612	5,702	6	6	171,355	80
3	– of which: Loans collateralised by residential immovable property	—	—	—	—	—	—	—	1,724,551	92
4	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	2,316	100
5	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated								1,724,170	100
6	Total non-EU area	—	—	—	—	—	—	—	—	—
7	– of which: Loans collateralised by commercial immovable property	—	—	—	—	—	—	—	—	—
8	– of which: Loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—
9	– of which: Collateral obtained by taking possession: residential and commercial immovable properties	—	—	—	—	—	—	—	—	—
10	– of which: Level of energy efficiency (EP score in kWh/m² of collateral) estimated								—	—

Banking book – Climate change transition risk: Alignment metrics

Setting targets

The HSBC Group's initial approach to target setting used a single reference scenario – the 2021 International Energy Agency ('IEA') Net Zero Emissions by 2050 Scenario ('NZE 2021'). The HSBC Group has now introduced a target range for all in-scope carbon intensive sectors informed by IEA's 2024 Net Zero Emissions ('NZE') and Announced Pledges Scenarios ('APS'). The thermal coal mining target remains unchanged, in alignment with the thermal coal phase-out policy and thermal coal financing drawn balance exposure reporting.

The HSBC Group focused its analysis on the sectors that are most material in terms of emissions, and those where HSBC believes engagement and climate action have the greatest potential to effect change.

The HSBC Group has set absolute emissions reduction targets for the oil and gas, and thermal coal mining sectors. For the power and utilities; cement; iron and steel, aviation; and automotive sectors, the HSBC Group has set emissions intensity targets that allow them to deploy capital towards decarbonisation solutions.

Methodology for alignment metrics

HSBC Bank Malta p.l.c. discloses GHG financed emissions alignment metrics in line with the HSBC Group's approach, which focuses on the parts of the value chain where HSBC believes the majority of emissions are produced to help reduce double counting of emissions. For each counterparty group, the bank approximates absolute financed emissions using the loans and advances recorded in HSBC Bank Malta p.l.c. as a proportion of the HSBC Group total multiplied by the financed emissions for the HSBC Group.

The alignment metric is the unit used for target tracking for the respective sector for the HSBC Group. HSBC has calculated the sector level emission intensity for HSBC Bank Malta p.l.c. using a portfolio weighted approach. The alignment metric proxy has then been used to calculate the distance to the IEA 2030 NZE2050 scenario based on IEA's NZE 2024 scenario. This scenario does not disaggregate by region and therefore HSBC Group has adopted a global pathway as the chosen reference scenario for the alignment metrics.

The HSBC Group have set absolute financed emissions reduction targets for oil and gas and thermal coal mining. This absolute emissions metric helps preserve a direct link to reduce GHG emissions in the real economy. All other sectors have physical intensity-based target. Physical emission intensity metrics describe the attributed quantity of emissions related per unit of production and vary based on sector and specific activity data. HSBC Group uses this target metric to help enable climate-positive investment in the real economy by directing capital towards green technologies and transition solutions.

The underlying assumption with this calculation is that the emissions intensity of financing activities is the same across regions and, as a result, that HSBC Bank Malta p.l.c.'s financed emissions are apportioned at the same ratio as HSBC Bank Malta p.l.c.'s portion of loan balances used in HSBC Group's calculations. This may result in an over or under statement of financed emissions attributable to HSBC Bank Malta p.l.c. since the Bank would expect emissions intensity in this region may not always be consistent with a global average.

An evolving approach

HSBC believes methodologies for calculating financed emissions should be transparent and comparable and should provide science-based insights that focus engagement efforts, inform capital allocation and develop solutions that are both timely and impactful.

The Bank continues to engage with regulators, standard setters and industry bodies to help shape its approach to target setting and management portfolio alignment to support the transition to net zero in the global economy.

For further details of the financed emissions approach including the data sources, recalculation policy, data and methodology limitations and sectoral approach please refer to:

- the ESG review in the HSBC Group Annual report and Accounts available on the HSBC Group website: https://www.hsbc.com/who-we-are/esg-and-responsible-business.
- The Financed Emissions and Thermal Coal Exposures Methodology, see: https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Data and methodology limitations

The alignment metrics calculation and methodological choices are shaped by the availability of data for the sectors the Bank analyses.

- Sector targets and progress metrics are calculated at the HSBC Group level and are set for HSBC's global portfolio. They are managed at the HSBC Group level with the recognition that regions and companies will decarbonise at different rates and that there are different strategies to achieve its global targets.
- The HSBC Group's approach focuses on what HSBC believes to be the most material parts of the sector value chains, and it seeks to minimise double counting between the transactions within the portfolio. Double counting occurs when GHG emissions are counted more than once in financed emissions analysis and cannot be avoided. HSBC remains committed to transparency around its methodology and scope of analysis.
- Emissions intensity of financing activities is assumed to be the same across regions and HSBC Bank Malta p.l.c.'s financed emissions are apportioned at the same ratio as HSBC Bank Malta p.l.c.'s portion of loan balances used in HSBC Group's calculations. This may result in a different estimation of financed emissions attributable to HSBC Bank Malta p.l.c. to one where methodology and available data were available to perform a more granular calculation. Additionally, intensity-based metrics can be highly volatile year-on-year when applied to smaller portfolios. At a sub-portfolio level, they therefore do not accurately represent progress to a global sector target.
- The HSBC Group calculated the sector level emissions intensity metrics using a portfolio-weighted approach. Due to data limitations, HSBC is unable to obtain production data for all of its clients. It therefore calculates an emissions intensity figure using the 75th percentile to meet this data gap, as the HSBC Group considers this as a conservative approach.
- The scope of clients analysed is primarily determined by internal sector classifications and only rely on NACE codes in specific circumstances where internal client sector classifications are not available. Internal sector classifications are assigned using expert judgement from global relationship managers and are based on their relationship and knowledge of the customer's activity. NACE codes are assigned to a counterparty at the counterparty group level by calculating the NACE with the highest or second-highest approved lending limits.
- The calculation and methodology of financed emissions calculations are dependent upon the availability of data. For the calculation of financed emissions where the allocation of the emissions data is required at the subsidiary level – however, company reported emissions data may only be available at the consolidated level of a counterparty and not at the legal entity level of a counterparty – HSBC has used the counterparty Group level information.
- Sectors for on-balance sheet reporting are assigned at an individual obligor level and may therefore differ between the counterparty Group sectors used for financed emission reporting.
- HSBC Bank Malta p.l.c.'s disclosures in Template 3 are aligned with the HSBC Group's methodology as financed emission's targets are set at a global level and the calculation needs to be consistent across geographies. In Template 1, the report is stand-alone for HSBC Bank Malta p.l.c. and therefore the methodology aims at achieving maximum coverage and complying with regulatory requirements.
- The financed emission calculation aims to cover the total in-scope exposure that comprises of loans and advances to customers as of the year of reporting, reflecting the most material part of the financing activity.
- Due to the time lag for emissions data from counterparties the alignment metrics and the financed emissions are based on both balance sheet and emission figures from 2024 year-end.
- Third party datasets that feed into the analysis may have up to a two-year lag in reported emission figures.
- Mapping external datasets to the internal client entities is challenging due to complex company ownership structures.
- The latest thermal coal mining financed emissions is disclosed at the HSBC Group level for year-end 2023 and 2024 but there has been no disclosure in this EBA Pillar 3 report as there is no exposure for HSBC Bank Malta p.l.c. for both years.
- Most clients do not yet report the full scope of greenhouse gas emissions included in the analysis, in particular scope 3 emissions. In the absence of client-reported emissions, the HSBC Group estimated emissions using proxies based on company production and revenue figures. As data improves and coverage expands, estimates can be replaced with reported figures.
- The operating environment for climate analysis and portfolio alignment is maturing. HSBC continues to work to improve the data management processes.
- For this interim report, the Template 3 disclosure is prepared using the same methodology and data inputs as HSBC Group's year-end target setting approach published in HSBC's 2025 Annual Report and Accounts. The next update to Template 3 will be part

of the year-end Pillar 3 reporting, in line with HSBC Group's financed emissions progress metrics update in the upcoming Annual Report and Accounts.

▶ For further details see HSBC Financed Emissions and Thermal Coal Exposures Methodology at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Table 30: Template 3: Banking book – Indicators of potential climate change transition risk: alignment metrics

	Sector	NACE Sectors	Gross carrying amount (€000)[1]	Alignment metric[2]	Reference year	Distance to IEA NZE2050 as %[3]	Target (year of reference + 3 years)[7]
	30 Jun 2026						
1	**Power**	**3511**	**63,839**	**tCO2e/Gwh**	**2024**	**150**	**Not available**
2	**Fossil fuel combustion**	**0610; 0620**	**51,555**	**MtCO2e**	**2024**	**Not available[4]**	**Not available**
3	**Automotive**	**2910; 3091**	**—**	**tCO2e/million vkm**	**2024**	**Not available**	**Not available**
4	**Aviation**	**5110; 7735**	**—**	**tCO2e/million rtk**	**2024**	**Not available**	**Not available**
5	**Maritime transport[5]**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
6	**Cement, clinker and lime production**	**2351**	**—**	**tCO2e/t cement**	**2024**	**Not available**	**Not available**
7	**Iron and steel, coke, and metal ore production**	**2410**	**—**	**tCO2e/t steel**	**2024**	**Not available**	**Not available**
8	**Chemicals[6]**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
	31 Dec 2025						
1	Power	3511	63,839	tCO2e/Gwh	2024	150	Not available
2	Fossil fuel combustion	0610; 0620	51,555	MtCO2e	2024	Not available[4]	Not available
3	Automotive	2910; 3091	—	tCO2e/million vkm	2024	Not available	Not available
4	Aviation	5110; 7735	—	tCO2e/million rtk	2024	Not available	Not available
5	Maritime transport[5]	Not available	Not available	Not available	Not available	Not available	Not available
6	Cement, clinker and lime production	2351	—	tCO2e/t cement	2024	Not available	Not available
7	Iron and steel, coke, and metal ore production	2410	—	tCO2e/t steel	2024	Not available	Not available
8	Chemicals[6]	Not available	Not available	Not available	Not available	Not available	Not available

1 The gross carrying amount is reported as at December 2024.
2 For the oil and gas sector, absolute emissions are measured in million tonnes of carbon dioxide equivalent ('Mt CO_2e'); for the power and utilities sector, intensity is measured in tonnes of carbon dioxide equivalent per gigawatt hour ('tCO_2e/GWh'); for the cement sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of cement ('tCO_2e/t cement'); for the iron and steel sector, intensity is measured in tonnes of carbon dioxide equivalent per tonne of steel ('tCO_2e/t steel'); for the aviation sector, intensity is measured in tonnes of carbon dioxide equivalent per million revenue tonne kilometres ('tCO_2e/million rtk') and for the automotive sector, intensity is measured in tonnes of carbon dioxide equivalent per million vehicle kilometres ('tCO_2e/million vkm').
3 Point-in-Time ('PiT') distance to 2030 NZE2050 scenario in per cent (for each metric). The benchmarking scenario for EBA Pillar 3 is the IEA NZE 24 scenario. This is the chosen benchmarking scenario as outlined by EBA Pillar 3 Template 3 and does not refer to HSBC's Group targets.
4 The HSBC Group's Oil & Gas target is defined as a percentage reduction from 2019 sector emissions. Calculating progress towards the IEA NZE 2050 pathway requires a 2019 baseline for HSBC Bank Malta p.l.c. As there is no target setting or baseline for HSBC Bank Malta p.l.c., it is not possible to determine a specific 2030 reference point and assess the distance to IEA NZE 2050.
5 Following a reduction in the HSBC Group's exposure to the shipping sector after the strategic sale of part of the European shipping portfolio in 2023, and work undertaken to assess the materiality of the remaining portfolio from a financed emissions perspective, the Bank has concluded that the remaining exposure is not material enough to warrant setting a stand-alone target. This aligns with industry guidelines on sector inclusion for target setting.
6 Given Chemicals is not currently aligned to the in-scope sectors for the HSBC Group disclosures, it is not able to publish alignment metric for HSBC Bank Malta p.l.c.
7 For financed emissions the HSBC Group did not set 2026 targets and do not plan to set 2027 targets and have set interim 2030 targets in line with the industry guidance.

Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms

The Template 4: Banking book - provides information on exposures to the top 20 most carbon-intensive firms in the world by comparing the corporate counterparties of the operating entities in the loan book against a list of top 20 carbon-intensive firms. The disclosure seeks to include exposure to any company that belongs to the group of any of the top 20 emitters. HSBC Bank Malta p.l.c. has updated the data source and methodology for identifying high-emitting firms, transitioning Climate Accountability Institute ('CAI') to Carbon Majors Database, adopting a 30-year rolling cumulative emissions list. This update ensures the Bank's reporting presents a stable, long-term perspective on corporate carbon responsibility, smoothing out short-term annual fluctuations and enhancing the comparability of the climate risk disclosures. As the total amount of reported companies is materially consistent with the previous list, comparative figures have not been restated.

The gross carrying amount of exposure to the top 20 carbon-emitting companies is given as a proportion of the total gross carrying amount of exposures in the banking book. The gross carrying amount includes loans and advances, debt securities and equity instruments, excluding financial assets held for trading and held for sale assets.

The methodology for determining exposures to the top 20 carbon emitting companies is expected to evolve as data availability, industry guidance and market practice change over time.

For the interim reporting period ended 30 June 2026 HSBC Bank Malta p.l.c. does not include the disclosure of the taxonomy aligned exposures ('CCM' column) – until the amendments to the EBA disclosure implementing technical standards ('ITS') are formally adopted by the EC and enter into force. This approach is in line with the EBA's no-action letter and ECB Supervisory guidance, which recommend not prioritizing enforcement of these specific disclosures, as outlined above.

Table 31: Template 4: Banking book – indicators of potential climate change transition risk exposures to top 20 carbon-intensive firms

		Gross carrying amount €000 (aggregate)	Gross carrying amount to the Top 20 counterparties compared to total gross carrying amount as % (aggregate)[1]	of which: environmentally sustainable (CCM)[2]	Weighted average maturity (years)	Number of top 20 polluting firms included
1	**30 Jun 2026**	**41,320**	**0.71**	**Not Applicable**	**0.25**	**1**
1	31 Dec 2025	50,922	0.87	Not Applicable	0.07	1

1 For counterparties among the top 20 carbon emitting companies in the world.
2 The CCM column is not disclosed for year end 31 Dec 2025, pending the amended EBA ITS adaptation. This approach is consistent with the no-action letter from the EBA and guidance from the ECB.

Banking book – Climate change physical risk: Exposures subject to physical risk

Scope

This table provides information on exposures subject to climate change physical risk (chronic and acute risks) and includes a sectoral breakdown of gross exposures to non-financial corporations and by geography of location of the activity of the counterparty or of the collateral. The loans are presented in the template by the geographical location based upon where the loan itself is booked, as a proxy for the location of the underlying collateral.

The exposures include loans and advances. In addition, loans secured by residential and commercial property and repossessed real estate, including exposures to both financial and non-financial counterparties, have been separately disclosed. Collateralised loans to non-financial counterparties are also included in the sectoral breakdown.

For those exposures identified as subject to climate change physical risk, the template provides further details on the type of physical risk (acute, chronic or both), the quality of those exposures, including non-performing status, stage 2 classification, related provisions and relevant maturity buckets. Those exposures identified as being subject to both acute and chronic physical risk are required to be reported only in column (j) of the table.

Methodology

The data source to assess whether exposures are subject to climate change physical risk was based on an internal risk assessment of the geographical locations which are considered as having a higher climate-related risk. The climate-related risk assessment is primarily driven by an increase in sea level in Malta and the inclusion of high flood risk areas for the period ended 30 June 2026.

Data limitations

For corporate loans, the disclosure is dependent on the availability of location information for one of the following three things: the collateral securing the loans (where relevant), the counterparties activities, or the head office. If any one of these three locations was found to be subject to high physical risk, the exposure is considered as high physical risk in the table.

Based on the available data, the geographical location of the collateral or activity of the counterparty or head office location was mapped at the most granular level where possible. For exposures in Malta, the physical risk impact data from the Think Hazard! database was overlaid with local risk assessment based on the location of buildings in these localities.

Availability and quality of data will evolve over time and may lead to differences in the data reported in future years.

Assumptions

In the absence of further guidance, the methodology adopted relies on a number of assumptions which may not be consistent with the approach adopted by other financial institutions and therefore lead to non-comparable results. These concern, for example, the following:

– The selection of acute and chronic risks;
– The inclusion of both climate and geophysical risks; and
– The threshold for determining a location is subject to high physical risk.

In Article 18a of Commission Implementing Regulation (EU) 2021/637 on prudential disclosure of ESG risks in accordance with Article 449a CRR, physical risk is defined : ‘As part of the overall environmental risk, the risk of losses arising from any negative financial impact on the institution stemming from the current or prospective impacts of the physical effects of environmental factors on the institution’s counterparties or invested assets’.

Based on this, HSBC considers both climate and geophysical hazards as meeting the definition of physical risk. Climate hazards are weather-related, hydro-meteorological events including floods, wildfire, cyclone, landslide, water scarcity and extreme heat. The geophysical hazards considered are earthquakes, tsunamis and volcanoes that originate from within the Earth and are not much influenced by climate variables or human actions.

Acute and chronic risks have been defined in accordance with European Bank for Reconstruction and Development (‘EBRD’) guidance produced for the Task Force on Climate-Related Financial Disclosures (‘TCFD’) in 2018, resulting in the following categorisation:

(a) Acute risks (event-driven risks that last for a few days) – extreme weather events such as storms and cyclones, extreme rainfall and heatwaves; and
(b) Chronic risks (those due to longer-term shifts in climate patterns) –variability in precipitation, temperature, water stress and sea-level rise.

Acute risks refer to events or specific episodes that have the potential to inflict significant physical damage. The following climate and geophysical hazards are assumed to be acute: floods, wildfire, cyclone, landslide, earthquake, tsunami and volcanoes.

Chronic risks are those that carry a range of physical impacts of considerably longer duration than those posed by acute risks. They are best understood as processes, not events. The following climate hazards are assumed to be chronic: water scarcity (dry ground) and extreme heat from sustained long-term increase in air temperature.

An assessment to identify exposures which are sensitive to impact from climate change physical events was carried out on the following basis:

– An immediate 1m rise in sea level (Climate Change Post states a 1m rise in sea level for Malta by year 2100).
– Taking into consideration the locations (towns/villages) in proximity and touching the island’s low shoreline.
– Exposure to any location which has the higher % risk from the rise of sea level that is sufficient to expose all assets in that location to high physical risk. This is a conservative but rational approach as, in most cases, any location with higher risk would be expected to impact fully the value of a physical asset.

During 2023 we have taken additional factors namely Flood Risk in respect of high risk localities. Flooding in Malta occurs due to the surface water run-off flows along the roads constructed along the valley bed. There are areas that experience some problems as a result of the uncontrolled street surface water run-off.

Most areas are considered to be subject to 'normal risk', whilst some areas are considered to be subject to 'high risk' and are more prone to the probability of being submerged under water due to flash floods.

It is anticipated that HSBC Group's methodology will evolve over time to align with changes in market practice and regulation.

Table 32: Template 5: Banking book – indicators of potential climate change physical risk: exposures subject to physical risk

	Variable: Geographical area subject to climate change physical risk – acute and chronic events	Gross carrying amount					
			of which: exposures sensitive to impact from climate change physical events				
			Breakdown by maturity bucket				
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average Weighted maturity
	30 Jun 2026	**€000**	**€000**	**€000**	**€000**	**€000**	**years**
1	A – Agriculture, forestry and fishing	**67**	—	—	—	—	—
2	B – Mining and quarrying	—	—	—	—	—	—
3	C – Manufacturing	**47,509**	**17,819**	**2,375**	**4,012**	—	**3.3**
4	D – Electricity, gas, steam and air conditioning supply	**108,764**	**73,499**	—	—	—	**1.2**
5	E – Water supply; sewerage, waste management and remediation activities	**2,967**	**234**	—	—	—	**0.6**
6	F – Construction	**28,791**	**18,766**	—	—	—	**1.3**
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	**173,807**	**65,843**	**668**	**733**	—	**0.8**
8	H – Transportation and storage	**10,693**	**8,863**	—	—	—	**1.9**
9	L – Real estate activities	**121,458**	**12,729**	—	**105**	—	**3.6**
10	Loans collateralised by residential immovable property	**1,656,575**	**15,399**	**7,889**	**61,506**	**123,365**	**21.0**
11	Loans collateralised by commercial immovable property	**273,373**	**81,370**	**3,136**	**2,406**	—	**1.3**
12	Repossessed collaterals	**2,295**	**1,895**	—	—	—	**1.0**
13	**Other relevant sectors (breakdown below where relevant)**	**181,645**	**31,367**	**1,865**	**90**	—	**2.4**
14	I – Accommodation and food service activities	**31,651**	**3,170**	**1,587**	—	—	**3.7**
15	J – Information and communication	**7,687**	**46**	—	—	—	**0.6**
16	K – Financial and insurance activities	—	—	—	—	—	—
17	M – Professional scientific and technical activities	**104,425**	**25,412**	**278**	**90**	—	**2.2**
18	N – Administrative and support service activities	**24,101**	**2,622**	—	—	—	**1.6**
19	O – Public administration and defense, compulsory social security	—	—	—	—	—	—
20	P – Education	**4,540**	—	—	—	—	—
21	Q – Human health and social work activities	**8,282**	—	—	—	—	—
22	R – Arts entertainment and recreation	**103**	**46**	—	—	—	—
23	S – Other services activities	**856**	**71**	—	—	—	—

Table 32: Template 5: Banking book – indicators of potential climate change physical risk: exposures subject to physical risk (continued)

		Gross carrying amount							
		of which: exposures sensitive to impact from climate change physical events							
							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Variable: Geographical area subject to climate change physical risk - acute and chronic events	of which: exposures sensitive to impact from chronic climate change events	of which: exposures sensitive to impact from acute climate change events	of which: exposures sensitive to impact both from chronic and acute climate change events	of which: Stage 2 exposures	of which: non-performing exposures		of which: Stage 2 exposures	of which: non-performing exposures
	30 Jun 2026	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
1	A – Agriculture, forestry and fishing	—	—	—	—	—	—	—	—
2	B – Mining and quarrying	—	—	—	—	—	—	—	—
3	C – Manufacturing	—	24,207	—	—	1	(173)	—	(1)
4	D – Electricity, gas, steam and air conditioning supply	—	73,499	—	—	—	(85)	—	—
5	E – Water supply; sewerage, waste management and remediation activities	—	234	—	—	—	(1)	—	—
6	F – Construction	—	18,766	—	—	720	(546)	—	(488)
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	—	67,244	—	2,445	706	(576)	(20)	(372)
8	H – Transportation and storage	—	8,863	—	—	—	(25)	—	—
9	L – Real estate activities	—	12,834	—	1,333	2,920	(818)	(63)	(629)
10	Loans collateralised by residential immovable property	—	208,159	—	16,312	9,493	(2,936)	(254)	(2,177)
11	Loans collateralised by commercial immovable property	—	86,912	—	1,233	3,902	(1,363)	(57)	(1,102)
12	Repossessed collaterals	—	1,895	—	—	—	(80)	—	—
13	**Other relevant sectors (breakdown below where relevant)**	—	33,323	—	94	3,164	(1,392)	(13)	(1,276)
14	I – Accommodation and food service activities	—	4,758	—	—	2,299	(822)	—	(806)
15	J – Information and communication	—	46	—	—	—	—	—	—
16	K – Financial and insurance activities	—	—	—	—	—	—	—	—
17	M – Professional scientific and technical activities	—	25,780	—	91	—	(86)	(13)	—
18	N – Administrative and support service activities	—	2,622	—	3	865	(478)	—	(470)
19	O – Public administration and defense, compulsory social security	—	—	—	—	—	—	—	—
20	P – Education	—	—	—	—	—	—	—	—
21	Q – Human health and social work activities	—	—	—	—	—	—	—	—
22	R – Arts entertainment and recreation	—	46	—	—	—	—	—	—
23	S – Other services activities	—	71	—	—	—	(6)	—	—

Table 32: Template 5: Banking book – indicators of potential climate change physical risk: exposures subject to physical risk (continued)

	Variable: Geographical area subject to climate change physical risk – acute and chronic events	Gross carrying amount					
			of which: exposures sensitive to impact from climate change physical events				
			Breakdown by maturity bucket				
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	31 Dec 2025	€000	€000	€000	€000	€000	years
1	A – Agriculture, forestry and fishing	110	—	—	—	—	—
2	B – Mining and quarrying	—	—	—	—	—	—
3	C – Manufacturing	50,512	19,072	2,511	4,129	—	3.4
4	D – Electricity, gas, steam and air conditioning supply	118,877	83,097	—	—	—	1.2
5	E – Water supply; sewerage, waste management and remediation activities	495	374	—	—	—	1.0
6	F – Construction	35,879	16,629	—	107	—	1.1
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	171,874	64,458	839	642	—	1.1
8	H – Transportation and storage	3,110	1,209	—	—	—	3.5
9	L – Real estate activities	99,339	4,928	—	—	—	0.7
10	Loans collateralised by residential immovable property	1,724,551	12,967	13,071	78,712	132,987	20.2
11	Loans collateralised by commercial immovable property	270,592	75,193	3,378	4,771	—	1.8
12	Repossessed collaterals	2,316	1,895	—	—	—	1.0
13	Other relevant sectors (breakdown below where relevant)	209,847	65,542	1,879	94	—	1.0
14	I – Accommodation and food service activities	36,816	3,639	1,649	—	—	4.0
15	J – Information and communication	3,286	21	—	—	—	—
16	K – Financial and insurance activities	4	—	—	—	—	—
17	M – Professional scientific and technical activities	134,100	56,588	230	94	—	0.7
18	N – Administrative and support service activities	20,622	2,510	—	—	—	1.4
19	O – Public administration and defense, compulsory social security	—	—	—	—	—	—
20	P – Education	4,855	—	—	—	—	—
21	Q – Human health and social work activities	8,778	2,484	—	—	—	—
22	R – Arts entertainment and recreation	85	40	—	—	—	—
23	S – Other services activities	1,301	260	—	—	—	—

Table 32: Template 5: Banking book – indicators of potential climate change physical risk: exposures subject to physical risk (continued)

	Variable: Geographical area subject to climate change physical risk – acute and chronic events	Gross carrying amount							
		of which: exposures sensitive to impact from climate change physical events							
		of which: exposures sensitive to impact from chronic climate change events	of which: exposures sensitive to impact from acute climate change events	of which: exposures sensitive to impact both from chronic and cute climate change events	of which: Stage 2 exposures	of which: non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	of which: Stage 2 exposures	of which: non-performing exposures
	31 Dec 2025	€000	€000	€000	€000	€000	€000	€000	€000
1	A – Agriculture, forestry and fishing	—	—	—	—	—	—	—	—
2	B – Mining and quarrying	—	—	—	—	—	—	—	—
3	C – Manufacturing	—	25,712	—	191	1	(115)	(2)	(1)
4	D – Electricity, gas, steam and air conditioning supply	—	83,097	—	—	—	(9)	—	—
5	E – Water supply; sewerage, waste management and remediation activities	—	374	—	—	—	(2)	—	—
6	F – Construction	—	16,736	—	107	835	(627)	(37)	(565)
7	G – Wholesale and retail trade; repair of motor vehicles and motorcycles	—	65,939	—	1,016	775	(700)	(4)	(318)
8	H – Transportation and storage	—	1,209	—	79	—	(3)	—	—
9	L – Real estate activities	—	4,928	—	599	2,928	(592)	(27)	(558)
10	Loans collateralised by residential immovable property	—	237,737	—	18,671	9,971	(3,323)	(302)	(2,609)
11	Loans collateralised by commercial immovable property	—	83,342	—	791	6,034	(1,414)	(30)	(1,016)
12	Repossessed collaterals	—	1,895	—	—	—	(80)	—	—
13	Other relevant sectors (breakdown below where relevant)	—	67,515	—	—	5,749	(1,724)	—	(1,646)
14	I – Accommodation and food service activities	—	5,288	—	—	2,396	(1,208)	—	(1,191)
15	J – Information and communication	—	21	—	—	21	—	—	—
16	K – Financial and insurance activities	—	—	—	—	—	—	—	—
17	M – Professional scientific and technical activities	—	56,912	—	—	—	(55)	—	—
18	N – Administrative and support service activities	—	2,510	—	—	848	(460)	—	(455)
19	O – Public administration and defense, compulsory social security	—	—	—	—	—	—	—	—
20	P – Education	—	—	—	—	—	—	—	—
21	Q – Human health and social work activities	—	2,484	—	—	2,484	—	—	—
22	R – Arts entertainment and recreation	—	40	—	—	—	—	—	—
23	S – Other services activities	—	260	—	—	—	(1)	—	—

Appendix I – Abbreviations

The following abbreviated terms are used throughout this document.

A	
AFS	Available-for-sale
AGM	Annual General Meeting
ALCM	Asset, Liability and Capital Management
ALCO	Asset and Liability Management Committee
AT1	Additional tier 1 capital
B	
BCBS	Basel Committee on Banking Supervision
bps	basis points
BTAR	Banking book Taxonomy Alignment Ratio
C	
CAI	Climate Accountability Institute
CAN	Climate Action Network
CCB	Capital Conservation Buffer
CCM	Environmentally sustainable
CCP	Central counterparty
CCR	Counterparty credit risk
CCyB	Countercyclical Buffer
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive
CRM	Credit risk mitigation/mitigant
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRR3	Capital Requirements Regulation 3
CSRD	Corporate Sustainability Reporting Directive
CVA	Credit valuation adjustment
D	
Dec	December
E	
EAD	Exposure at default
EBA	European Banking Authority
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
ECL	Expected Credit Loss
EPBD	Energy Performance of Building Directive
EPC	Energy Performance Certificate
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
EVE	Economic value of equity
F	
FIM	Functional Instruction Manual
G	
GAR	Green Asset Ratio
GCEL	Global Coal Exit List
GHG	Greenhouse gas
GM	Global Markets
GOGEL	Global Oil & Gas Exit List
G-SII	Globally Systematically Important Institutions
H	
HBCE	HSBC Continental Europe
HBMT	HSBC Bank Malta p.l.c.
HQLA	High-quality liquid assets
HR	Human Resources
HSBC/ HSBC Group	HSBC Holdings together with its subsidiary undertakings
HTC&S	Hold-to-collect-and-sell
SVaR	Stressed value at risk
I	
IAA	Internal Assessment Approach
ICAAP	Internal Capital Adequacy Assessment Process
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Models Approach
IMM	Internal Model Method
IRB	Internal ratings based approach
IRRBB	Interest Rate Risk in the Banking Book
ITS	Implementing Technical Standard
IWPB	International Wealth and Premier Banking
J	
Jan	January
Jun	June
K	
KMIs	Key Metric Indicators
KPIs	Key Performance Indicators
L	
LCR	Liquidity Coverage Ratio
LFRF	Liquidity and Funding Risk Management Framework
LOD	Lines of Defence
LGD	Loss given default
M	
MFSA	Malta Financial Services Authority
MI	Management Information
MREL	Minimum requirements for own funds and eligible liabilities
MRT	Material Risk Taker
Mar	March
MDA	Maximum Distributable Amount
Mt CO_2e	Million tonnes of carbon dioxide equivalent
N	
NACE	The Statistical Classification of Economic Activities in the European Community
NFR	Non-Financial Risk
NGFS	Network for Greening the Financial System
NII	Net interest income
NPS	Net promoter score
NSFR	Net Stable Funding Ratio
NZE	Net-Zero Emission
O	
OCR	Overall Capital Requirement
OECD	Organisation for Economic Cooperation and Development
ORR	Operational and Resilience Risk
O-SII	Other Systematically Important Institutions
OTC	Over-the-counter
P	
P1R	Pillar 1 requirement
P2G	Pillar 2 guidance
P2R	Pillar 2 requirement
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PFE	Potential future exposure
POCI	Purchased or originated credit-impaired
PP&E	Property plant and equipment
PSL	Payment systems
R	
RAS	Risk appetite statement
RC	Replacement Cost
RM	Relationship Manager
RMM	Risk Management Meeting
RRCSC	Reputational Risk and Client Selection Committees
RWA	Risk-weighted asset
RWEA	Risk-weighted exposure amounts
S	
SOT	Standard Outlier Test
SA-CCR	Standardised approach for counterparty credit risk
Sep	September
SFT	Securities Financing Transactions
SME	Small and medium-sized enterprise
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
sSyRB	Sectoral Systemic Risk Buffer

T	
TCFD	Task Force on Climate-related Financial Disclosure
TLAC	1 Total Loss Absorbing Capacity
tCO_2e/GWh	Tonnes of carbon dioxide equivalent per gigawatt hour
tCO_2e/t cement	tonnes of carbon dioxide equivalent per tonne of cement
tCO_2e/t metal	tonnes of carbon dioxide equivalent per tonne of metal
tCO_2e/million rpk	tonnes of carbon dioxide equivalent per million revenue passenger kilometers
tCO_2e/million vkm	tonnes of carbon dioxide equivalent per million vehicle kilometers
The Bank	HSBC Bank Malta p.l.c.
The Board	Board of Directors of HSBC Bank Malta p.l.c.
TSL	Treasury and securities transactions
T2	Capital Tier 2 capital
U	
UNGC	United Nations Global Compact
UTP	Unlikely to Pay
W	
WCR	Wholesale Credit Risk

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