

Statement of Compliance with the Code of Principles of Good Corporate Governance

The Board of Directors (the 'Board') of HSBC Bank Malta p.l.c. (the 'bank') acknowledges that effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Hence, it is committed to the HSBC global values of valuing difference, succeeding together, taking responsibility and getting it done. The Board ensures that each employee, through ongoing training, is aware of the obligation to ensure that his or her conduct consistently matches the bank's values.

The Board is proud of its solid corporate governance framework that is built around the principles of control and accountability. This culture stems from a philosophy that puts the protection of investors and the interest of customers at the forefront. The Board further believes that good corporate governance has a positive impact on the bank's performance.

Corporate governance is subject to regulation by the Malta Financial Services Authority. As a company whose equity securities are listed on a regulated market, the bank endeavours to adopt the Code of Principles of Good Corporate Governance (the 'Code' or 'Principles') embodied in Appendix 5.1 of the Capital Markets Rules. In terms of Capital Markets Rule 5.94 and the Code's Preamble, the bank is obliged to disclose how it complies with the provisions of the said Code. In terms of paragraph 28 of Banking Rule 07 (BR/07/2024), the bank is also obliged to explain how it complies with the requirements of paragraphs 14 to 18, and paragraph 86 of Banking Rule 24 on Internal Governance. Some of the disclosures made in this Statement of Compliance are being made in virtue of this obligation.

The bank strives to maintain the highest standards of disclosure in reporting the effective measures adopted to ensure compliance with the Principles, and to explain instances of non-compliance.

Compliance with the Code

Principle 1: The Board

The Board plays a key role in effective governance as it lies at the top-end of a system of control that is focused on overseeing and challenging management and control functions in order to ensure effective and prudent management of the bank.

The bank is headed by an effective Board that leads the bank, directs the business and promotes the company's values and standards. It reinforces the tone from the top by setting corporate values. It creates expectations that all business should be conducted in a legal and ethical manner.

The Board is composed of members who are honest, competent and solvent, and have been considered to be fit and proper to direct the business of the bank. The criteria considered when carrying out the individual fit and proper assessment relate to time commitment, knowledge, skills and experience, independence and reputation, honesty and integrity. Directors, individually and collectively, are deemed to be of the appropriate calibre, having the necessary skills and experience to provide leadership, integrity and judgement in directing the bank. The courageous integrity, honesty and diligence of the Directors guarantee that the bank adheres to HSBC Group's (the 'Group') highly ethical business values and this is reflected in the bank's decision and policy-making process. Through their knowledgeable contribution, Directors enhance shareholder value, protect the bank's assets and safeguard the interest of third parties. The letter of appointment issued to Non-Executive Directors stipulates the minimum time commitment expected to be dedicated to the bank. Directors undertake to have sufficient time to meet what is expected of them. Any other significant commitments are disclosed

to the Board before their appointment and subsequent changes are notified as they arise.

All Directors ensure that they are informed about the overall activity, financial and risk situation of the bank, taking into account the economic environment. They are also cognisant of decisions that have a major impact on the bank's business.

Board Members are accountable for their performance and that of their delegates to shareholders and other relevant stakeholders. Besides having a broad knowledge of the bank's business, they are also knowledgeable of the statutory and regulatory requirements regulating this business. Directors attend Board meetings regularly and allocate sufficient time to perform their duties. An annual assessment on time commitment of each Board member is undertaken to confirm this.

The Board determines and oversees the implementation of the bank's strategic objectives, risk strategy and internal governance. It regularly reviews senior management performance and ensures that the bank has the appropriate financial and human resources to meet its objectives.

Moreover, it exercises prudent and effective controls, which enable risk to be appropriately assessed and managed in order to achieve the short and long-term sustainability of the business. As part of a larger international Group, the Board assesses the compatibility of HSBC Group policy with local legal and regulatory requirements, and where appropriate, adapts those policies.

The Board ensures the integrity of the bank's accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.

During the year, the Board delegated specific responsibilities to a number of Committees, namely the Audit Committee, the Risk Committee and the Remuneration and Nomination Committee. Further detail in relation to the Committees and their responsibilities can be found under Principle 4 of this Statement.

The process of appointment of Directors is conducted in terms of the company's Memorandum and Articles of Association. It states that the Board is to consist of not more than nine Directors who are appointed/elected by the shareholders, or appointed by the Board members in the event of a Board vacancy. Every shareholder owning 11% of the Ordinary Share Capital is entitled to appoint one Director for each 11% shareholding. The majority shareholder therefore is entitled to appoint six Directors. Furthermore, any excess fractional shareholding not so utilised may be used to participate in the voting for the election of further Directors. Shareholders who own less than 11% of the ordinary share capital participate in the election of the remaining three Directors. The largest single shareholder (subject to a minimum 33% holding of the ordinary issued share capital of the bank) is entitled to appoint a Chairman from among the Directors appointed or elected to the Board.

Principle 2: Chairman and Chief Executive Officer

The positions of the Chairman and of the Chief Executive Officer ('CEO') are occupied by different individuals. There is a clear division of responsibilities between the running of the Board and the Chief Executive Officer's responsibility in managing the bank's business. This separation of roles of the Chairman and Chief Executive Officer avoids concentration of authority and power in one individual. It differentiates the function of leadership of the Board from that of running the business.

Statement of compliance with the Code of Principles of Good Corporate Governance

The Chairman and the CEO acknowledge that it is imperative to have a constructive relationship with each other and that a certain level of independence is maintained.

The letter of appointment of the Chairman clearly establishes the responsibilities of the Chairman, including the time commitment expected. A description of the responsibilities of the Chairman and the CEO are incorporated in the bank's Internal Governance Policy. This Policy, together with the Corporate Governance Framework define the bank's internal governance arrangements that ensure effective and prudent management of the bank, including the segregation of duties in the organisation, the bank's strategic objectives and risk strategy. Both policies, including the description of responsibilities of the Chairman and the CEO are reviewed and approved by the Board of Directors annually.

The Chairman, who was independent on appointment and still meets the independence criteria, leads the Board. The Chairman sets the Board's meeting agenda and ensures that decisions of the Board are taken on a sound and well-informed basis. The Chairman ensures that the Directors receive precise, timely and objective information and at the same time ensures effective communication with shareholders. During Board meetings, the Chairman encourages active engagement by all Board Members and ensures that Directors constructively challenge senior management. The Chairman also facilitates the effective contribution of Non-Executive Directors thus ensuring constructive relations between Executive and Non-Executive Directors.

The Chairman encourages and promotes open and critical discussion, ensuring that any dissenting views are expressed and discussed within the decision-making process. Moreover, the Chairman contributes to the efficient flow of information within the Board, as well as between the Board and its Committees. The Chairman is responsible for an effective overall functioning of the Board.

The Chief Executive Officer advises the Board, formulates policies and makes recommendations to the Board. The Chief Executive Officer develops, drives and delivers performance within strategic ambitions, commercial objectives and business plans agreed by the Board. The Chief Executive Office is responsible for executing strategy and implementing plans. The Chief Executive Office effectively leads the senior management in the day-to-day running of the bank, ensures compliance with appropriate policies and procedures and maintains an effective framework of internal controls over risk in relation to the business. The Chief Executive Office makes decisions on all matters affecting the operations, performance and strategy of the business, except for those matters reserved for the Board or specifically delegated by the Board to its Committees. The Chief Executive Office interfaces between the Board and employees and between the bank and other stakeholders.

Principle 3: Composition of the Board

Experience has shown that the size of the Board is appropriate to facilitate effective oversight over the bank's operations. Each of the Directors is skilful, competent, knowledgeable and experienced to fulfil his/her role diligently. The Directors who held office during the year, possess the requisite ability to assess business risk, to identify key performance indicators and participate in critical debate in the decision-making process.

Ethnicity, age, culture, and gender diversity, underpinned by meritocracy, are areas of strategic focus for the employee base. The same principle is applied to the composition of the Board in accordance with the Board Diversity Policy.

The benefits of diversity, including that in educational and professional backgrounds, continue to influence the Remuneration and Nomination Committee's Board succession planning and Board candidates' selection process. This has resulted in a diverse Board composition which meets the diversity criteria. The right mix of Board Members ensures diverse perspectives, experience and knowledge.

By the end of 2025, the Board was composed of a Non-Executive Chairman, two Executive Directors, one Non-Executive Director and four independent Non-Executive Directors.

Whereas the Executive Directors are involved in the day-to-day running of the business, ensuring adherence to the four-eye principle, the Non-Executive Directors bring an external perspective to the Board when they constructively challenge and help develop proposals on strategy, scrutinise the performance of management, and monitor the risk profile and the reporting of performance.

They are proactive in ensuring that financial controls and risk management systems are well established and in satisfying themselves with the integrity of financial information.

The appointment of Directors requires the 'no objection' of the European Central Bank. No appointment is considered effective unless and until such no objection is received. This non-objection has been granted to all of the bank's appointed Directors.

Apart from the minimum time commitment expected to be dedicated to the bank being stipulated in the letter of appointment and which is assessed on an annual basis, each Director annually confirms that he/she is able to commit sufficient time to effectively fulfil the responsibilities as a Director of the bank.

In accordance with the Code Provision 3.2, the independent Non-Executive Directors as at 31 December 2025 were the following:

Manfred Galdes, Louis Cassar Pullicino, Alexiei Dingli, Elvia George and Malcolm Miller.

In determining the independence or otherwise of its Directors, the Board has considered, inter alia, the principles relating to independence embodied in the Code, the local group's own practice as well as general principles of good practice. The Board has concluded that the above-mentioned Directors are independent in character and judgement and that none have relationships or circumstances that are likely to affect or could appear to affect the director's judgement.

Malcolm Miller is an Executive Chairman of a group of entities, some of which are customers of the bank. However, after following the guidance set out in the Board Conflicts of Interest Policy, the Board determined that this was not a significant business relationship neither for the bank nor the customer and therefore did not impede on his independence.

Furthermore, any relationships and engagements have been declared, included and recorded in the Board's Conflict of Interest Register together with the relevant controls that are in place.

In accordance with Code Provision 3.2.1, the Board had decided that the employment of Yvonne Steyn-Adams with the HSBC Group rendered her non-independent from the bank. This did not however, in any manner, detract from this Director's ability to maintain independence of free judgement and character at all times. She was deemed able to make her own sound, objective judgement and independent decisions when performing her functions and responsibilities.

In terms of Principle 3.4, each Non-Executive Director has confirmed in writing to the Board that he/she undertook:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the bank.

Principle 4: The Responsibilities of the Board

The Board sets and reviews the bank's strategy, major operational and financial plans, policies and business plans and performance objectives. Different areas of the bank's strategy are discussed on a regular basis at Board meetings. The Board of Directors monitors the implementation by management of strategy and corporate performance within the parameters of all relevant laws, regulations and codes of best practice. The Board ensures that a balance is maintained between enterprise and control. The Board recognises and supports innovation within the management of the bank and it remains accountable to the shareholders for its performance and also ensures effective communication with the different groups of stakeholders.

The Board actively oversees the affairs of the bank and stays attuned to material changes in the bank's business and the external environment, as well as acts in a timely manner to protect the long-term interests of the bank. It plays a leading role in establishing the bank's corporate culture and values. The Board, after considering senior management and the Chief Risk Officer advice, establishes the bank's risk appetite, taking into account the commercial and regulatory landscape and the bank's long-term interests, risk exposure and ability to manage risk effectively. It also oversees the bank's adherence to the Risk Appetite Statement, risk policy and risk limits.

The Board is also responsible for approving the approach and overseeing the implementation of key policies pertaining to the bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations and the internal control system. The Board, oversees the integrity, independence and effectiveness of the bank's policies and procedures for Whistleblowing. Whistleblowing also falls under the remit of the Audit Committee.

The regular evaluation of management's implementation of corporate strategy and financial obligations is based on the use of key performance indicators enabling the bank to adopt expedient corrective measures. These key business risk and performance indicators are benchmarked against industry norms to ensure that the bank's performance is effectively evaluated.

The Board ensures that the bank has appropriate policies and procedures in place that guarantee that the bank and its employees adhere to the highest standards of corporate conduct and comply with the applicable laws, regulations, business and ethical standards.

The Board has approved a Fit and Proper Policy for Board Members and Key Function Holders, which includes a succession policy. The Remuneration and Nomination Committee has also reviewed and approved a succession plan for the future composition of the Board.

An effective reporting system that enables the Directors to have relevant and timely information, such that the Board can discharge its duties, exercise objective judgement and take pertinent decisions, is implemented through:

- presentations delivered by senior management during Board meetings;
- updates provided by the CEO and senior management during intervals between Board/Committees' meetings; and
- accessibility to a common electronic platform hosting bank information, including Board/Committees' documentation and minutes of meetings.

The Board ensures that its level of authority is known by all Directors and the senior management of the bank. Any delegation of responsibility and function is clearly documented and requires Board approval.

The Board delegates specific responsibilities to its Committees, which operate under their respective formal Terms of Reference which are embodied in the Corporate Governance Framework which the Board reviews and approves on an annual basis.

Audit Committee

The Terms of Reference of this Committee are compliant with the Capital Markets Rules and Banking Rule 12, the European Banking Authority Guidelines on Internal Governance.

The Board of Directors has delegated to this Committee the oversight of matters relating to financial reporting and internal controls. It carries out its duties by reviewing the integrity of the bank's financial statements, formal announcements/disclosures and supplementary regulatory information relating to the bank's financial performance. It also reviews the effectiveness of Internal Audit and the external audit process and the effectiveness of internal control systems, with input from the Risk Committee.

This Committee reviews, inter alia, the bank's annual financial resource plan, capital expenditure and the capital plan. Moreover, it reviews and considers changes to significant accounting policies and disclosure practices, as applicable. Significant accounting judgements and adjustments are reviewed and reported to the Board. It considers the effectiveness of model risk management for financial reporting and reviews the going concern assumptions, any qualifications and provides confirmation to the Board of the bank's profitability.

An important function of the Audit Committee is to monitor and assess the effectiveness, performance, resourcing, independence and standing of the Internal Audit Function, consider significant findings of internal investigations and management's response, and other matters as advised by internal audit, any other function or the external auditor.

With regard to the annual report and accounts, the Audit Committee reviews any significant or unusual items that may need to be highlighted and advises whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the bank's position and performance.

This Committee reviews the internal audit charter and approves the internal audit work plan, which is a rolling plan, ensuring it is aligned to the key risks of the business.

The Audit Committee also has the responsibility to review and monitor the external auditor's independence, objectivity and the quality and effectiveness of the audit, considering relevant professional, regulatory and other requirements. In this regard, the Committee also has to satisfy itself that there is the appropriate co-ordination between the internal and external auditors.

With regard to internal controls, the Audit Committee, reviews the effectiveness of the bank's internal controls, to ensure the effective embedding and maintaining of a strong control environment. It considers and follows through on any findings of major investigations of internal controls.

This Committee reviews related party transactions and obtains sufficient comfort that these transactions are carried out on an arm's length basis and that the bank is adhering to the requirement stipulated in the Capital Markets Rules as applicable.

The Committee annually reviews the operation and effectiveness of the bank's Whistleblower Policy to ensure confidentiality, protection and fair treatment of whistleblowers. It reviews any reports setting out local cases, the key themes and trends, and actions taken to address these.

The Committee met seven times during 2025 and is currently composed of Elvia George as Chairperson, Anthony Doublet and Malcolm Miller as Members. During the financial year ended 31 December 2025, Elvia George was appointed Chairperson of the Committee on 3 October 2025, following Maria Micallef's resignation on 26 August 2025. Anthony Doublet was appointed Member with effect from 19 February 2026. In the interim period, Louis Cassar Pulicino was attending the Audit Committee meetings.

Statement of compliance with the Code of Principles of Good Corporate Governance

Member attendance at Audit Committee meetings (2025)

	Attended
Elvia George	7 out of 7
Maria Micallef	4 out of 5
Malcolm Miller	6 out of 7

During the year, regular informal meetings were held between the Chairperson/Members of this Committee and Members of Senior Management especially the Head of Internal Audit, the Chief Financial Officer and the external auditors.

Senior Managers of the bank are invited to attend any of the Audit Committee's meetings as directed by the Committee's Chairperson.

The Chief Risk Officer, the Chief Financial Officer and representatives of the external auditors are invited to attend all the meetings. In line with Capital Markets Rule 5.131, the Head of Internal Audit is present for all the Audit Committee meetings and always has a right of direct access to the Chairperson of the Committee.

In terms of Capital Markets Rule 5.117, the bank has an Audit Committee that is composed of three non-executive Directors, all of whom have been deemed to be independent. Elvia George replaced Maria Micallef as Chairperson of the Audit Committee. She was appointed by the Board as the Chairperson of the Committee. She is independent and competent in accounting on the basis that she is a Certified Public Accountant and is a Fellow of the Malta Institute of Accountants, as well as her career experience.

In terms of Capital Markets Rule 5.127.5, the Audit Committee is responsible for developing and implementing policy on the engagement of the external auditor to supply non-audit services. The provision of non-audit services to EU Public Interest Entities ('PIEs') and to parent and controlled undertakings in the EU are regulated in terms of EU rules.

In addition, since HSBC Holdings plc is a Securities Exchange Commission ('SEC') registered company, non-audit services provided by the external auditor are also regulated in terms of the SEC rules.

Risk Committee

This Committee is responsible for overseeing and advising the Board on risk-related matters, comprising both financial and non-financial risks, impacting the bank and its subsidiaries. In providing such oversight and advice to the Board, the Committee reviews and provides independent challenge on risk management reports, including the bank's enterprise risk reports. Through this, the Committee is able to assess the bank's risk exposure, risk profile of the bank and how such risks are controlled, monitored and mitigated by management. The Committee looks at current and forward-looking risks to assess the bank's vulnerability and resilience to potential risks.

The Risk Committee reviews the effectiveness of the bank's conduct framework designed to deliver fair outcomes for customers, preserve the orderly and transparent operation of financial markets, and protect the bank against adverse outcomes (including reputational damage) to the bank's financial and non-financial condition and prospects.

The Risk Committee also reviews and advises the Board on risk appetite framework, risk appetite statement and risk tolerance related matters, the bank's risk data aggregation and risk reporting framework.

The Committee reviews and recommends material regulatory submissions to the Board for approval, including the Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process, satisfying itself with regards to the completeness of the submissions and their consistency with the principles of the bank's Risk Appetite.

The Committee reviews and advises the Board on the effective management of risk relating to the bank's Operational and IT Resilience, including risks relating to the execution of the technology aspects of the approved HSBC Group or bank strategy, cyber security and serious, large scale, organised crime relating to information security.

The Committee also reviews and satisfies itself that the bank's stress testing framework, governance and related internal controls are robust. It reviews, challenges and where appropriate approves the key assumptions, vulnerabilities and scenario themes identified and expanded metrics to be used in both internal and regulatory bank-wide stress tests and regulatory submissions.

The Risk Committee reviews how effectively management is embedding and maintaining effective risk management and control systems culture to foster compliance with HSBC Group and bank policies and compliance requirements, by also considering any material findings from regulators relating to risk governance, conduct of business, risk assessment or management processes.

The Committee reviews the bank's controls relating to compliance risks and satisfies itself that they are adequate and that the bank is maintaining an appropriate relationship with its regulators. It considers risk management reports and internal Audit reports relating to weaknesses in risk management and control systems.

The Risk Committee is tasked with monitoring the effectiveness and independence of the Chief Risk and Compliance Officers and with reviewing the composition and effectiveness of the Risk and Compliance functions including that they are of sufficient stature, independent of the business and adequately resourced.

With regard to the Annual Report and Accounts, the Risk Committee reviews and endorses the content of the Risk Committee report in the annual report and accounts, such as any risk-related disclosures.

The Committee met six times during 2025 and is currently composed of Louis Cassar Pullicino as Chairperson, and Alexiei Dingli and Elvia George as Members. Elvia George was appointed member on 22 January 2025.

Member attendance at Risk Committee meetings (2025)

	Attended
Louis Cassar Pullicino	6 out of 6
Alexiei Dingli	6 out of 6
Elvia George	6 out of 6

During the year, regular informal meetings were held between the Chairperson/Members of this Committee and Members of Senior Management especially the Head of Internal Audit, the Chief Risk Officer, the Chief Compliance Officer and the external auditors.

Senior managers of the bank are invited to attend any of the meetings as directed by the Committee.

The Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit are standing attendees at the meetings. The Chief Financial Officer attends as and when required.

Remuneration and Nomination Committee ('RemNom' Committee)

The remuneration aspect of this Committee, its composition and information relating to its meetings during 2025 are dealt with under the Remuneration Report, which also includes, inter alia, the Remuneration Statement in terms of Code Provision 8.A.4 and information required in terms of Appendix 12.1 of the Capital Markets Rules.

In its nomination function, the Committee is primarily tasked with assisting the bank's Chairman in keeping the composition of the Board and its Committees under review and to lead the process for nominations to the Board and its committees. It oversees a continuous and proactive process for planning and assessment of candidates to ensure plans are in place for the orderly succession for executive and non-executive directors and other senior appointments within the bank and its subsidiaries. In so doing, the Committee reviews the structure and composition of the Board and its committees and makes recommendations to the Board on appointments based on merit and against objective criteria, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. This, bearing in mind the ambition for the representation of the underrepresented gender in the board.

Statement of compliance with the Code of Principles of Good Corporate Governance

The Committee continued to perform its role regarding 'fit and proper' assessments of present and prospective Board Members, with power of rejection of any proposed Board candidate on the basis of unsuitability.

The Committee assesses the knowledge, skills and experience of individual members of the Board and of the Board collectively at least on an annual basis, and reports to the Board accordingly. The suitability of Key Function Holders is also carried out at least annually, thereby ensuring regular oversight of senior management. The process of the fit and proper assessment exercises for both the Board and Key Function Holders is documented within the bank's Fit and Proper Policy, which is reviewed annually by RemNom and the Board.

The Committee also assesses the independence of the non-executive directors and reviews and monitors the training and continuous professional development of directors.

Letters of appointment issued to Non-Executive Directors set out the expected time commitment and by their acceptance thereof the Directors undertake that they will have sufficient time to discharge their duties as Directors. For the attendance details please refer to the Remuneration report.

Time commitment is also considered when carrying out the fit and proper assessment of the Board members. Furthermore, each Director is requested to confirm his commitment on an annual basis through a declaration.

Disclosure Management Meeting ('DMM')

Following HSBC Continental Europe's request to the bank to seek authorisation from its shareholders to enable the bank to share information, including unpublished price-sensitive information, to bona fide offerors, in connection with a potential transaction involving a substantial shareholding in the bank, the bank's Board established a Disclosure Management Meeting.

The purpose of the DMM is to support the discharge of the bank's obligations (including those of its subsidiaries) under applicable legislation and regulation, specifically those arising under the European Union's Market Abuse Regulation ('MAR'), Malta's Capital Market Rules, and any other legal and regulatory requirements that shall be applicable to the bank and its subsidiaries from time to time. When appropriate, in the performance of its obligations and responsibilities, the DMM will escalate relevant matters to the Board so that the Board will determine whether or not to approve recommended classification of information by the DMM and any ancillary action that may be required in line with such classification.

The DMM is empowered to

- determine whether new information, a new event or circumstance constitutes inside information and should this be the case, whether such information be publicly disclosed or the public disclosure thereof be delayed for justified reasons; and
- review all material disclosures made or to be made by the bank in relation to the Strategic Review and/or as requested by the CEO or the Board, in each case with a view to ensuring that the bank's disclosure obligations are satisfied.

The DMM's authority does not extend beyond the executive authority of individual members.

Membership and Quorum of the DMM:

- Company Secretary (Chairperson)
- Head of Global Markets
- Chief Compliance Officer
- General Counsel Or their nominated alternate.

A quorum for the DMM shall be three members, two of whom must be the Head of Global Markets, Chief Compliance Officer, Company Secretary or General Counsel, and not a delegate.

Executive Committee ('ExCo')

This Committee is a management meeting and its purpose is to support the bank's Chief Executive Officer in the performance of the CEO's duties and exercise of powers, authorities and discretions in relation to the management and day-to-day running of the bank and its subsidiaries and to support the CEO in the discharge of his responsibilities to the Board. This Committee is designed to strengthen decision-making by ensuring collective input to decisions, while also supporting the CEO in discharging his responsibilities.

The members of the Committee have individual responsibility for the development and implementation of the strategy for the business or function they represent in accordance with their role profiles and powers delegated to them, directly or indirectly by the CEO and subject to any limitations on their authority.

This Committee is chaired by the CEO and its membership is composed of the Head of International Wealth and Premier Banking, the Head of Corporate and Institutional Banking, the Head of Global Markets, the Chief Financial Officer, the Chief Operating Officer, the Chief Risk Officer, the General Counsel, the Chief Compliance Officer, the Head of Human Resources, the Head of Communications and the Company Secretary. As the Head of Internal Audit is independent from management, the holder of said role is not a member of the Committee but is a standing attendee.

Meetings are held with such frequency and at such times as the Chairman may determine. However, it is expected that the Committee formally meets at least six times per annum. In 2025, there were 6 formal meetings while ExCo met informally on a weekly basis.

Decision-making authority in relation to all matters considered by the Committee remains with the Chief Executive Officer of the bank pursuant to the authority delegated by the Board.

Whilst oversight remains the responsibility of ExCo, the Committee may delegate more particular oversight, consideration and/or management of any matter within the scope of its authority to a sub-committee, forum or individual, as appropriate. It has in fact delegated authority to the following Committees:

The Risk Management Meeting ('RMM')

The RMM met eight times during the year. It is chaired by the Chief Risk Officer, with the Chief Executive Officer, or any member designated by the Chief Risk Officer as alternate chairperson, in his/her absence. During 2025, all the meetings were chaired by the Chief Risk Officer. The objective of the RMM is to exercise oversight of the risk/reward framework for the bank and its subsidiaries.

The RMM is a formal governance meeting that provides recommendations and advice to the bank Chief Risk Officer ('CRO') on enterprise-wide management of all risks, including key policies and frameworks for the management of risk within the bank. It supports the CRO's individual accountability for the oversight of enterprise risk as set out in the Group's Risk Management Framework ('RMF'). The management of risk in the context of all three lines of defence is covered in the RMM. First line of defence risk management issues are owned by Risk Owners and Control Owners, and therefore the respective business head will be the Accountable Executive for first line of defence decision making at the RMM. The RMM serves as the governance body for enterprise-wide risk management with particular focus on risk culture, risk appetite, risk profile and integration of risk management into the bank's strategic objectives, including the management of all financial crime risks. Additionally, this governance meeting considers and manages any reputational risks referred to the committee. The Chief Risk Officer is also invited to attend Board meetings and meetings of the Audit and Risk Committees in which representations are made about the overall risk profile associated with the business including a comprehensive assessment of the bank's management of risk.

Statement of compliance with the Code of Principles of Good Corporate Governance

Climate & Environmental Social and Governance ('ESG') Steering Committee

The Committee met six times in 2025. It is co-chaired by the CRO and the CFO and was established to provide recommendations and make decisions as and when necessary, working in conjunction with Lines of Business and make any necessary escalations and submissions to the bank's RMM. It supports the CRO's and CFO's individual accountability for the oversight of enterprise risks and disclosures as set out in HSBC Group's Risk Management Framework ('RMF').

The bank's Climate & ESG Steering Committee is responsible for the management of Climate and ESG risks, including CSRD, to ensure adequate focus on the risks (physical and transitional, nature risks) associated with climate change, ESG criteria, and compliance with Group policies, European Union requirements, ECB Regulations and guidance, any specific Local legislation and any bank policies.

The Asset and Liability Management Committee ('ALCO')

ALCO is responsible for managing the balance sheet with a view to achieve efficient allocation and utilisation of all resources.

This Committee, which is chaired by the Chief Financial Officer, reviews the asset and liability risks of the local group and oversees the prudent management of interest rate risk, liquidity and funding risk, capital, foreign exchange risk, and solvency risk. Furthermore, ALCO monitors the external environment and measures the impact on profitability of factors such as interest rate volatility, market liquidity, exchange rate volatility, monetary and fiscal policies and competitor banks' activity. ALCO monitors the funding and capital adequacy, making use of forecasts as well as stress tests to ensure the sustainability of the business model and ensuring that sufficient resources are available at all times to meet the demand arising from business activities and regulation.

ALCO is responsible for ensuring that the local group has the appropriate recovery plan in place so that it is prepared to restore viability in a timely manner under stress. It is also responsible for resolution planning, detailing the bank's preferred resolution strategy and approving the respective plans.

The Chief Executive Officer has primary responsibility for ensuring an efficient deployment of the bank's Asset and Liability Management strategy. Membership consists of senior executives with responsibility for the following functions: Commercial Banking, International Wealth and Premier Banking, Markets Treasury, Risk, Finance, Asset and Liability Capital Management, Customer Value Management and Global Payments Services. ALCO, met eleven times in 2025 and is chaired by the Chief Financial Officer and deputised by the Chief Executive Officer.

Principle 5: Board meetings

The Board meets as often and as frequently required to discharge its duties effectively. During the period under review, the Board met twenty-five times: twenty-two were formal Board meetings and three were for structured training purposes.

The Chairman ensures that all relevant issues are on the agenda and supported by all the available information. The agenda strikes a balance between long-term strategic objectives and short-term performance issues. Notice of the dates of Board meetings together with supporting materials are circulated to the Directors in advance of the meetings, where possible, giving enough time for Directors to review the material.

During the meetings, Board Members are given the opportunity to discuss issues set on the Board agenda, convey their opinions and constructively challenge management. The Chairman facilitates presentation of views pertinent to the relevant issues on the agenda by promoting a culture of openness and debate. Moreover, Directors are encouraged to discuss any issue, which they deem appropriate.

Minutes are taken during Board meetings that faithfully record attendance, discussed matters, tracked actions and decisions. These minutes are subsequently circulated to all the Directors as soon as practicable after the meeting. Besides attending formal Board

meetings and Committee meetings of which they form part, Directors attend, on a frequent and regular basis, meetings where their presence is required for the proper discharge of their duties. All the Directors dedicate the necessary time and attention to their duties as Directors of the bank. The holding of other directorships in other companies is in line with regulatory provisions.

Directors' attendance at Board Meetings in 2025

	Attended
Manfred Galdes	21 out of 22
Geoffrey Fichte	22 out of 22
Louis Cassar Pullicino	21 out of 22
Charlotte Cilia	20 out of 21
Alexiei Dingli	21 out of 22
Elvia George	22 out of 22
Maria Micallef	12 out of 14
Malcolm Miller	19 out of 22
Yvonne Steyn-Adams	10 out of 10

Principle 6: Information and professional development

The Board appoints the Chief Executive Officer of the bank upon guidance and recommendation by HSBC Group and by the RemNom Committee. The Board, through the RemNom Committee, is actively involved in the appointment of members of senior management, including the Chief Executive Officer.

Full, formal and tailored induction programmes, with particular emphasis on the systems of risk management and internal controls, are arranged for newly appointed Directors. The programmes consist of a series of meetings with senior executives to enable new Directors to familiarise themselves with the bank's strategy, risk appetite, operations and internal controls. Directors also receive comprehensive guidance on Directors' duties and liabilities. Directors are also given the opportunity to request further training on specific topics. Relevant materials are made available and regularly updated for Directors' reference throughout their tenure.

A structured Board training and development programme is organised for the Directors. Training organised and delivered by external parties is also provided. The key objective of the programme is to improve the Board's awareness in risk, regulation, and compliance developments in the financial services and banking sector.

Topics covered during these awareness sessions related to ESG: Nature & Biodiversity, ESG: Social and ESG Risk, Artificial Intelligence, Cybersecurity and Resilience Testing and Capital Requirements Directive VI. Directors also participate in the Group's mandatory training, which covers conduct, conflicts of interest, data quality, health safety and wellbeing, risk management, cybersecurity, sustainability and financial crime compliance topics.

Directors are given opportunities to update and develop their skills and knowledge through briefings by senior executives and externally-run seminars throughout their directorship. Moreover, Directors have access to independent professional advice, at the bank's expense.

Directors also have access to the advice and services of the Company Secretary who is responsible for advising the Board through the Chairman on all governance matters and for adherence to Board procedures as well as for effective information flows within the Board, its Committees and with senior management.

The Chairman of the Board and Chairpersons of the Audit and Risk Committees attend a number of Chairpersons' fora organised throughout the year by the HSBC Group. The bank's Audit Committee and Risk Committee Chairpersons also attended engagement sessions together with other HSBC Audit Committee and Risk Committee Chairpersons. During these meetings the Directors are updated on the latest topical issues.

To enable the Company Secretary to organise such training sessions, including induction training, for the Board of Directors, adequate human and financial resources are made available.

Statement of compliance with the Code of Principles of Good Corporate Governance

The succession plan for senior management is discussed with RemNom. As part of succession planning and talent management, the Board and the Chief Executive Officer ensure that the bank implements appropriate schemes to recruit, retain and motivate high-quality executive officers. They also encourage members of management to move to the higher ranks within the organisation and seek to maintain high engagement and morale among the bank's personnel.

Principle 7: Evaluation of the Board performance

On an annual basis, the Board carried out an evaluation of its performance. Through this evaluation, the Board monitors and assesses the effectiveness of the bank's governance arrangements. Through this exercise, the Directors are also requested to reflect and assess the structure, size, composition and performance of the Board of Directors, including the Chairman.

In 2024, the Board engaged the HSBC Bank plc Company Secretary to undertake an evaluation of its performance, the Chairman's performance and that of its Committees through a thorough document review, Board and Committee meetings observation sessions and interviews/meetings with Board Members and regular Board and Committee meetings attendees. All recommendations were implemented throughout 2025. In 2025, the Board and its Committees carried out a self-evaluation of their performance.

This process was driven and overseen by the RemNom Committee through the support of the Company Secretary. Based on the outcome of this evaluation, the Board and Committees reviewed and agreed on recommendations for improvement. The bank's governance arrangements were deemed effective and no material changes in the governance structures and organisation resulted from this Board evaluation exercise.

Principle 8: Committees

Details on the Committees is covered under Principle 4. The Remuneration and Nomination Committee is covered under Principle 4 and in the Remuneration Report, which also includes the Remuneration Statement in terms of Code provisions 8.A.4.

Principles 9 and 10: Relations with the shareholders, with the market and with institutional shareholders

The Board oversees the process of disclosures to and communications with external stakeholders. The bank maintains ongoing communication with its shareholders and the market on its strategy and performance in order to enhance trust and confidence in the bank. During the period under review, the bank issued various company announcements and media releases to explain ongoing corporate developments and material events and transactions that have taken place and their impact on the financial position of the bank.

The bank (overseen by the Board) communicates with shareholders in the following ways:

- through the 'Annual Report and Accounts' which is made available on the bank's website, a printed version of which is provided to shareholders upon request;
- through the publication of company announcements and media releases; and
- at the Annual General Meeting and Extraordinary General Meetings (further detail is provided under the section 'General Meetings').

The bank also holds meetings for stockbrokers, financial intermediaries, the Malta Association of Small Shareholders and the media to explain the salient features of the interim and annual financial results.

The bank maintains an open channel of communication with its shareholders through the Corporate Governance and Secretariat Function and its General Meetings.

As the Board always endeavours to protect the interests of both the bank and its shareholders, present and future, the Board takes into account that shareholders are constantly changing. This is reflected in the Board's decisions on long-term sustainability objectives to safeguard the interests of future shareholders. Moreover, Board members are available to answer questions during the Annual General Meeting. The conduct of the meeting is conducive to valid discussion and appropriate decision making. In terms of the bank's Articles of Association, the Directors shall, on the request of members of the company holding not less than one-tenth of the paid-up share capital, duly proceed to convene an Extraordinary General Meeting of the bank.

Principle 11: Conflicts of interests

Directors are aware that their primary responsibility is always to act in the interest of the bank and its shareholders as a whole, irrespective of who appointed them to the Board. This requires that Directors avoid conflicts of interest at all times and that their personal interests never take precedence over those of the bank and its shareholders.

In line with HSBC Group best practice, the Board defines and oversees a Board Conflicts of Interest Policy. In terms of this policy, a Director is to avoid situations in which he or she has or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the bank. Without prejudice to Articles 136A (3)(C) and 143 of the Companies Act, this policy stipulates that a director must obtain an authorisation from the Board before a situational conflict arises. Notably, in accordance with this policy, all directorships and other non-bank appointments should be authorised by the Board. Furthermore, the bank's policies and procedures in relation to loans and transactions also apply to Directors and their connected parties, which includes having all loans and advances at arms' length and not given on favourable terms and conditions. All loans and transactions above the threshold established by the Board, always require Board approval.

By virtue of the bank's Articles of Association, a Director is bound not to vote at a Board meeting on any contract or arrangement or any other proposal in which such Director has a material interest, either directly or indirectly. Moreover, in terms of the Board's Conflicts of Interest Policy, a Director having a continuing material interest that conflicts with the interests of the bank, should take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict then the Director should consider resigning.

On joining the Board and regularly thereafter, Directors are informed and reminded of their obligations on dealing in securities of the bank within the parameters of law and the Capital Markets Rules and the Market Abuse Regulations. A proper procedure of reporting advance notices to the Chairman by a Director who intends to deal in the bank's shares has been endorsed by the Board in line with the Principles, the Capital Markets Rules and the internal Code of Dealing.

Furthermore, the bank has a Conflicts of Interest Policy and controls in place to identify, and prevent or manage Conflicts of Interests, and this to ensure effective and prudent management of the bank. The Board is also presented with the Staff Conflicts of Interest Policy on an annual basis for their consideration and approval.

Principle 12: Corporate Social Responsibility

The bank's Corporate Sustainability ('CS') strategy takes into account the Group-wide strategy. The Board continues to recognise that the bank has a responsibility towards people and the community. The bank has continued to utilise its resources in order to carry out a series of initiatives and projects designed to provide value to various sectors for the bank's key stakeholders (i.e. customers, employees, and the community). In Malta, the bank fulfils the Group's CS strategy primarily through its Corporate Sustainability function and the HSBC Malta Foundation (the 'Foundation'). The HSBC Malta Foundation seeks to unlock the full potential of individuals and the community to shape a sustainable future. The focus areas of the HSBC Malta Foundation are Community – which includes Employability, Financial Capability and Developing Resilience; Environment which includes Nature, Sustainable Energy and Climate Innovation and local projects.

Statement of compliance with the Code of Principles of Good Corporate Governance

The bank remains committed to making a difference in the areas of child welfare and education, the environment and heritage. The bank has pledged long-term support to help people access education and training, so as to acquire the skills needed to succeed today and in the future at the place of work. There is close collaboration with several stakeholders including governmental organisations, policymakers, local businesses, other banks and financial institutions, charities, non-profit organisations and non-governmental organisations. The bank takes pride in HSBC colleagues who contribute to the charities and causes they feel passionate about and employees are encouraged to take an active role in initiatives supported by the HSBC Malta Foundation. HSBC Bank Malta p.l.c. is also one of the founding members of the Malta ESG Alliance.

The focus of the Sustainability function continues to be placed on creating a sustainable future that leaves a positive impact on society, the environment and the economy. HSBC Group's ambition is 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 financial partner through the transition, creating long-term value for them and our shareholders. The HSBC Group's ambition is to support its customers to transition by providing or facilitating lending of \$750bn - \$1tn by 2030. With this ambition in mind, the bank has been very active locally during 2025 to drive initiatives aligned with this strategy.

Non-compliance with the Code

Principle 9 (Code Provision 9.3 and Code Provision 9.4)

This Code Provision recommends the bank to have in place a mechanism to resolve conflicts between minority shareholders and controlling shareholders. Although the bank does not have such a mechanism in place, there is ongoing open dialogue between the bank's senior management and the Non-Executive Directors to ensure that no such conflicts arise.

In terms of Code Provision 9.4, minority shareholders should be allowed to formally present an issue to the Board of Directors. The bank does not have a policy in terms of this code provision. However, the bank maintains an open dialogue with the Malta Association of Small Shareholders.

Internal control Capital Markets Rule 5.97.4

The Board is ultimately responsible for the bank's system of internal control and for reviewing its effectiveness. Such procedures are designed to achieve business objectives and to manage and mitigate, rather than to eliminate, the risk of failure. They can only provide reasonable and not absolute assurance against material error, losses or fraud.

The Group has established the risk management and internal control structure referred to as the 'Three Lines of Defence' to ensure they achieve the commercial aims while meeting regulatory, legal, as well as Group requirements. It is a key part of the local group operational risk management framework.

The First Line of Defence has ultimate ownership of risk and controls, including read across assessments of identified issues, events, and near misses, and the delivery of good conduct outcomes. Risk Owners are accountable for identifying, assessing, managing and reporting key existing and emerging risks that they own for their business or function in line with the risk appetite set by the Board.

The Second Line of Defence reviews and challenges the First Line of Defence'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 Line of Defence is independent of the risk-taking activities undertaken by the First Line of Defence and includes the CRO, Risk Stewards and the Operational and Resilience Risk function.

Risk Stewards are accountable for setting policy and control standards to manage risks, providing advice and guidance to support these policies, and challenging the First Line of Defence to ensure it is managing risk effectively.

The Third Line of Defence is Internal Audit, which provides independent assurance to management and the non-executive Risk and Audit Committees that the bank's risk management, governance and internal control processes are designed and operating effectively.

The local group's key risk management and internal control procedures include the following:

- Global standards: Functional, operating, financial reporting and certain management reporting standards are established by global function management Committees, for application throughout HSBC globally. These are supplemented by operating standards set by functional and local management as required for the type of business and geographical location of each subsidiary.
- Delegation of authority within limits set by the Board: The Board has delegated specific, clear and unequivocal authority to the Chief Executive Officer to manage the day-to-day affairs of the business for which he is accountable within limits set by the Board. Delegation of authority from the Board requires the CEO to maintain appropriate apportionment of significant responsibilities and to oversee the establishment and maintenance of systems of control that are appropriate to the business.
- Risk identification and monitoring: Systems and procedures are in place to identify, control and report on the major risks facing the bank including, credit, market, liquidity, capital, financial management, model, reputational, strategic, sustainability and operational (including accounting, tax, legal, compliance, fiduciary, information, external fraud, internal fraud, political, physical, business continuity, systems operations, project and people risk). Exposure to these risks is monitored by the Risk Management Meeting, Asset and Liability Committee and Executive Committees as relevant.
- Changes in market conditions/practices: Processes are in place to identify new risks arising from changes in market conditions/practices or customer behaviours, which could expose the bank to heightened risk of loss or reputational damage. Further improvements have been, and will continue to be, implemented to combat the inherent challenges posed by financial crime. In addition, the focus has remained on regulatory developments and engagement, including the ongoing supervisory review and evaluation process under the ECB's Single Supervisory Mechanism; challenges to balance business growth and risk management imperatives; internet crime and fraud; level of change creating operational complexity and heightened execution risk; and information security risk.
- IT operations: Centralised Regional and Group functional reporting and governance is exercised over all IT operations, with overarching local bank's Reporting and Governance.
- In order to ensure consistency and benefit from economies of scale, common Group systems are employed for similar business processes, wherever practicable.
- Various Controls and Key Controls Indicators are applied in order to assess and monitor IT Operational and Cyber resilience in order to assess effectiveness on a regular basis, and, where needed, define and oversee remediation activities.
- Comprehensive annual financial plans are prepared, reviewed and approved by the Board. Results are monitored and progress reports are prepared on a monthly basis to enable comparisons with plan. Financial accounting and management reporting standards have been established.
- Responsibilities for financial performance against plans and for capital expenditure, credit exposures and market risk exposures are delegated with limits to executive management. In addition, functional management in the bank has been given the responsibility to implement HSBC policies, procedures and standards for business and product lines and functions, including: legal, financial crime and regulatory compliance, internal audit, human resources, credit risk, market risk, operational risk, computer systems and operations, and property management.

Statement of compliance with the Code of Principles of Good Corporate Governance

- The Chief Risk Officer is responsible for the management of specific risks within the bank, including credit risk in the corporate and retail portfolios, market risk and operational risk. Risks are monitored via the Risk Management Meeting, which meets regularly, and via reporting to the Executive Committee, the Risk Committee and the Board as relevant. .
- Internal Audit: The establishment and maintenance of appropriate systems of risk management and internal control is primarily the responsibility of management. The Internal Audit function reports to the Audit Committee and to the Board. It provides independent and objective assurance in respect of the adequacy of the design and operating effectiveness of the bank's framework of risk management, control and governance processes, using a risk-based approach. The Head of Internal Audit also reports to the Audit Committee on matters concerning the operation of the Internal Audit function, including independence and resourcing and approval of the Annual Audit Plan.
- Internal Audit issues: Executive management is responsible for ensuring that any issues raised by the Internal Audit function are remediated within an appropriate and agreed timeframe. Confirmation to this effect must be provided to Internal Audit, which subsequently independently validates the remediation as relevant.
- The bank's Compliance Department undertakes Regulatory Compliance and Financial Crime Compliance. From a regulatory perspective it ensures that the local group continues to maintain the highest standards of corporate conduct, including compliance with all the local and international regulatory obligations and HSBC Group standards and regulations. With regard to financial crime compliance, it is responsible for the oversight of Anti-Money Laundering and Terrorist Financing, Sanctions, Anti-Bribery and Corruption, Fraud and Tax Evasion risks. Particular attention is given to the proactive management of identified Financial Crime Compliance risk issues. Routine governance is managed via the Risk Management Meeting and reported to the Executive Committee, the Risk Committee and to the Board as relevant.
- Through the Audit Committee and the Risk Committee, the Board reviews the processes and procedures to ensure the effectiveness of the system of internal control of the bank and its subsidiaries, which are subject to periodic Third Line of Defence review by Internal Audit.

Capital Markets Rule 5.97.5

The information relating to the Shareholders' Register required by this Capital Markets Rule is found in the Directors' Report.

General meetings

The General Meeting is the highest decision-making body of the bank. A General Meeting is called by 21 days' notice and it is conducted in accordance with the Articles of Association of the bank.

The Annual General Meeting deals with what is termed as 'ordinary business', namely the receiving or adoption of the annual financial statements, the declaration of a dividend, the appointment and remuneration of the Board (which may or may not involve an election), the appointment of the external auditors, and the granting of the authority to the Board to fix the external auditors' emoluments. Other business which may be transacted at a General Meeting will be dealt with as Special Business.

All shareholders registered in the Shareholders' Register on the record date as defined in the Capital Markets Rules, have the right to attend, participate and vote in the General Meeting. A shareholder or shareholders holding not less than 5% in nominal value of all the shares entitled to vote at the General Meeting may request the bank to include items on the agenda of a General Meeting and/or table draft resolutions for items included in the agenda of a General Meeting. Such requests are to be received by the bank at least 46 calendar days before the date set for the relative General Meeting. A shareholder who is unable to participate in the General Meeting can appoint a proxy by written or electronic notification to the bank. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the General Meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

By means of a company announcement dated 11 September 2024, the bank had announced that it had been informed by HSBC Holdings plc ("HSBC Holdings") that HSBC Holdings would be undertaking a strategic review of its indirect 70.03% shareholding in the bank. An extraordinary general meeting ('EGM') was convened on 13 February 2025 and the following Ordinary Resolution - Special Business was approved:

"That the Company be and is hereby authorised and empowered, in connection with a potential transaction involving a Substantial Shareholding (as defined in Capital Markets Rule 5.174) (a "Substantial Shareholding" in the Company, to furnish, in confidence, information, including unpublished price sensitive information, to a bona fide offeror(s), the corresponding bona fide transferor, as may be necessary to enable the bona fide offeror(s) and the bona fide transferor and their respective advisers to make, confirm, withdraw or modify any offer(s) for a Substantial Shareholding."

The Annual General Meeting was held on 13 May 2025, where all ordinary resolutions and ordinary resolutions special business were approved.

Statement of compliance with the Code of Principles of Good Corporate Governance

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