HSBC Private Bank (Suisse) SA

Statutory Financial Statements

at 31 December 2024

HSBC

Global Private Banking

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Key figures – Year 2024

Net new money	Client assets	Profit before tax
CHF 1.1bn	CHF 81.2bn	CHF 64.1m
(2023: CHF 6.0bn)	*(2023: CHF 72.6bn)*	*(2023[1]: CHF 28.8m)*

Common equity – Tier 1 capital ratio	Customer Deposits	Loans to Customers
17.6%	CHF 16.1bn	CHF 10.5bn
(2023: 18.8%)	*(2023: 18.1bn)*	*(2023: 9.1bn)*

[1] Excluding impact from internal transactions (eg CHF 51m loss on sale of HSBC Private Bank (Luxembourg) SA and CHF 325m from the amortization of the acquisition price from the HSBC Bank (UK) plc Private Banking Guernsey business).

Key regulatory figures

(in CHF thousands)

	2024	2023
Available capital		
Common equity (CET1)	977,956	925,177
Tier 1 capital (T1)	977,956	925,177
Total shareholders, equity	1,204,032	1,134,889
Risk-weighted assets (RWA)		
RWA	5,562,619	4,931,923
Minimum capital requirement	445,010	394,554
Risk based capital ratios(as a % of RWA)		
CET1 ratio	17.6%	18.8%
Tier 1 ratio	17.6%	18.8%
Total capital ratio	21.6%	23.0%
Additional CET1 buffer requirements (as a % of RWA)		
Capital conservation buffer requirements as per Basel minimal standards	2.5%	2.5%
Total of Bank CET1 specific buffer requirements as per the Basel minimal standards	2.5%	2.5%
CET1 available after meeting bank's minimun capital requirements as per Basel minimal standards	11.6%	12.8%
Capital ratio target as per Annex 8 of the CAO (as a % of RWA)		
Capital buffer as per Annex 8 of the CAO	4.0%	4.0%
Countercyclical buffers (Art. 44 & 44a of the CAO)	0.1%	0.1%
CET1 target ratio as per Annex 8 of the CAO. plus countercyclical buffer as per Art. 44 & 44a of the CAO	7.9%	7.9%
T1 target ratio as per Annex 8 of the CAO plus countercyclical buffer as per Art. 44 & 44a of the CAO	9.7%	9.7%
Total capital target as per Annex 8 of the CAO plus countercyclical buffer as per Art. 44 & 44a of the CAO	12.1%	12.1%

Key regulatory figures (continued)

(in CHF thousands)

BASEL III leverage ratio	2024	2023
Total leverage ratio exposure	19,933,938	21,918,915
Leverage ratio	**4.9%**	**4.2%**

Net stable funding ratio (NSFR)	2024	2023
Available stable funding	10,933,279	10,177,361
Required stable funding	7,897,540	7,180,470
Net stable funding ratio (NSFR) (%)	**138.4%**	**141.7%**

Liquidity coverage ratio (LCR)	Q4 2024 3 month average	Q3 2024 3 month average	Q2 2024 3 month average	Q1 2024 3 month average
Total high-quality liquid assets	4,109,384	4,727,509	4,685,487	4,156,138
Net sum of cash outflows	2,352,713	2,390,883	2,827,087	2,228,726
Liquidity coverage ratio (LCR) (%)	**174.7%**	**197.7%**	**165.7%**	**186.5%**

Liquidity coverage ratio (LCR)	Q4 2023 3 month average	Q3 2023 3 month average	Q2 2023 3 month average	Q1 2023 3 month average
Total high-quality liquid assets	5,716,053	3,808,079	1,797,919	1,808,091
Net sum of cash outflows	2,958,996	1,853,607	936,428	903,889
Liquidity coverage ratio (LCR) (%)	**193.2%**	**205.4%**	**192.0%**	**200.0%**

The detailed information related to the Liquidity Coverage Ratio framework is available in pages 57 to 61 of the Annual Report. Additional information related to disclosure requirements according to the Circular 2016/01 Disclosure Banks are available in the HSBC Holding Plc annual reports.

By virtue of HSBC Holdings plc's ownership interest in HSBC Private Bank (Suisse) SA, certain supervisory responsibilities of the Prudential Regulation Authority (PRA) in the United Kingdom extend indirectly to HSBC Private Bank (Suisse) SA. The PRA exercises consolidated prudential supervision over the HSBC Group. Local bank regulators oversee the subsidiaries' compliance with local laws, regulations and banking practices. As HSBC Private Bank (Suisse) SA is a management centre for HSBC private banking activities, the Swiss Financial Market Supervisory Authority has elected to exercise consolidated supervision over HSBC Private Bank (Suisse) SA.

According to article 964a (2) of the Swiss Code of Obligations, HSBC Private Bank (Suisse) SA relies on the HSBC Holdings Plc Annual Report and Accounts in relation to its non-financial reporting obligations and to the dispositions of the ordinance on mandatory climate disclosures.

Review of Operations of HSBC Private Bank (Suisse) SA

About HSBC Private Bank (Suisse) SA

HSBC Private Bank (Suisse) SA ("the bank", PBRS) is part of HSBC Global Private Banking. Our primary focus is to serve ultra- (UHNW) and high-net-worth (HNW) individuals in Europe, the Middle East, Asia and Switzerland, providing solutions for individuals, families and entrepreneurs to grow, manage and preserve their wealth across generations.

We leverage the strength of one of the world's largest banking and financial services organisations, offering a unique proposition to clients which includes international wealth management, asset management, and corporate and institutional banking. We offer a wide range of investment products and services including advisory, managed investment solutions and execution-only services, as well as credit, global custody and wealth planning solutions.

Our roots in Switzerland can be traced back over 130 years to the financing of the Jungfrau railway and the founding of Guyerzeller Bank, which was acquired by HSBC at the turn of the 21st century. Over the years, HSBC has become a leading player in the Swiss financial landscape, combining the strength and stability of a trusted, international partner with local expertise and a personal touch.

HSBC is the largest foreign-headquartered private bank in Switzerland by client assets and the tenth largest private bank in the country, according to a 2024 report by ZHAW School of Management and Law[2]. HSBC was also the fastest-growing private bank in Switzerland in 2023 amongst peers of a similar size according to the same report - a testament to the journey of

[2] Source: Wealth management in Switzerland 2024 report by the ZHAW School of Management and Law

growth and investment underway, which has seen the bank hiring talent and expanding coverage in key markets in recent years.

Today, the bank's focus remains on connecting clients to opportunities worldwide while contributing to the Swiss economy and community. We continue to build on our rich legacy, with a clear strategy to deliver excellence for clients and grow our business for the long-term, in a safe and sustainable way. Our ambition remains to be the preferred international financial partner for clients and a leading private bank in Switzerland for UHNW clients and international entrepreneurs.

Our achievements in 2024

We have continued to develop our systematic, sales and client-oriented culture. This includes comprehensively planning and monitoring our sales efforts, and increasing effectiveness in matching suitable investment-led solutions with client needs, while taking into account developments in the macro environment. We further differentiated our offering this year, from high-quality standardised solutions through to premium bespoke offers, and strengthened our collaboration with HSBC's Corporate and Institutional Bank, bringing clients further access to institutional-style opportunities.

We enhanced our front office coverage and productivity, with a new team serving Nordic clients and increased coverage for Saudi, United Arab Emirates, Greek and Israeli clients. The Swiss-based Asia Desk was strengthened, generating further opportunities for clients to achieve their global wealth ambitions by providing a bridge between EMEA and Asia; regions where HSBC has a considerable footprint and experience. In total, 107 roles were hired, including new roles and replacements, as the bank continues to attract external talent as well as promote internal candidates. While continuing our investment in sustainable and long-term growth, as usual we focused on maintaining tight underlying costs, which remains a priority.

We also strengthened our digital offer, systems and tools to improve our client experience. This included enhancing our HSBC Swiss Mobile App, which connects clients to their wealth around the clock, and integrating client's ESG and sustainability preferences into our advisory process. We built further resilience into our IT framework this year, enhancing expertise, while ensuring that data and information security remains a central tenet and key imperative.
These efforts have led to a year-on-year increase in net new money, revenue and mandate flows. Our clients are telling us that we are moving in the right direction, as we have significantly increased our Net Promotor Score – a measure of client satisfaction.

We also continued our strategic focus on our risk framework, conduct, culture and controls – a critical drive to support our safe and sustainable growth. We take our Anti-Money Laundering obligations seriously and our aim remains to prevent any product or service from our bank being used for financial crime in every market we operate in. Following the Swiss Regulator's decision in the second quarter of 2024 regarding a historic issue, the bank acknowledged the matters raised. We have taken a number of voluntary measures, including a pause on any new-to-bank politically exposed individuals, an in-depth review, and continued monitoring and enhancements to our governance, processes and controls.

HSBC is an equal opportunity employer in Switzerland and remains committed to a positive and inclusive workplace. The bank received the 2024 Fair-ON-Pay Advanced Certification for gender equality, reaffirming the bank's commitment to equal pay between men and women across its workforce.

Our financial performance in 2024

Total client assets amounted to CHF 81.2 billion at 31st December 2024, an increase of 12% compared to last year, reflecting positive net new money inflows and favorable market performance coupled with positive foreign exchange gains.

The Bank's regulatory capital and liquidity ratios remain solid. The Tier 1 and Total Capital ratios were 17.6% and 21.6% respectively. The Liquidity Coverage ratio was 174% in average during Q4/ 2024 and the Net Stable Funding Ratio at end of December 2024 was 138%.

The profit after tax for the year 2024 was CHF 53.4 million compared with a loss after tax of CHF 352.9 million for 2023. On an underlying basis, adjusting for the non-recurring value adjustments of CHF 375.9 million recognized in 2023, mainly related to the full amortization of the purchase price of the Private Banking business in Guernsey and the loss on sale of HSBC Private Bank (Luxembourg) SA to HSBC Continental Europe, the 2024-2023 variation showed an increase in profit after tax of CHF 30.4 million on a like-for-like basis.

The integration of the branch in Guernsey having taken place in July 2023, six months of results were recognized in the Income Statement in 2023 compared to a full year in 2024, which explained partly both revenues and costs increases. The total gross operating profit of CHF 34.4m year on year is also explained as follows:

- The Net result from Interest operations increase of CHF 47.8 million at CHF 204.9 million also due to higher spreads following re-pricing activity and by the higher average interest rates obtained on the lending balances.
- The Net income from commissions grew by CHF 23.4 million at CHF 161.3 million. Part of the incremental revenues is attributed to the core growth with Assets under Management over the period generating additional revenues and by brokerage fees increased thanks to Structured Products income.

- The Result from trading operations was CHF 27.6 million compared with CHF 14.4 million in 2023, related primarily to higher foreign exchange trading activities and increase in brokerage on securities transactions.
- The Operating expenses amounted increased by CHF 48.4 million at CHF 323.3 million, reflecting the overall increase of FTE average but also, according to the road map strategy presented in 2022, which includes front office resources as well as critical controls roles to support safe growth.

Our priorities for 2025

As HSBC celebrates its 160-year anniversary worldwide, the strategic focus for our Swiss Private Bank in 2025 is to continue our journey of safe and sustainable long-term growth, while remaining focused on our clients and becoming more simple and agile.

- **Focusing on clients and delivering high levels of satisfaction**: Our focus will be on delivering high-quality products and service excellence to our clients, strengthening our investment management offer, while ensuring our sales teams and processes are efficient in meeting the needs of each client.

- **Driving safe, long-term growth**: Our focus will be on increasing leadership and market share in the areas where we have a competitive advantage and the greatest opportunity to grow soundly. Our strong risk and financial crime framework, conduct, culture and controls remain a core element of our strategy, and we will continue to invest in these to further monitor, strengthen and enhance our framework.

- **Being simple & agile:** We will continue to shape a simpler, more dynamic, agile organization with clear governance and accountability. We will remain focused on cost discipline and efficient use of capital.

We are confident that we have the opportunities, the platform and the teams to enable us to main a trajectory of sound growth, and to deliver into the future.

Yannick Hausmann	John Shipman	Daniel Calado
Chairman of the Board	Interim Chief Executive Officer	Chief Financial Officer

Geneva, 03 April 2025

Corporate Governance

1. Group structure and shareholder

HSBC Private Bank (Suisse) SA ('the Bank' or 'PBRS') is a company organised as a corporation limited by shares pursuant to article 620 ff. of the Swiss Code of Obligations, with its registered office in Geneva, operating branches in Zurich, in Guernsey, and the Dubai International Financial Centre ('DIFC'). The Bank is an authorised bank and securities dealer under the supervision of the Swiss Financial Market Supervisory Authority ("FINMA").

The Bank is owned directly by HSBC Bank plc ("HBEU"), London, a public limited company under the Companies Act 2006, an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland. The Bank is ultimately owned by HSBC Holdings plc ("HGHQ"), based in London.

As of 31st December 2024, the Bank is the direct shareholder of HSBC Financial Services (Lebanon) s.a.l. ("HFLB"), and Republic Nominees Limited ("RNL") which form part of the PBRS Group together with their subsidiaries, branches and representative offices, as the case may be. FINMA has exempted the Bank from the requirements to present consolidated accounts due to the relative materiality of the subsidiaries.

An organisation chart of the PBRS Group is set out on page 35.

The PBRS Group is subject to a direct supervision by FINMA and an indirect supervision by the UK Prudential Regulation Authority and the UK Financial Conduct Authority, by virtue of HGHQ's ownership interest. Neither the Bank, nor its subsidiaries are listed companies.

HFLB is a joint stock company established as a financial institution with its registered office in Beirut and is regulated by the Central Bank of Lebanon. HFLB operates under a financial intermediary licence issued by the Capital Markets Authority in Lebanon.

RNL is incorporated in Guernsey, Channel Islands. The company's principal activity is the holding of investments as nominee for third parties and it is unregulated.

Significant shareholders

As of 31st December 2024, HGHQ, which has its registered office in London, is the ultimate parent company of the HSBC Group, holding 100% of the share capital and voting rights of HBEU, which in turn holds the entire share capital and voting rights of the Bank.

HGHQ does not have qualified nor principal shareholders pursuant to the Swiss Federal Banking Act and the Ordinance on Securities Exchanges and Securities Trading.

Cross-shareholdings

The Bank has no cross-shareholdings with any other company

2. Board of Directors

2.1 Organisation

Areas of responsibility

The role of the Board of Directors (the "Board") is to provide entrepreneurial leadership of the Bank within a framework of prudent and effective controls which enable risks to be assessed and managed. The Board is collectively responsible for the long-term success of the Bank and delivery of sustainable value to shareholders. It reviews the strategy for the Bank and approves the risk profile, as well as the operating and capital plans presented by management for the achievement of the strategic objectives it has set.

As a supervisory governing body, the Board is collectively responsible for the overall direction, supervision and control of the Bank and the PBRS Group and their management, including compliance with applicable laws, rules and regulations.

The Board is also responsible for all business matters that the Articles of Association, the Organisational Regulations and the law do not specifically reserve to the General Meeting of Shareholders.

To the extent permitted by law (in particular article 716a of the Swiss Code of Obligations), the Articles of Association and the Organisational Regulations of the Bank, the Board has delegated the management and day-to-day running of the Bank and the PBRS Group, including any matters which by nature are not part of its supervisory role, to the Chief Executive Officer ('CEO') and the Executive Committee.

The principal matters of the Board include in particular the following:

- The approval of the strategic plans, operating plans, capital plans, risk profile and performance targets;
- The determination of the principal organisational rules and changes to the legal structure including the establishment and the closure of subsidiaries, branches and representative offices;
- The appointment and/or dismissal of the Chief Executive Officer, the members of Executive Committee and the Company Secretary;
- The appointment of the Head of Internal Audit upon proposal by the Audit & Risk Committee and previous consultation with the Chief Executive Officer;
- The establishment and maintenance of an adequate internal control function as well as regular supervision of its appropriateness and efficiency;
- The establishment of general accounting, financial control and planning principles and policies;
- The approval of the annual report, annual financial statements, half-yearly financial statements of the Bank and the PBRS Group, preparation of the shareholders' meetings and implementation of the resolutions taken by shareholders;

- The right to issue delegations of authority, to the extent the Board deems it necessary, to the Chief Executive Officer, the Executive Committee or its members with the permission to sub-delegate such authorities in respect of granting credits to clients, market risk, acquisitions and disposals of companies as well as in any other field in the context of its oversight function;
- The approval of any substantial change in the balance sheet management policy;
- The approval of guidelines in relation to consolidated supervision;
- The approval of the membership of the Board committees and their terms of reference;
- The approval of the terms of reference of the Executive Committee;
- The appointment of the Chair and one or several Vice-Chairs of the Board;
- The endorsement of Board and specified executive appointments of subsidiaries directly held by the Bank or the delegation of such appointments to the Chief Executive Officer;

The Board has established two Board committees, being the Audit and Risk Committee and the Chair's Committee, in order to support the Board in its activities. The role and delegated activities of these Board Committees are set out respectively on pages 19 and 20.

Meetings

Board meetings are convened by the Chair or by the Company Secretary. The quorum for meetings of the Board is the majority of the Directors, including the Chair or the Vice-Chair. The Board shall meet as often as required to conduct its business, but holds in principle a meeting every calendar quarter. Extraordinary meetings of the Board may be held upon request of the Chair, a Director or the Chief Executive Officer. In 2024, the Board held nine meetings (five regular Board meetings; and four extraordinary Board meetings) covering the strategy, business, risks, and compliance matters. The Board held four regular information sessions on specific topics as part of the education programme for the Directors. The Chair decides on the invitees to these meetings depending on the items to be covered as part of the agenda. When appropriate, management was represented by the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, and the General Counsel. Additional invitees joined the meetings at the request of the Chair. The duration of the regular meetings was on average four hours, and two hours for the extraordinary meetings.

Composition

As of 31 December 2024, the composition of the Board of the Bank was as follows:

Yannick Hausmann	Chair *
Johannes Jürgen Koch	Vice-Chair *
Kim Fox	Member *
Gabriel Kemmler	Member *
Vivek Ram	Member
Abdulfattah Sharaf	Member

* Independent non-executive director

Ms Annabel Spring stepped down from the Board on 5th December 2024 and Mr. Koch on 31st December 2024. The Board thanks them for their guidance and valuable contributions over the previous years.

Ms Monique Vialatou has since joined the Board, effective from the date of her appointment by the shareholders on 27th March 2025. Ms Vialatou benefits from a longstanding career within BNP Paribas Group, from 1982 to 2021. She held several senior executive roles in different countries. Particularly, she acquired Private Banking business experience and Swiss Banking regulation knowledge when she was Chief Executive Officer BNP Paribas (Suisse) SA from 2018 to 2021. Ms Vialatou is also active in the promotion of career development and support for women and underprivileged young adults through voluntary activities.

As employees of the HSBC Group at 31st December 2024, Mr. Ram, Chief Risk Officer, HSBC Wealth and Personal Banking; and Mr. Sharaf, Chair, HSBC Bank Middle East Limited; are not deemed independent according to the FINMA regulations.

Board Members Biographies

Yannick Hausmann:

Nationality: Swiss / Year of Birth: 1967

Function:

Independent Non-Executive Director since September 2022

Chair of the Board of Directors since April 2023

Professional history and education:

Yannick Hausmann spent almost his entire professional career at Zurich Insurance Group (2000-2022). He served for almost 12 years as Group General Counsel of Zurich Insurance Group leading the global legal, compliance, regulatory and board secretariat functions. He was a direct report to the Group CEO, participated in the Group Executive Committee ex officio or as a member, attended the Group Board and Board Committee meetings (2009-2020). Thereafter, he was a Senior Advisor to the Group CEO (2020-2022). He served on various subsidiary Boards in Europe, the United States and in Asia and chaired the German subsidiary board for several years. Until 2022, Dr Hausmann was a member of the Board of Economiesuisse as well as the Board of Trustees Museum Haus Konstruktiv and Member of the Insurance Regulatory Committee of the Institute of International Finance (IIF). Since 2023 he chairs the Swiss chapter of the International Chamber of Commerce (ICC Switzerland).

Dr Hausmann is a qualified attorney-at-law admitted to the Bar of the Canton of Basel-Stadt and holds a doctorate in law from the University of Basel in Switzerland, and a Master in Laws (LL.M.) from New York University School of Law in the United States. Furthermore, he attended programs at Harvard Business School (Advanced Management Program (AMP)), INSEAD (International Directors Program (IDP)) and MIT Management Sloan School (Blockchain Technologies).

Other activities and functions:

- Chair of the Board of Directors of the Swiss Chapter of the International Chamber of Commerce (ICC).

Johannes Jürgen Koch
Nationality: German and Swiss / Year of Birth: 1956

Function
Vice-Chair and Independent Non-Executive Member of the Board of Directors since October 2016

Professional history and education
Throughout his career, twenty years of which were in the private banking industry, Mr. Koch, prior to retiring, held various prominent roles, including that of Chief Executive Officer Wealth Management Switzerland and International Europe for BNP Paribas in Geneva from 2011 to 2014, Head of Wealth Management at Deutsche Bank Group from 2004 to 2011 and Chief Executive Officer of Deutsche Bank (Suisse) SA in Zurich from 2004 to 2009. In total, Mr. Koch spent thirteen years with direct market responsibilities for the Middle East region.

Mr. Koch obtained a doctorate in Political Science in 1987 and a Masters of Arts in Political Science from the Albert-Ludwigs-Universität Freiburg in Germany in 1982.

Other activities and functions
- Board member of HSBC Global Asset Management (Switzerland) AG
- Board member of Gronova Capital Ltd.
- Board member of Valid Nutrition (Ireland).

Kim Fox
Nationality: American and Swiss / Year of Birth: 1958.

Functions
Independent Non-Executive Member of the Board of Directors since October 2016
Chair of the Audit and Risk Committee since March 2017

Professional history and education
Prior to an early retirement, Mrs. Fox occupied several senior management positions during her 30-year career in the banking industry. She was a Managing Director in the Treasury and Fixed Income Divisions at JP Morgan principally in the United States, subsequently as Group Treasurer at Credit Suisse Group AG in Zurich from 2000 to 2005, and finally as Global Head of Capital Management at Credit Suisse AG in Zurich from 2005 to 2015. Mrs. Fox graduated with an MBA in International Finance from the University of Leuven in Belgium and with an MBA in Accounting and Finance from the University of Chicago in the United States.

Other activities and functions:
- Board member of HSBC Private Bank (Luxembourg) SA
- Chair of Audit and Risk Committee of HSBC Private Bank (Luxembourg) SA

Gabriel Kemmler
Nationality: Swiss / Year of Birth: 1958.

Functions
Independent Non-Executive Member of the Board of Directors since November 2018
Member of the Audit and Risk Committee since November 2018

Professional history and education
Mr. Kemmler spent his career at UBS. He began as an apprentice in 1974 with the Swiss Bank Corporation which became UBS several years after and retired in 2015 as Chief Risk Officer Retail & Corporates, UBS Switzerland. At that time, he was chairing the Risk Control Committee and was a Member of the Executive Committee and the Asset & Liability Committee.

Mr. Kemmler obtained the Swiss Federal Certificate in Banking, attended the Swiss Banking School and completed the Senior Executive Programme delivered by the Columbia University Graduate School of Business, New York.

Other activities and functions
- Chair of the Board of Kerithago Investment AG.

Vivek Ram
Nationality: British / Year of Birth: 1962.

Function
Non-Executive Member of the Board of Directors since January 2022

Professional history and education
Mr Ram was appointed Chief Risk Officer, Global Wealth & Personal Banking in October 2018 and in September 2021 took on additional responsibility for Latin America and Canada. Mr Ram has worked in different geographies on both business and risk roles. He held leadership positions in risk and product mainly with Citibank and Barclays, prior to joining HSBC. Among other roles, he was EMEA Risk Head, CEEMEA Cards Head, and India Auto business manager for Citi's Global Consumer Group. He was also Asia Retail Risk Head for GE Capital. Mr Ram joined Barclays in London to be the global product Head for retail products before being appointed the Chief Marketing and Customer Officer in the UK Retail Bank as well as the lead for regulatory interactions on conduct, diversity, community activities and M&A Transactions. He held direct P&L responsibility for the Insurance and Investment business as well as the Premier Segment and was the Bank's representative to the British Bankers' Association. After joining HSBC in London in 2014, Vivek moved to Hong Kong to be the RBWM Retail Risk Head for the region until October 2018. In January 2019 Mr Ram relocated to London to take up the role of Global Chief Risk Officer for RBWM (now IWPB). He has recently moved to Hong Kong with the expanded remit of Chief Risk and Compliance Officer, Global Wealth & Personal Banking. Mr Ram is a Chartered Accountant from the University of Delhi.

Other activities and functions
- Board Member of MP Payments Group Limited.

Abdulfattah Sharaf
Nationality: Emirati / Year of Birth: 1968.

Function
Non-Executive Member of the Board of Directors since March 2019

Professional history and education
Mr. Sharaf is the Chairman of the Board of HSBC Bank Middle East (HBME). Mr. Sharaf was appointed Chairman in May 2023 after serving as Chief Executive Officer of HSBC United Emirates at HBME and a Group General Manager. His role also combined oversight of the bank's operations in Algeria, Bahrain and Kuwait as Head of International since 2017. Mr. Sharaf joined HSBC in 2008 to lead the bank's retail business in the MENA region as CEO Personal Financial Services, Middle East and North Africa. From 1995 to 2008, Mr. Sharaf was employed by the National Bank of Dubai (NBD), where he held a number of senior positions, including Chief Executive Officer of NBD Securities and Head of Cards. Mr. Sharaf holds a Bachelor of Arts Degree in Political Science with a minor in Special Education from the University of Denver.

Other activities and functions
- Chair of the Board of HSBC Bank Middle East Limited (HBME)
- Member of the Board, HSBC Middle East Holdings BV (HMEH)
- Board member of the Dubai International Financial Centre (DIFC) Higher Board
- Board member of Trustees of the American University of Sharjah
- Board member of Ishara Art Foundation
- Vice-Chair of the UAE Wrestling Federation
- Advisory Board Member of the Mastercard MEA Advisory Board
- Advisory Board member of the Dubai Chamber of Commerce

Biography of the company secretary

Hervé Cherix
Nationality: Swiss / Year of birth: 1969

Function
Company Secretary and Head of Corporate Governance since 2013

Professional history and education
Hervé Cherix is Company Secretary and Head of Corporate Governance at HSBC Private Bank (Suisse) SA since 2013 and at HSBC Private Banking Holdings (Suisse) SA since 2006. He has joined HSBC in 2001 as Head of Regulatory Reporting at HSBC Private Bank (Suisse) SA until 2003 and Head of Statutory Reporting at HSBC Private Banking Holdings (Suisse) SA until 2006. He was also the Secretary to the HSBC Global Private Banking Executive Committee from 2012 to 2022. Prior to joining HSBC, he worked at Arthur Andersen in the Assurance and Business Advisory division (1994 – 2001) where he reached the position of Audit Manager. Mr. Cherix obtained a Bachelor in Commercial and Industrial sciences at University of Geneva in 1992 and a degree in Quantitative Portfolio Management from University of Geneva in 1997, followed by a Swiss Certified Public Accountant Certificate, Swiss Institute of Certified of Accountants and Tax Consultants, in 1999.

Other activities and functions
- Member of the Board of HSBC Private Banking Holdings (Suisse) SA

2.2 Audit & Risk Committee

The Board has established an Audit and Risk Committee ("ARC").

Role and responsibilities
The ARC has a non-executive responsibility for reviewing matters relating to financial reporting, the oversight of the risk management, risk governance and internal control system with respect to compliance, internal audit and relations with external auditors. Particularly, the ARC assists the Board in:

- Monitoring and assessing the integrity of the financial statements;
- Ensuring an effective system of internal control and compliance over the financial reporting and for meeting its external financial reporting obligations;
- Reviewing the risk analysis, risk profile and risk appetite;
- Ensuring that systems of risk management, internal control and compliance are adequate and effective to identify, measure, aggregate, control and report risk;
- The selection, oversight and remuneration of the external auditors;
- The selection of candidacy for Head of Internal Audit.

The ARC submits an annual activity report to the Board.

The Chair of the ARC reports matters of significance to the Board after each meeting and the documentation, including the minutes of the meetings are made available to all Board members.

Meetings
The quorum for meetings of the ARC is the majority of the members. The ARC meets as often as its Chair deems necessary, but in principle holds six meetings a year, two of which are dedicated to the semi-annual and annual accounts. In 2024, the ARC held the usual six meetings, two of which covered accounts and lasted approximately one hour. The duration of the remaining four meetings was on average five hours. In addition, the ARC held four 'In-Camera' meetings, where the ARC held individual sessions with the Chief Risk Officer, Chief Finance Officer, Chief Compliance Officer, General Counsel, Head of Internal Audit, Financial Controller and External Audit. The duration of these meetings was on average one hour and a half. The ARC also held three extraordinary meetings in 2024 to discuss, among others, regulatory developments and remediation activities.

The Chair decides on the invitees to these meetings depending on the items to be covered as part of the agenda. When appropriate, management was represented by the Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer, the General Counsel, the Head of Internal Audit and External Audit. The Chair of the PBRS Board also attended meetings. Invitees joined the meetings at the request of the Chair.

Composition
As of 31 December 2024, the ARC was composed of the following members:

- Kim Fox — Chair*
- Gabriel Kemmler — Member*
- Vivek Ram — Member

*Independent member

2.3 Chair's Committee

The Board has established a Chair's Committee ("CC").

Role and responsibilities

The CC takes decisions on remuneration matters and acts in an advisory capacity to the Chair and the Board in relation to succession planning, appointments, governance and other matters as delegated by the Board.

The Chair of the CC informs the Board at its next meeting of the outcome of the key discussions following each meeting of the CC and the minutes of the meetings are made available to all Board members.

Meetings

The quorum for meetings of the CC is the majority of the members. The CC shall meet as often as its Chair deems necessary, but in principle, holds at least one meeting per year. In 2024, the CC held four meetings (one regular and three extraordinary meetings). At these meetings, the Chair's Committee reviewed the Board composition and its succession planning. The CC also reviewed the remuneration of the Chief Executive Officer, Senior Management and the independent Non-Executive Directors as well as the total variable pool. The duration of the meetings was on average one hour.

The Chair decides on the invitees to the CC meetings depending on the items to be covered as part of the agenda.

Composition

As of 31 December 2024, the CC was composed of the following members:

– Yannick Hausmann	Chair *
– Johannes Jürgen Koch	Member *
– Kim Fox	Member *

* Independent non-executive director

Mr Koch had stepped down from the Chair's Committee from on 31 December 2024.

2.4 Oversight

2.4.1 Information and control instruments vis-à-vis the Executive Committee

The Board is kept informed of the activities of the Bank mainly through the Chief Executive Officer and the Executive Committee members attending the meetings of the Board and its Committees. The Board is updated by Management and Internal Audit on all key issues at its meetings and receives reports covering the PBRS Group's business affairs and activities, progress against the strategic initiatives, risks and financials, including performance against plan and forecasts for the year-end. The Chair of the ARC reports on discussions on significant risk and financial control items that took place at the ARC meetings. Between Board meetings, the Board is informed by the Chief Executive Officer or any other Executive Committee members on important issues. Regular meetings are held between the Chair of the Board and the Chief Executive Officer, who reports on material events. The Chair of the ARC has discussions with members of Management, Internal Audit and External Audit as necessary. In addition, the Board members receive the minutes of the meetings of the Board Committees and the Executive Committee and the Risk Management Meeting.

During and outside Board meetings, Board members may request information about any matters concerning the Bank from Board or Executive Committee members, that they deem necessary to fulfil their duties and obligations.

2.4.2 Delegation of authority within limits set by the Board

Subject to the reservation of the matters set out in the Articles of Association and Organisational Regulations, the Board has delegated to the Chief Executive Officer execution limits and powers within which to manage the day-to-day affairs of the Bank.

In alignment with the HSBC Group Delegation of Authority Framework, the Board has additionally authorized and empowered certain role-holders to approve, sign and execute, endorse and deliver in the name of, and on behalf of, the Bank all written agreements, undertakings, documents, returns and obligations in accordance with set tables subject to, and following compliance with, all relevant internal processes, policies and procedures.

The use of the execution limits including those related to credit risk and the engagement of certain expenses require concurrence by various HSBC sanctioning authorities as regulated by the policies or directives issued by HSBC Group.

The Chief Executive Officer and the Chief Financial Officer are granted the authority to approve and sign on behalf of the Company letters of comfort or letters of support on such terms and subject to such limits as determined by the Chief Executive and/or the Chief Financial Officer in their absolute discretion.

2.4.3 Risk Management

The HSBC Group’s Book set an overarching standard for all other policies and procedures and are fundamental to the Bank’s risk management structure. The HSBC Group’s Book guide all that we do at HSBC and are embodied in our strategy, our values, how we conduct our business, and how we manage risk.

Applicable to all employees, the Risk Management Framework (“RMF”) provides an effective and efficient approach on how to govern and oversee the organisation, as well as how to monitor and mitigate risks to the delivery of the strategy.

The Chief Risk Officer heads the Risk function and has accountability for the oversight of all risks as part of the oversight of RMF. This Risk function is responsible for the risk control and is independent from profit-generating business activities.

Additional information on the corporate and risk governance, risk management tools, responsibilities and material risks can be found in the Risk Management section of this Annual Report on pages 51 to 64.

2.4.4 Internal Audit

The Internal Audit function provides independent and objective assurance on the design and operating effectiveness of the Bank's risk management framework, control and governance processes, focusing on the areas of greatest risk. The Head of Internal Audit reports to the Chair of the ARC and functionally to the HSBC Global Head of International Wealth and Premier Banking Audit. Executive management is responsible for ensuring that issues raised by the Internal Audit function are addressed within an appropriate and agreed timetable.

Internal Audit systematically, objectively and independently assesses:

- whether major risks are appropriately identified and managed.
- the effectiveness of the internal control systems.
- the governance processes established to ensure compliance with applicable policies, laws and regulations; and
- whether management performs efficient monitoring and oversight.

Prepared independently, Internal Audit reports are distributed to the Accountable Executive, ARC, Executive Committee and the Company Secretary.

Internal Audit conducts an annual risk assessment, in which it takes account of external developments, internal factors and the audit cycle. Based on the risk assessment, Internal Audit defines the focus of the audit objectives for the next auditing period. All risk-relevant business activities are subject to an audit by the function itself or by the external auditors in the context of multi-year planning. The Internal Audit Plan is annually submitted to the ARC outlining the risk assessment and seeking approval for the audit objectives and audit planning.

Throughout the year, Internal Audit assesses whether there have been any key changes in the risk profile and if those changes require the audit planning to be adjusted. Any significant adjustments to the annual planning are submitted to the ARC for approval and to the external auditors for information.

The purpose, authority, and responsibility of the Internal Audit function is formally defined in the Global Internal Audit (GIA) Charter, which global, regional and local Internal Audit teams are required to adopt. The Charter, which is publicly available and re-submitted to the ARC annually for approval, includes the following critical components:

- Purpose and Authority – defining the objectives and scope of GIA; and the authority and responsibilities of GIA which include evaluating the effectiveness of the HSBC's risk management, internal controls, and governance processes.
- Independence and Objectivity – outlining GIA's management reporting position within HSBC.
- Accountabilities and Scope of Work – stating the responsibilities and accountabilities of the Group Head of Audit (the Chief Auditor).

3. Executive Committee

Areas of responsibility

The Executive Committee is the highest management committee of the Bank and the PBRS Group with collective responsibility and accountability for the day-to-day operations, including the management of the balance sheet structure, capital adequacy and liquidity, alongside ensuring the implementation of an adequate governance framework in relation to the consolidated supervision regarding business, compliance and risk matters.

Under the leadership of the Chief Executive Officer, the Executive Committee has the main responsibilities to implement the strategy, manage the day to day activities of the Bank, and monitor risk.

The Executive Committee Members and Management ensure proper oversight of the PBRS Group, discharging their duties with the support of the Risk Management Meeting, and the following Management Committees:

- The Asset and Liability Committee.
- The Due Diligence Committee.
- The Reputational Risk and Client Selection Committee.
- The Product Oversight Committee.
- The Outsourcing Committee.
- The Information Sharing Committee; and
- The Personal Data Approval Committee.

Membership

As of 31st December 2024, the Executive Committee was composed of the following members:

Gabriel Castello	Chair
Karl Faivre	Member
Thomas Howse	Member
Rachel Mattatia	Member
Erik Barnett	Member (since 27 August 2024)
John Shipman	Member
Daniel Calado	Member
Andreas Piepke	Member
Juan Antonio Roche	Member (since 03 July 2024)

Following his promotion as Interim Chief Executive Officer (CEO) of HSBC Global Private Banking, Mr. Castello stepped down from his role as CEO of the Bank, with effect 01st January 2025. He was succeeded by Mr. Shipman as interim CEO. Mrs Jane French, HSBC Global Chief Risk and Compliance Officer for HSBC Global Banking and Markets until 31 December 2024, has taken over the Chief Risk Officer (CRO) position on an interim basis, with effect 01st January 2025.

During 2024, the following have stepped down from the Executive Committee: Mrs Isabelle Monestes, previously Chief Compliance Officer, has taken a role in HSBC Group compliance in London since August 2024 while Mr. Sobhi Tabbara, previously Market Head Middle East and

North Africa, and Mr Konstadinos Hatzinikolis, previously Head of Front Office Supervision for Europe International, have left the Bank respectively in January 2024 and July 2024 to pursue other opportunities.

Additional activities of the Executive Committee Members
Certain Members of the Executive Committee have, in addition to their Bank position, a Global or Regional role within HSBC Group and attend related Group Forums. These Global or Regional roles aim at ensuring that strategies and policies are applied consistently across legal entities and businesses and to provide guidance and support. The Global or Regional roles and the related Forums have no executive decision making authorities on behalf of legal entities and they do not commit the Bank in any case.

Executive Committee Members Biographies

Gabriel Castello
Nationality: Spanish and French / Year of Birth: 1965.

Function
Chief Executive Officer HSBC Private Bank (Suisse) SA; Chair of the Executive Committee; and Country Head Switzerland

Professional history and education
Mr. Castello joined HSBC in July 2022 as CEO HSBC Private Bank (Suisse) SA, Regional Head of EMEA Global Private Banking and Country Head of Switzerland. Prior to joining HSBC, he has held a number of senior roles in private banking in Switzerland, France and Spain, in a career spanning over 30 years in the business.

Mr. Castello began his career in 1989 at La Caixa, Spain, holding several senior management roles during his 17-year tenure across wealth management and corporate finance, including as CEO of CaixaBank France.

In 2007, Mr. Castello joined UBS as CEO of France, before moving to Zurich in 2008 to lead the banks' Wealth Management business for LATAM, Caribbean and Europe International and received a promotion to Group Managing Director. In 2015, Gabriel was appointed Chairman of UBS Swiss Financial Advisors AG, and in 2018 became Executive Chairman of Global Wealth Management at UBS Switzerland. Prior to joining HSBC, Gabriel was a Partner at Quintet Private Bank AG in Zurich, Switzerland.

Mr. Castello holds an MBA from IESE, Barcelona and a PhD in Economics from the University of Madrid and La Sorbonne in Paris.

Other activities and functions
- Member of the Asset and Liability Committee
- Member of the Reputational Risk and Client Selection Committee
- Member of the Product Oversight Committee
- Member of the Board of the Swiss Bankers Association
- Member of the Board of the Association of Foreign Banks in Switzerland
- Member of the Board of Nice Tech Holding AG

Daniel Calado
Nationality: Swiss and Portuguese / Year of Birth: 1982.

Function
Chief Financial Officer, Switzerland and Member of the Executive Committee

Professional history and education
Mr. Calado joined HSBC in October 2003. Mr. Calado has a strong track record in private banking, having held several senior positions within the Global Private Banking (GPB) Finance department. Prior to that he performed a variety of global roles for the private banking working as Head of Finance for Investment and Wealth Solutions (IWS), Head of Business Performance, Finance Chief Operating Officer and Head of Financial Planning & Analysis. Between 2003 and 2012, he worked as Head of Cost Reporting and Control of the Bank. Mr. Calado obtained a Business School diploma from the Republic and Canton of Geneva.

Other activities and functions
- Member of the Risk Management Meeting of HSBC Private Bank (Suisse) SA
- Chair of the Asset and Liability Committee of HSBC Private Bank (Suisse) SA

Erik Barnett
Nationality: American and Hungarian / Year of Birth: 1964

Functions
Chief Compliance Officer, Money Laundering Reporting Officer, and Member of the Executive Committee since 27th August 2024.

Professional history and education
Mr. Barnett joined HSBC in 2017 and has held several roles, including Head of Financial Crime Threat Mitigation in the Europe region, as well as head of Financial Crime in Europe. Prior to joining HSBC, Mr. Barnett worked at the U.S. Department of Homeland Security (2009-2017) and U.S. Department of Justice (2002 – 2009). He previously worked in the U.S. Congress.

Mr. Barnett obtained his Bachelor of Arts from University of Arizona in 1986 and his Juris Doctorate from California Western School of Law in 1993.

Other activities and functions
- Member of the Risk Management Meeting
- Member of the Reputational Risk and Client Selection Committee
- Member of the Due Diligence Committee
- Member of the Outsourcing Committee
- Member of the Information Sharing Committee

John Shipman
Nationality: Canadian, French and British / Year of Birth: 1976.

Functions
Chief Risk Officer and Member of the Executive Committee.

Professional history and education
Mr. Shipman joined HSBC in 2010 and has held several roles, including Global Chief Operating Officer for Operational Risk & Internal Control in Global Banking and Markets (2010-2012), Global Head of Operational Risk for Global Private Banking (2012-2014), Global Head of Operational Risk for Global Banking and Markets (2014-2016) and Global Head of Wholesale Operational Risk (2016-2018). In 2018, he was appointed Chief Risk Officer of HSBC Private Bank (Suisse) SA. Prior to joining HSBC, Mr. Shipman worked for UBS Investment Bank in Operational Risk Control (2007-2009), Ernst & Young LLP as a Financial Services Client Services Manager (2004-2006) and AMS Management Systems as Principal Consultant (1999-2004).

Mr. Shipman obtained his Bachelor of Commerce (Honours), from Queen's University, Ontario, Canada in 1999.

Other activities and functions
- Chair of the Risk Management Meeting
- Member of the Asset and Liability Committee
- Chair of the Reputational Risk and Client Selection Committee
- Member of the Outsourcing Committee
- Chair of the Personal Data Approval Committee
- Co-Chair of the People Forum
- Chair of the Board of HSBC Asset Management Switzerland Ltd.
- Vice Chair of the Board of HSBC PB Services (Suisse) SA.
- Board member of HSBC Private Bank (Luxembourg) SA.

Karl Faivre
Nationality: French / Year of Birth: 1976

Functions
Head of WPS (Wealth and Premier Solutions) and Member of the Executive Committee

Professional history and education
Mr. Faivre joined HSBC Private Bank in London in May 2016 as Global Head of Structured Products and in June 2017, he was appointed Interim Global Head of Investments ex-discretionary. In 2018, Mr. Faivre was transferred to Geneva as Head of the Investment Services and Product Solutions (ISPS) department, and in Nov 2021, he was appointed as EMEA and PBRS Head of IWS. He is also the Global Lead for the WPS UHNW Solutions Group since 2022. Prior to HSBC, he was with Barclays Investment Bank in France and in London for over ten years, holding various senior roles, including Director of Investors Solutions, Head of UK Offshore Coverage and Head of Internal Private Bank Coverage for Continental Europe. Mr. Faivre started his career with Credit Lyonnais Securities in London in 2002.
Mr. Faivre obtained a Master in Biochemistry from the University of Montpellier II in 2000 and a MSc Management from EMLYON in 2003

Other activities and functions
- Member of the Risk Management Meeting of HSBC Private Bank (Suisse) SA
- Chair of the PBRS and PBCI Product Oversight Committee
- Member of the Business Committee
- Co-chairman of the PBRS ESG Steerco

Rachel Mattatia
Nationality: Swiss and Greek / Year of Birth: 1971.

Functions
General Counsel and Member of the Executive Committee.

Professional history and education
Mrs Mattatia has been with the HSBC Group since May 1999, when she joined as Legal Counsel the Credit Commercial de France (Suisse) SA, which was taken over by HSBC Guyerzeller Bank Ltd. in January 2002, at which time she held the position of Legal Counsel and Compliance Officer. In April 2009, she joined HSBC Private Bank (Suisse) SA as Senior Legal Advisor following the merger between HSBC Private Bank (Suisse) SA and HSBC Guyerzeller Bank Ltd., and subsequently was appointed Associate General Counsel in March 2013, Deputy General Counsel in December 2015 and General Counsel and Member of the Executive Committee in July 2017. Mrs. Mattatia obtained a law degree from the University of Geneva in 1995 and qualified as an attorney-at-law admitted to the Geneva Bar in 1998.

Other activities and functions
- Member of the Risk Management Meeting
- Member of the Due Diligence Committee
- Member of the Reputational Risk and Client Selection Committee
- Member of the Outsourcing Committee
- Chair of the Information Sharing Committee
- Member of the HSBC Swiss Pension Fund (vice-Chair).

Thomas Howse
Nationality: British / Year of Birth: 1975.

Functions
Head of Human Resources and Member of the Executive Committee.

Professional history and education
Mr. Howse joined HSBC Private Bank (Suisse) SA in May 2014 as Head of Human Resources Operations. In December 2017, Mr. Howse took up office as Ad Interim Head of Human Resources before being formally and permanently appointed in 2018. Prior to joining HSBC Private Bank (Suisse) SA, Mr. Howse worked at J.P. Morgan in London as EMEA Head of Corporate Development Programme and EMEA Graduate Recruitment Operations Manager. Before J.P. Morgan, Mr. Howse was employed by Bechtel Corporation – Oil, Gas in two different roles, HR Business Partner and Senior Cost Engineer and Proposal Estimator from 2005 to 2010.

Mr. Howse obtained a Bachelor in Sciences in Geography & Geology from the University of Birmingham in 1996 and a Post Graduate Diploma in Human Resources Management from Thames Valley University, (University of West London) in 2003.

Other activities and functions
- Member of the Risk Management Meeting
- Co-Chair of the People Forum
- Member of the Outsourcing Committee
- Member of the HSBC Swiss Pension Fund.

Andreas Piepke
Nationality: German / Year of Birth: 1976.

Function
Chief Operating Officer and Member of the Executive Committee.

Professional history and education
Mr. Piepke joined HSBC in 2005 and since then performed various roles in the organisation in Germany, Switzerland, UK and Hongkong. During February 2006 and February 2017 he performed various leadership roles across HSBC Private Banking in the UK but also Switzerland (February 2006 to October 2011). From March 2017 and to April 2021, Andreas spend nearly 4 years in Compliance, first as COO for Financial Crime Risk Europe but also 2 years as COO Compliance in Asia Pacific based out of Hongkong. Since April 2021 Andreas worked as COO EMEA for GPB and Wealth before taking on the additional responsibilities in Switzerland earlier this year

Mr. Piepke holds a Bachelor and Master Degree in Banking and Finance from the Frankfurt School of Finance and Management.

Other activities and functions
- Member of the Risk Management Meeting
- Chair of the Due Diligence Committee
- Chair of the Outsourcing Committee
- Member of the Personal Data Approval Committee

Juan Antonio Roche

Nationality: Spanish / Year of Birth: 1971.

Function
Head of Client Coverage and Member of the Executive Committee.

Professional history and education
Mr. Roche brings 30 years of experience in Private Banking and Asset Management combining client and content experience in various jurisdictions and business regions always. He started his career in Santander AM (94-04) where he became deputy CIO, Head of Asset Allocation and Alternative Investments and member of the Investment Committee. From 2004 to 2017 he held different senior responsibilities in UBS among them Head of Products Iberia, General Manager of UBS Bank SA and member of its Executive Committee, Head of HNWI Latam in BC Switzerland and member of the Latam Executive Committee and Head of HNWI Europe International and member of the Executive Committee of this region. From 2017 to June 2023 Mr. Roche was Head of Products, Subdirector General and member of the Executive Committee of Banca March in Spain, under Banco de España and CNMV jurisdiction.

Mr Roche obtained a BA in Economics in 1994 Universidad San Pablo CEU – Complutense Madrid.

Other activities and functions
- None

4. Remuneration

The remuneration of the Executive Committee members follows the HSBC reward strategy. It helps to attract, retain and motivate the very best people, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience. This strategy recognises people who are committed to the sustainable long-term performance of HSBC in the interests of our shareholders and other stakeholders.

As one aspect of employment, reward is designed to support rather than be the overriding focus of our employment proposition at HSBC. Employees' reward gets reviewed on an annual basis during the 'on-cycle' process, also known as Annual Pay Review. Activity impacting reward outside this process is known as 'off-cycle'.

The Executive Committee members are remunerated in the same manner as other employees and are not authorised to set or recommend their own remuneration.

HSBC's reward strategy is designed to include a competitive reward package that includes a mix of fixed pay, variable pay and employee benefits. The strategy is based on the following **key principles:**

Alignment to performance at all levels:

We assess performance at the group, business and individual level, taking into account both **'what' has been achieved** and **'how' it has been achieved**.

The 'how' helps ensure that performance is sustainable in the longer term and takes into account alignment to HSBC values and adherence to risk / compliance standards.

Market Benchmarks:

Being informed, but not driven by, market position and practice. Market benchmarks, are sourced through independent specialists and provide an indication of the range of pay levels and employee benefits provided by our competitors.

Targeting pay for employees across the full market range depending upon their individual performance and that of the Group. An individual's position in this market range will also vary depending upon their performance in any given year

Regulations:

Compliance with relevant regulations and ensuring this applies at a high standard across all of our countries and territories.

Executive Committee members receive the following pay elements:

Fixed Pay	Pre-determined, non-deferred compensation that is paid on a regular basis e.g. base salary, market allowances, Fixed Pay Allowances, etc. Fixed pay is expected to meet the employee's basic day-to-day cost of living in their country of employment.

Variable Pay	Variable pay is awarded on a discretionary basis and dependent upon Group, business and individual performance. Generally, refers to discretionary, annual awards which are not part of fixed pay.

Employee Benefits	We aim to provide employee benefits that are valued by a diverse workforce, appropriate at the local market level and which support HSBC's commitment to employee well-being. Generally refers to non-cash compensation which differs by location and is provided in addition to fixed and variable pay e.g. pension contributions, medical insurance, all employees share plans etc.

The overall performance assessment takes into account (i) performance against non-financial measures, (ii) financial performance based on profit and not on revenues, while accounting for the current and future risk associated with the generation of profit, and (iii) the outcome of an assessment against HSBC values and business principles.

Variable remuneration above a certain threshold is subject to deferral based on deferral rates as approved by the Group Remuneration Committee, taking into account any applicable regulatory requirements. The variable remuneration can consist of cash and awards over HSBC Holdings Plc shares. Share awards are granted subject to forfeiture (malus), wholly or partially, should a relevant negative event occur. Awards granted to individuals identified as material risk takers for the HSBC Group on or after 1 January 2015 are also subject to claw back, subject to compliance with any local regulatory requirements.

On an annual basis and as delegated by the Board, the Chair's Committee reviews the Bank Remuneration Principles and Policy, which derive from the Remuneration Principles adopted by the HSBC Group.

In accordance with the Bank Remuneration Principles and Policy, a Chair's Committee has been established to review and formally approve the remuneration of Senior Management and the total pool of variable remuneration. The Chair of the Chair's Committee informs the Board at its next meeting of the outcome of the key discussions.

Board

The Directors employed by HSBC do not receive fees or any other remuneration for the provision of directorship services to the Board of PBRS.

The fees of the other external non-executive Directors are determined by the Shareholder based on proposals made by the Chair, taking into consideration the Group non-executive Director Fee Framework (the "Framework"), market data and practice in Switzerland in consultation with the external executive search firm. The approval of the Group Remuneration Committee is required where the proposed fees exceed the threshold established by the Framework.

5. External audit firm

5.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA (PwC), Geneva, were appointed as statutory auditors of HSBC Private Bank (Suisse) SA ("PBRS") in 2015.

The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting. Philippe Bochud took up office as lead audit partner in 2022.

5.2 Auditing fees

PwC received fees totalling CHF 1.7 million for the 2024 financial and regulatory audits of PBRS.

5.3 Additional fees

No additional audit-related services were performed by PwC during the 2024 financial year.

5.4 Supervisory and control instruments vis-à-vis the auditors

The Audit and Risk Committee, on behalf of the Board of Directors, monitors the qualification, independence and performance of the PBRS auditors and their lead partners. The Audit and Risk Committee confers with the PBRS Group auditors about the effectiveness of the internal control systems in view of the risk profile of the Bank.

The Audit and Risk Committee reviews the annual written statement submitted by the external auditors as to their independence. Mandates to the PBRS Group auditors for additional audit, audit-related and permitted non audit work are subject to preapproval by the Audit and Risk Committee.

The external auditors provide timely reports to the Audit and Risk Committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management.

The Audit and Risk Committee meets regularly with the lead partners of the external auditors, at least four times per year. It also meets regularly with the Head of Internal Audit. At least once per year, the Chair of the Audit and Risk Committee discusses with the lead partner of PwC the audit work performed, the main findings and critical issues that arose during the audit.

The Chair of the Audit and Risk Committee reports back to the Board of Directors about the contacts and discussions with the external auditors.

The external auditors have direct access to the Audit and Risk Committee at all times.

6. Risk strategy and risk profile

Private banking is a business activity which inevitably entail inherent direct and indirect risks.

The main risks are:

- Credit risk
- Liquidity risk
- Market risk
- Resilience risk
- Legal risk
- Regulatory Compliance risk
- Financial Crime and Fraud risk
- Reputational risk

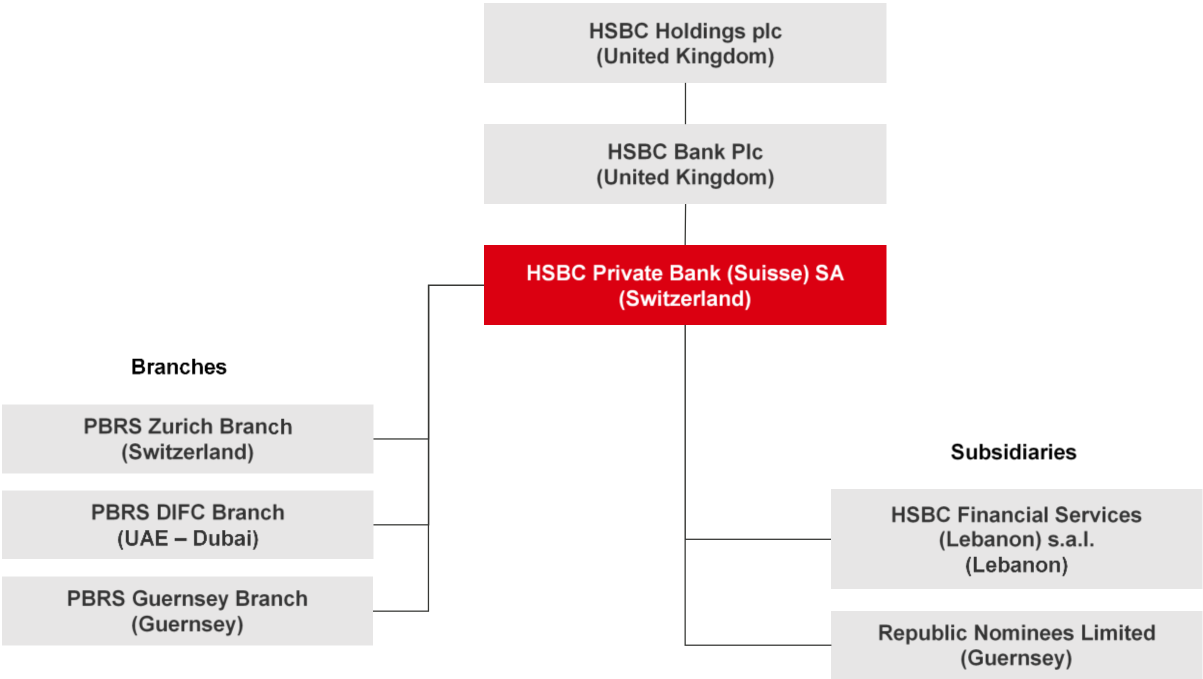
The section on Risk Management (pages 51 to 64) describes in details the main risks to which the Bank is exposed. The Bank considers that its Risk Management Framework is a central component of its strategy, and maintaining it constantly adequate to the regulatory environment, to the business evolution, and to the customer needs is an absolute condition for a sustainable and long-term success.

The Board defines the risk strategy by which certain risks will be avoided, mitigated or transferred, and the residual risks will be assigned a level of appetite and tolerance. The strategy is implemented by the Management, who will ensure that the controls and processes are in place and efficiently performed. A sound monitoring and accurate reporting with a fast escalation process complete the Risk Management Framework. By complementing the expertise of the front units with a strong risk culture and adequate levels of controls, the Bank strives to preserve its client assets, keep a solid capital base and maintain its reputation in the long run.

Organisation Chart

HSBC Private Bank (Suisse) SA - simplified legal structure*

Situation as of 31 December 2024



* This structure chart includes the main operating entities

Statutory Financial Statements

BALANCE SHEET

CHF'000	2024	2023
Assets		
Liquid assets	536,211	2,072,061
Amounts due from banks	653,913	1,094,684
Amounts due from securities financing transactions	2,803,698	3,649,339
Amounts due from customers	8,310,548	6,995,994
Mortgage loans	2,238,272	2,131,346
Trading portfolio assets	170,617	116,879
Positive replacement values of derivatives financial instruments	254,873	158,085
Financial investments	4,060,285	4,892,703
Accrued income and prepaid expenses	90,814	89,489
Participations	78	630
Tangible fixed assets	42,379	46,015
Other assets	7,066	10,020
Total assets	**19,168,754**	**21,257,245**
Total subordinated claims	-	-
- *of which subject to mandatory conversion and /or debt waiver*	-	-
Liabilities		
Amounts due to banks	1,194,594	899,814
Liabilities from securities financing transactions	428,783	1,010,044
Amounts due in respect of customer deposits	16,092,196	18,071,038
Negative replacement values of derivatives financial instruments	238,488	142,115
Accrued expenses and deferred income	148,720	142,238
Other liabilities	62,946	35,948
Provisions	20,845	27,235
Bank's capital	650,000	650,000
Statutory capital reserve	214,396	214,396
Statutory retained earnings reserve	64,417	365,024
Profit carried forward	-	52,314
Profit/(Loss) for the year	53,369	(352,921)
Total liabilities	**19,168,754**	**21,257,245**
Total subordinated debt	226,076	209,711
- *of which subject to mandatory conversion and /or debt waiver*	*226,076*	*209,711*

OFF-BALANCE SHEET

CHF'000	2024	2023
Contingent liabilities	166,679	170,926
Irrevocable commitments	709,359	445,314

STATEMENT OF INCOME

for the periods ended 31 December 2024 and 31 December 2023

CHF'000	2024	2023
Result from interest operations		
Interest and discount income	723,482	522,688
Interest and dividend income from financial investments	178,940	102,028
Interest expense	(697,577)	(469,057)
Gross result from interest operations	**204,845**	**155,659**
Changes in value adjustments for default risks and losses from interest operations	72	1,396
Subtotal net result from interest operations	**204,917**	**157,055**
Result from commission business and services		
Commission income from securities trading and investment activities	177,180	139,953
Commission income from lending business	1,173	1,566
Commission income from other services	20,909	21,159
Commission expense	(38,000)	(24,756)
Subtotal net income from commissions business and services	**161,262**	**137,922**
Result from trading operations	**27,587**	**14,345**
Other result from ordinary activities		
Income from participations	1,234	1,210
Result from real estate	289	141
Other ordinary income	14,659	13,416
Other ordinary expenses	(3,025)	-
Subtotal other result from ordinary activities	**13,157**	**14,767**
Operating expenses		
Personnel expenses	(157,133)	(135,668)
General and administrative expenses	(166,119)	(139,184)
Subtotal operating expenses	**(323,252)**	**(274,852)**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(19,416)	(396,917)
Changes to provisions and other value adjustments, and losses	(1,065)	328
Operating result	**63,190**	**(347,352)**
Extraordinary income	920	234
Taxes	(10,741)	(5,803)
Profit / (Loss) for the year	**53,369**	**(352,921)**

CASH FLOW STATEMENT

at 31 December 2024 and 31 December 2023

CHF'000	Source 2024	Use 2024	Source 2023	Use 2023
Profit / (Loss) for the year	53,369	-	-	352,921
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	19,416	-	396,917	-
Provisions and other value adjustments	-	6,390	-	6,351
Change in value adjustments for default risks and losses	1,418	-	312	-
Accrued income and prepaid expenses	-	1,325	-	42,708
Accrued expenses and deferred income	6,482	-	31,265	-
Previous year's dividend	-	-	-	-
Cash flows from operating activities	**72,970**	**-**	**26,514**	**-**
Share capital	-	-	250,000	100,000
Cash flows from equity transactions	**-**	**-**	**150,000**	**-**
Participations	565	13	264,000	11
Tangible fixed assets	-	15,780	294	13,835
Intangible assets	-	-	-	324,814
Cash flows from transactions in respect of participations, tangible fixed assets and intangible assets	**-**	**15,228**	**-**	**74,366**
Medium- and long-term business (more than one year):				
Amounts due to banks	226,076		-	739,233
Amounts due in respect of customer deposits	-	209,711	-	20,763
Negative replacement values of derivatives financial instruments	5,771	-	2,339	-
Amounts due from banks	-	-	-	-
Amounts due from securities financing transactions	-	98,190	-	1,258,268
Amounts due from customers	-	145,385	-	433,234
Mortgage loans	-	136,775	-	171,619
Positive replacement values of derivatives financial instruments		9,984	34,659	-
Financial investments	-	580,912	-	134,442
Short-term business:				
Amounts due to banks	68,704	-	-	3,552,579
Liabilities from securities financing transactions	-	581,261	458,154	-
Amounts due in respect of customer deposits	-	1,769,131	13,607,903	-
Negative replacement values of derivatives financial instruments	90,602		-	59,275
Amounts due from banks	440,771		-	527,805
Amounts due from securities financing transactions	943,831		-	2,391,071
Amounts due from customers	-	1,165,349	-	1,367,616
Mortgage loans	24,611	-	-	128,110
Positive replacement values of derivatives financial instruments	-	86,804	42,643	-
Trading portfolio assets	-	53,738	-	24,259
Financial investments	1,413,330	-	-	2,087,526
Other assets	2,954	-	-	4,368
Other liabilities	26,998	-		20,516
Cash flows from banking operations	**-**	**1,593,592**	**1,225,014**	**-**
Change in liquid assets		**1,535,850**	**1,327,162**	

CHF'000	2024	2023
Liquid assets at beginning of the year	2,072,061	744,899
Liquid assets at the end of the year	536,211	2,072,061
Change in liquid assets	**(1,535,850)**	**1,327,162**

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2024

CHF'000	Bank's capital	Capital reserve	Retained earnings reserve	Voluntary retained earnings reserves and profit / loss carried forward	Result of the period	Total
Equity at the beginning of the year 2024	650,000	214,396	365,024	52,314	(352,921)	928,813
Offsetting of accumulated losses		-	(300,607)	(52,314)	352,921	-
Profit for the year	-	-	-	-	53,369	53,369
Equity at the period ended 31 December 2024	**650,000**	**214,396**	**64,417**	**-**	**53,369**	**982,182**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2024

1. Activity and number of employees of the Bank

HSBC Private Bank (Suisse) SA ("the Bank" or "PBRS") was incorporated in January 2001. The Bank has its head office in Geneva with branches in Zurich, Guernsey and Dubai.

The Bank has been authorized to open a new branch in Guernsey in order to operate the existing Guernsey Private Banking business to be transferred from HSBC Bank plc, which has been completed on 1st July 2023. As a result of such business transfer, a total of CHF 10.0bn of customer deposits (CHF 4.1bn of organic deposits and CHF 5.9bn of fiduciary deposits) have been recognized on the Bank's balance sheet. On the assets side, CHF 1.2bn of loans to customers and CHF 9.0bn of intergroup assets have been integrated into the Bank's balance sheet starting 1st July 2023, through its new Guernsey Branch. The Purchase Price of HSBC Bank plc, London, Guernsey branch Private Banking business (Asset Deal) is CHF 305m. This transaction is hereinafter referred to as "Acquisition of Guernsey PB".

In the context of the New European Recovery & Resolution regulation, HSBC Private Bank (Luxembourg) SA has been transferred to HSBC Continental Europe in November 2023. Considering that the remaining subsidiaries (SICO Limited (BVI) and HSBC Financial Services (Lebanon) SAL) of the Bank are not material, FINMA approved the cessation of the quantitative consolidated supervision for the Bank. Following this decision, the Bank is no longer required to establish consolidated financial statements.

The Bank carries out all the ordinary banking and securities dealers' operations for the account of its clients and its own account. Its principal activities are wealth management for private and institutional clients and providing credit facilities.

At 31st December 2024, the full-time equivalent number of employees was stable at 544, identical as per the full-time equivalent number of employees at 31st December 2023.

Outsourcing of IT and other services through agreements with companies owned by the HSBC Group is done according to FINMA circular 2018 / 3 "Outsourcing – Banks and Insurers".

2. Accounting and valuation principles

The accounting and valuation principles are prepared according to the requirements of the Banking Ordinance, FINMA Accounting Ordinance and FINMA circular 20/1 'Accounting – Banks (ARB)' which entered into force on 1st January 2020. The accompanying reliable assessment statutory single-entity financial statements present the economic situation of the Bank such that a third party can form a reliable opinion. The financial statements are allowed to include hidden reserves.

The financial statements are prepared on the assumption of an ongoing concern. The accounting is therefore based on going-concern values.

No change has been applied to the recognition and valuations principles in 2024.

The disclosed balance sheet items are valued individually unless stated otherwise.

Comparative figures, where necessary, are adjusted to conform to any changes in presentation in the current year.

Recording of transactions

The balance sheet is presented in accordance with the trade date principle.

Conversion of foreign currencies

The annual accounts are presented in Swiss francs. Income and expenses in foreign currencies arising during the year are translated at the exchange rates prevailing at the date of the transaction. Exchange differences are recorded in the statement of income. Assets and liabilities expressed in foreign currencies are converted at the daily rate of the balance sheet date.

The financial statements of the Guernsey branch prepared in GBP has been translated into Swiss francs at the rate applicable on the reporting date. Income statements are converted at the average monthly exchanges rates.

Main exchange rates ruling at the balance sheet dates are as follows:

	2024	2023
USD	0.9043	0.8388
EUR	0.9384	0.9283
GBP	1.1329	1.0681

Outright forward exchange contracts are translated at the exchange rate ruling at the balance sheet date. Profits and losses on these exchange positions are included in the foreign exchange results at the balance sheet date.

Liquid assets

Liquid assets are recognized at their nominal value.

Amounts due from banks

Amounts due from banks are recognized at their nominal value less any necessary value adjustments. Amounts due in respect of precious metal account deposits are valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Amounts due from customers and mortgage loans

Amounts due from customers and mortgage loans are carried at their nominal value less any necessary value adjustments.

Interest (including accrued interest) and related commissions due and unpaid for more than 90 days are not included in interest income.

Value adjustments are created to cover potential loss on the loan book that ensures the quality of any collateral, and the financial capacity and willingness of the borrower. When a portion or all of the loan is deemed uncollectible, the amount is deducted from the corresponding asset item in the balance sheet and charged in full, in the income statement to “changes in value adjustments for default risks and losses from interest operations”.

The individual valuation adjustments including accrued interest are deducted from the corresponding asset item in the balance sheet.

Trading portfolio assets

Trading operations comprises exclusively precious metals. The trading portfolio relating to trading operations are valued and recognized at fair value. Fair value is the price based on a price-efficient and liquid market.

The price gain or loss resulting from the valuation is recorded via the item “Result from trading operations”. The costs of refinancing trading operations are not debited from the “Result from trading operations”.

Financial investments

Debt securities which the Bank does not intend to hold to maturity are classified as available for sale and are valued according to the lower of cost or market principle. According to FINMA-AO art. 16 para 4, the Bank follows the possibility to use the adjusted amortized costs, even if the amortized cost is higher than the historical cost.

As a rule, negative value adjustments are booked under “Other ordinary expenses” and positive value adjustments are recorded under “Other ordinary income”. Profits and losses arising from the sale of securities valued according to the lower of cost or market principle are accounted for under “Result from the disposal of financial investments”. In the case of financial investments valued at the lower of cost or market value, an upwards revaluation to the amortized cost at maximum is to be recognized where the fair value falls below the acquisition cost and then recovers. The balance of the changes in book value is recognized via the items “Other ordinary expenses” or “Other ordinary income”, wherever appropriate.

Interest-bearing securities that are intended to be held to maturity are recorded at acquisition cost. The premiums or discounts are amortized according to the effective yield method over the remaining life of the instrument (accrual method) under the statement of income “Interest and dividend income from financial investments” heading. The results from the disposal of these debt instruments are recorded in the balance sheet and amortized over the residual terms of these instruments. When these results correspond to a net loss, a value adjustment is recorded.

All client precious metal positions which are covered by proprietary precious metal positions are included in “Amounts due in respect of customer deposits”. Such proprietary precious metal positions are classified either as “Financial investments” or as “Amounts due from banks” depending on the nature of the position. All precious metal positions are accounted for at market value.

Tangible fixed assets

Tangible fixed assets are carried on the balance sheet at acquisition cost less any depreciation required. They are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives of the main categories are as follow:

- Building without land 50 years
- Fixtures and fittings 5-10 years
- Furniture, equipment 5-8 years
- IT equipment 3-5 years
- Internally generated software 3-5 years
- Core Banking System 10 years

The accounting for the costs related to the proprietary software depends on whether they arise in a research phase or a development phase. Research expenditure is recognized as an expense. Development expenditure that meets specified criteria is recognized as the cost of a proprietary software. After initial recognition, the Bank measures the proprietary software at cost less accumulated amortization and impairment.

Proprietary software is subject to a yearly impairment review as well as when any event or changes could impact the carrying amount.

The impairment testing involves estimation of recoverable amount by calculating the Value in Use (VIU) of an asset or group assets. The VIU is calculated by discounting cash flow projections and compared with the carrying value of the entity or of the fixes asset based on Financial Resourcing Plan (FRP). If the recoverable amount is lower than the carrying value, an impairment charge needs to be recognized.

Assets acquired under finance leases are amortized according to the maturity of the contract if it is shorter than the estimated useful life.

Intangible assets

When acquiring a business through an asset deal, the acquisition cost might be higher than the net assets acquired. If it is positive, the resulting difference is capitalized in the balance sheet. As the useful life of the components of the net assets acquired is difficult to estimate, this difference is fully amortized for reasons of prudence in the year of acquisition.

Financial derivatives instruments

A) Trading financial derivatives instruments

Derivative financial instruments are classified as trading operations, unless they have been contracted for hedging purposes. They are valued at fair value and their replacement value is recorded on the balance sheet.

The revaluation of trading operations is accounted for under "Result from trading operations".

B) Hedging financial derivatives instruments

Types of underlying and hedging transactions

The Bank uses hedge accounting mainly in relation to the following type of transaction:

Underlying transaction	Hedged using
Interest rate risks of interest rate sensitive receivables and payables in the banking book	Interest rate swaps

Economic relationship between the hedged items and the hedging transactions

As soon as a financial instrument is designated as a hedging transaction, the Bank documents the relationship between the hedging instrument and the secured underlying. Among others, it documents the risk management goals and strategy for the hedging transaction and the methods to assess the effectiveness of the hedging. The economic link between the underlying and the hedging transaction is continuously assessed as part of the effectiveness testing by observing the opposing changes in their values and their correlation. Profits or losses on hedges are accounted for under the same heading as the losses or profits on the hedged items. When a hedging instrument is sold, the profit or loss is recorded in the statement of income.

Measurement of effectiveness

A hedge is seen as effective when the required criteria for documentation and hedge effectiveness are met:

- The relationship between the hedging instrument and the hedged item is considered as “highly effective” during the period that the hedge is designated.
- There is a close economic relationship between the hedged item and the hedging instrument.
- The change in fair value of the designated portion of the hedging instrument is within 80 to 125% of the change in the fair value of the designated portion of the hedged item attributable to the risk being hedged.

Ineffectiveness

If a hedging transaction no longer fulfils the effectiveness criteria, it is considered like a trading transaction and the effect of the ineffective portion is recorded via the item ‘Results from trading operations”.

The Bank does not offset positive and negative replacement values with the same counterparty within the terms of the recognized and legally enforceable netting agreements.

Amounts due to banks and amounts due in respect of customer deposits

These items are to be recognized at their nominal value.

Amounts due in respect of precious metal account deposits must be valued at fair value if the precious metal concerned is traded on a price-efficient, liquid market.

Sale and repurchase agreements (including stock lending and borrowing)

When securities are sold subject to a commitment to repurchase them at a predetermined price (“repos”), they remain on the balance sheet and a liability is recorded in respect of the consideration received. Securities purchased under commitments to sell (“reverse repos”) are not recognized on the balance sheet and the consideration paid is recorded in “Amounts due from banks” or “Amounts due from customers” as appropriate. The difference between the sale and repurchase price is treated as interest and recognized over the life of the agreement.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash advanced or received. The transfer of securities to counterparties is not normally reflected on the balance sheet. Cash collateral advanced or received is recorded as an asset or a liability respectively. Securities borrowed are not recognized on the balance sheet, unless they are sold on to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value, and any gains or losses are included in “Result from trading operations”.

Provisions

Legal and factual obligations are valued regularly. If an outflow of resources is likely and can be reliably estimated, a corresponding provision is created.

Existing provisions are reassessed at each balance sheet date. Based on this reassessment, the provisions are increased, left unchanged or released.

Positions are recorded in the income statement under "Changes to provisions and other value adjustments and losses".

Provisions are released via the income statement if they are no longer needed on business grounds and cannot be used for other similar purposes at the same time.

Value adjustments for default risks

The Expected Credit Losses ("ECL") approach is defined in the FINMA circular 20/1 'Accounting – Banks and the FINMA Accounting Policy Ordinance and Banks and Financial Institutions have to account for a value adjustment on performing loans and other receivables to cover for the expected loss of credit.

According to Art. 25 of the FINMA Accounting Policy Ordinance (AccO-FINMA) the following items could be subject to ECL computation:

- Amounts due from banks ('wholesale'),
- Amounts due from customers ('retail'),
- Mortgages loans ('retail'),
- Debt instruments in financial assets that are intended to be held until final maturity ('Financial investments').

The Bank forms value adjustments and provisions for expected losses in accordance with the Swiss provisions of the AccO-FINMA (Art.25 para. 4 AccO-FINMA), based on the approach followed by the Head Office, who is already calculating ECL for the purpose of preparing its own consolidated financial statements under IFRS.

At initial recognition, allowance is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognized are considered to be stage 1; financial assets that are considered to have experienced a significant increase in credit risk are in stage 2.

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. In general, ECL are calculated by using three main components: a probability of default, a loss given default ('LGD') and the exposure at default ('EAD'). The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realized and the time value of money.

The Bank makes use of the Basel II IRB framework where possible, with recalibration to meet the differing IFRS requirements.

The amount of ECL Stage I and Stage II for retail exposures (receivable from customers, mortgages and off balance sheet items) is based on the HSBC Bank Plc model and is recognized in full.

ECL exposure for wholesale and financial investments positions are not recognized, as those exposures are vis-à-vis reputable financial institutions (95% of both wholesale placements and financial investments are against counterparties having an internal credit rating higher than an equivalent to S&P AA+).

The Bank does not intend to use value adjustments for expected losses for the creation of individual value adjustments for impaired loans, if there is a need.

Employee benefits obligations

The Bank bears the costs of the occupational benefit plan for employees and survivors as per the applicable legal requirements. The employer contribution arising from the pension funds are included in "Personnel expenses" on an accrual basis.

The Bank assesses whether there is an economic benefit or economic obligation arising from a pension fund as of the balance sheet date. The assessment is based on the contracts and financial statements of the pension funds (established under Swiss GAAP FER 26 in Switzerland) and other calculations that present a true and fair view of the financial situation as well as the actual over or underfunding for each pension fund. The Bank refers to a pension fund expert to assess whether a benefit or an obligation exists for each pension fund.

The identified economic benefit (including the employer contribution reserves without a waiver of use) are recorded in "Other assets". If any economic obligation is identified for an individual pension fund, it is recorded in "Provisions". The difference with the corresponding value of the prior period are recorded in the statement of income in "Personnel expenses".

Equity-based compensation schemes exist for the employees of the HSBC Group and is managed by a related company. The cost of the share plan is subsequently recharged to the Bank via a head-office recharge. This liability is initially recorded within "Accrued expenses and deferred income" and the equity-based compensation scheme is recorded in the item "Personnel expenses".

Taxes

The Bank provides for income and capital taxes on an accrual basis.
The effects of the deferred taxes are considered in the calculations and are created via the item "Taxes" if needed.

Off-balance-sheet transactions

Off-balance-sheet disclosures are at nominal value. Provisions are created for foreseeable risks if necessary, using the ECL method for non-impaired off-balance sheet transactions acc. to art. 28 para. 6 AccO-FINMA, and recorded under provisions in the balance sheet liabilities.

Use of derivative financial instruments

These operations are essentially executed on behalf of customers and relate mainly to currencies, interest rates and shares. The transactions carried out for the account of the Bank are primarily performed to manage interest rate risk.

Risk management

Managing risk effectively is fundamental to the delivery of the Bank's strategic priorities. All employees are responsible for the management of risk, with the ultimate accountability residing with the Board. PBRS has a strong risk culture, which is embedded through clear and consistent communication and appropriate training for all employees. A comprehensive Risk Management Framework, aligned with the HSBC Group Risk Management Framework ("RMF") is applied throughout PBRS, with governance and corresponding risk management tools. This framework is underpinned by the Bank's risk culture and reinforced by the HSBC Values.

A) Risk governance

Robust risk governance and accountability are embedded within the Bank through a framework that ensures appropriate oversight of and accountability for the effective management of risk. The PBRS Board has ultimate responsibility for the effective management of risk and approves the Bank's risk appetite. The PBRS Audit & Risk Committee advises the PBRS Board on risk appetite and its alignment with strategy, risk governance and internal controls, and high-level risk related matters.

Executive accountability for the ongoing monitoring, assessment and management of the risk environment and the effectiveness of the Bank's risk management policies resides with the PBRS Executive Committee Risk Management Meeting ("RMM"). Day-to-day risk management activities are the responsibility of the Bank's senior managers, supported by functions as described under "Three lines of defence" below.

B) Risk management tools

The following processes to identify, manage and mitigate risks are integral to risk management at PBRS, helping to ensure that the Bank remains within its risk appetite.

Risk appetite

The Risk Appetite Statement ("RAS") is the Board's written articulation of the aggregate level and types of risk that the Bank is willing to accept in order to achieve its business objectives. It provides a baseline for business decisions based on balancing risk and return, and making the best use of the Bank's capital. The Bank's RAS is interlinked with the Bank's strategic and financial plans, as well as remuneration, and is therefore forward-looking in describing the Bank's desired risk appetite profile.

The RAS consists of qualitative statements and quantitative metrics, covering financial and non-financial risks. Risk appetite is reviewed semi-annually and is fundamental to the development of the Bank's strategy, strategic and business planning and senior management balanced scorecards.

The PBRS Risk Appetite Profile monitors the performance of risk appetite metrics against the Board approved Warning Trigger and Tolerance Thresholds. The PBRS Risk Appetite

Profile is used to ensure that Members of RMM, PBRS Audit & Risk Committee, and PBRS Board are aware of the performance of the key metrics against the approved threshold and gives them the opportunity to review and challenge the identified mitigating actions, where a breach has occurred.

The Bank's Risk Appetite Profile is communicated to RMM members on a monthly basis, reported to the RMM on a quarterly basis, as well as to the Bank's Audit & Risk Committee and Board of Directors on a quarterly basis.

Risk map

The Risk Map provides a point-in-time view of the residual risk profile of the Bank across both financial and non-financial risks in line with HSBC's risk taxonomy. It enables the RMM and the PBRS Audit and Risk Committee to assess the potential for these risks to have a material impact on the Bank's financial results, reputation or sustainability of the business.

The Risk Map ratings are a judgmental assessment by the Risk Steward in the Second Line of Defence ("LOD") of the First LOD activities for their respective risk type(s). Risk Stewards assign Red/Amber/Green risk ratings. For Amber or Red risk ratings indicating being outside of appetite, supporting commentary is required to outline the monitoring and/or mitigating action plans in place to manage the risk down to acceptable levels.

The Risk Map ratings should take into account considerations specific to the risk type such as objective evidence, risk appetite metrics, key indicators, whether the control environment is being adequately managed, Risk & Control assessments and operational risk metrics, where appropriate. Risk Stewards should provide appropriate rationale to support rating decisions and raise any stewardship challenges to the First LOD risk profile as necessary. In making their assessments, Risk Stewards should also consider, where appropriate, operational risk matters (such as Scenario Assessments, Risk and Control Assessments and/or Issues or Events which have arisen), issues raised in reports by Internal Audit, regulatory findings and any other relevant data.

PBRS' Risk Map is communicated to RMM members on a monthly basis, reported to the RMM on a quarterly basis, as well as to the Bank's Audit & Risk Committee and Board of Directors on a quarterly basis.

Emerging risks report

The Emerging Risks report is a key enterprise risk management tool used to support the executive and Board risk committees globally, including PBRS'. The Emerging Risks report provides forward-looking and thematic analysis of Emerging Risks which are often large scale events or trends, difficult to predict and are often beyond the Bank and the HSBC Group's ability to directly control. The report is used to assess the internal and external risk environment and provide a view of emerging issues that could threaten the execution of HSBC's strategy or operations. An Emerging Risk is defined as a risk that could have a material impact on the risk profile of the Banks or the HSBC Group, but is not under active management and is not immediate. All risks should be monitored and managed in line with the Risk Management Framework.

Stress testing

Stress testing (including scenario analysis) is an integral component of HSBC's Risk Management Framework that supports risk management, liquidity and capital planning. It is an important tool which permits understanding the sensitivities of the core assumptions in strategic and capital plans, and improve decision-making through balancing risk and return.

Stress testing is used to examine the sensitivities of capital plans and unplanned demand for regulatory capital under a number of scenarios, both in the form of regulatory stress tests and internal stress tests. Scenarios are conducted across the HSBC Group as well as at a major subsidiary level including PBRS. They include, but are not limited to, adverse macroeconomic events, failures at country, sector and counterparty levels, geopolitical occurrences and a variety of projected major operational risk events.

Finance and Risk Analytics are responsible for coordinating stress testing activities. At least once a year, stress testing results are presented to the Audit and Risk Committee and board of the banking entities of the HSBC Group.

Internal stress tests are also undertaken on a range of scenarios and risks specific to the Bank. These are closely aligned to the assessments of current and emerging risks and inform the risk appetite. They include potential adverse macroeconomic, geopolitical and operational risk events, and potential events that are specific to HSBC.

The scenarios selected reflect the Bank's risk appetite towards profitability, capital and liquidity. Stress testing analysis helps management understand the nature and extent of any vulnerability. Internal stress tests prompt management actions in a number of ways. The impacts to key risk appetite metrics and limits are considered, and these may or may not be re-evaluated (e.g. such as reductions in portfolio caps, limits or direct exposures, and through prompting of closer monitoring and surveillance of exposures which might be sensitive to stress). This process is an integral part of active risk management.

Capital and liquidity adequacy assessment

To ensure our safe operation and to meet regulatory obligations, the Bank needs to hold sufficient capital and liquidity resources to absorb potential losses from both financial and non-financial risks and meet financial obligations under stressed conditions.

The HSBC Group has defined an Internal Capital Adequacy Assessment Process ("ICAAP") applied by the Banks that considers the capital required based on the business activities and the risk profile. Financial and non-financial risk assessment outcomes are used as an input to the Risk Weighted Assets calculation, which provide an estimate of our risk exposure and the associated required level of capital. This estimate enables the business to understand the cost of risk-taking and promotes capital efficiency.

The HSBC Group has also defined an Internal Liquidity Adequacy Assessment Process ("ILAAP") applied by the Banks to ensure that adequate liquidity resources and a prudent funding profile are maintained, so there is no significant risk that liabilities cannot be met as they fall due. Effective liquidity and funding risk management are recognized as critical to the safety and soundness of the HSBC Group and the banking entities of the HSBC Group.

The ICAAP and ILAAP are underpinned by forward-looking stress scenario analysis designed to identify possible risks (both financial and non-financial), events or changes in market conditions that could adversely impact HSBC Group's and PBRS's capital and liquidity position.

C) Responsibilities

Three lines of defence

The Three Lines of Defence model is an organisational structure that outlines the division of roles and responsibilities, defined by the activities performed. It is applicable to all individuals and to all risk types. There should be a clear segregation between risk ownership (First LOD), risk oversight (Second LOD) and independent assurance (Third LOD) to help support the Bank in the effective identification, assessment, monitoring, management, and reporting of risks:

- The First LOD has ultimate ownership for risk and controls, including read across assessments of identified issues, events and near misses, and the delivery of good conduct outcomes. The First LOD includes four key roles: Risk Owners, Control Owners, Business Service Owners and Chief Control Officers (the latter being specific to non-financial risks).
- The Second LOD review and challenge 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 CROs, Risk Stewards and the Operational and Resilience Risk (ORR) function.
- The Third LOD is Internal Audit. They provide independent assurance to management and the Risk and Audit Committee that the Bank's risk management, governance and internal control processes are designed and operating effectively.

Risk Culture

HSBC's culture is rooted in our purpose, and shaped by our values that recognise the importance of being dependable, open and connected. We must act with courageous integrity, standing firm for what is right.

We define culture as the shared attitudes, values and norms that shape our behaviour. Our approach to managing culture is built upon a set of principles about culture and behaviour change. However, our culture is not static. As new challenges and opportunities emerge, our culture has to adapt to help us achieve our strategic outcomes.

Our culture is both an outcome of, and influences, the choices we make and how we behave. Behaviour is the clearest manifestation of culture. A high-level understanding of our culture can be achieved by assessing the relationship between how we feel (employee sentiment), specific behaviours and business outcomes.

We do not consider risk culture as something separate to HSBC's overall culture; rather, it is simply a way of looking at how our culture either supports or inhibits our ability to manage risk. A culture that is effective in managing risk and leads to fair conduct outcomes is one that supports and encourages the following behaviours:

We take responsibility

- We are all accountable for managing risk - "risk is everyone's business". Our leaders set the tone from the top and we all understand, embrace and discharge our responsibilities.
- We speak up when something is not right about how we are managing risk and escalate issues promptly without fear of retribution.
- We make good judgements by looking at risk holistically and considering different perspectives, always keeping customer and market outcomes in mind.

We get it done

- We take smart risks that balance risk and financial return and do not exceed our risk appetite;
- We actively manage risk by understanding and adhering to our policies, controls and regulatory environment.
- We have the curiosity to identify vulnerabilities, uncertainties and emerging risks. We learn from our mistakes, share those learnings and ensure we remediate issues quickly.

We value difference

- We champion diversity of viewpoints and inclusivity in risk policies, governance and decision making.

We succeed together

- We invest in our people and tools to help manage risk better, and celebrate behaviours that support a strong risk culture.

Our culture creates the environment that enables us deliver the right conduct outcomes. Conduct impacts can arise across all risk types, and are sometimes referred to as "conduct risk". HSBC has a Risk Culture Framework. It guides us to do the right thing and to focus on the impact we have for our customers and the financial markets in which we operate. The approach seeks to guide risk owners and stewards as to what must be evidential in our interactions with customers, colleagues and markets so as to achieve our conduct outcomes.

It is fundamental that our leaders and managers set expectations around the behaviours described above and lead by example. It is they who strongly influence the environment in which these behaviours can flourish. In addition, our leaders must ensure that the basis for determining remuneration is consistent with prudent risk management and encourage the right behaviours, in line with our risk culture.

Our Internal Audit function assesses culture in all audits, including identifying whether audit issues have a cultural root cause. Internal Audit also periodically performs 'deep-dive' culture audits.

Independent Risk function

The Bank's Risk function oversees the framework and is led by the PBRS Chief Risk Officer. It is independent from the businesses, including the sales and trading functions, to provide challenge, appropriate oversight and balance in risk/reward decisions.

D) Material risks

The material risk types associated with the Bank's operations are described below:

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract.

Credit risk arises principally from the direct lending business, but also from certain other products such as guarantees and derivatives.

Loans and advances to clients are granted in the framework of the HSBC Group's wealth management activities applied by PBRS, essentially on a secured basis. Any unsecured and/or other exceptional lending are granted on a case by case basis and has to be in line with the Bank's strategy and risk appetite. These fall under a pre-defined cap called the Structured Lending Credits ("SLC").

Lombard Lending are guaranteed mainly by liquid assets deposited with the Bank and pledged in its favour. They are generally made up of cash deposits, shares, bonds regularly quoted, investment funds or any other liquid securities acceptable to the Bank. Loans are also granted on the basis of less liquid collateral consisting of hedge funds, real estate, private equities (subject to portfolio diversification criteria). Real Estate is taken into account in the form of first rank mortgages recorded with the Land Registry or similar collateral, in accordance with local regulations.

The assets taken into consideration by the Bank are valued at market and are discounted to determine their collateral or pledge value. The discount factors used are a function of the market and liquidity risk of the securities pledged and are adjusted based on the level of diversification, liquidity and country risks related to client portfolio.

The market value of real estate used as collateral is determined on the basis of valuations carried out by our approved panel valuators. Real Estate facilities are usually granted to clients having an existing Lombard relationship with the Bank and/or to clients having an existing relationship with HSBC Group.

Each client with an exposure is allocated a Customer Risk Rating ("CRR") according to a grading system developed by the HSBC Group. For Lombard Lending the CRR is driven by the type of collateral pledged to the Bank and the level of collateralisation. For Real Estate and other facilities, the CRR is driven by the risks of the obligor.

In order to monitor Lombard lending customers, the Bank performs daily reviews to ensure that the loans and other exposures are sufficiently covered by the pledged collateral. When margins are insufficient, the Bank requests additional funds (margin calls) and, if necessary, liquidates the pledged collateral (close out).

Impairments are recognized for performing clients according to the Swiss provisions of the FINMA Accounting Ordinance (Art.25 para. 4), based on the approach followed HSBC Bank Plc, who is already calculating Expected Credit Losses ("ECL") for the purpose of preparing its own consolidated financial statements.

The default trigger is defined, as per regulatory requirements, on the 90 days past due or unlikeliness to pay indicators. Impaired loans are valued individually and specific valuation adjustments are generally established if the discounted liquidation value of the collateral is no longer sufficient to cover the exposure or the borrower does not have the capacity to repay the loan.

Liquidity Risk

The liquidity and funding risk is the risk that we do not have sufficient financial resources to meet our obligations as they fall due or that we can only do so at excessive cost.

Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

<u>Liquidity and Funding Risk Management Framework</u>

The objective of liquidity and funding management is to ensure that all foreseeable funding commitments, those contractual and those determined on the basis of behavioural patterns, can be met out of readily available and secured sources of funding, allowing us to withstand very severe stresses. It is designed to be adaptable to changing markets and regulations.

We do not manage liquidity through the explicit allocation of capital as, in line with standard industry practice, this is not considered to be an appropriate or adequate mechanism for managing this risk. However, we recognise that a strong capital base can help to mitigate liquidity risk and we ensure that sufficient liquidity is held via the monitoring of liquidity surplus which ensures that identified risks, not covered by the framework, are sufficiently covered by the liquidity and funding risk management.

Governance

The Board of Directors ("BoD") is ultimately responsible for the liquidity and funding of the Bank, supported by a Committee and management structure.

The liquidity strategy is an integral part of the Risk Appetite Statement (RAS) of the Bank and approved by the Board of Directors. The policy is defined and owned by the ALCM department (Asset, Liability and Capital Management) with proper monitoring in place to ensure that the imposed limits and ratios are complied with. The liquidity positions, available funding and concentration risks are reported monthly to the Asset and Liability Management Committee (ALCO) of the Bank.

The main departments involved in the management of liquidity and funding risks are the Asset Liability and Capital Management ("ALCM") and Markets Treasury. The management of liquidity and funding is primarily undertaken locally in the Bank's functions. The Bank's ALCM undertakes policy formulation, analytical review of reporting and provision of guidance to management. The Bank's Markets Treasury, which is centralized in Switzerland, is responsible for maintaining sources of liquidity and funding and managed to ensure this complies with the different local regulatory requirements and with policies and limits set internally. In addition, all sites operate within the HSBC Group's liquidity policy.

Framework

The Bank implemented the liquidity and funding risk management framework (LFRF), using the external regulatory framework as a foundation, but adding extra metrics/limits and overlays to address the risks that we consider are not adequately reflected by the external regulatory framework.

The LFRF is delivered using the following key aspects:

- Maintain minimum Liquidity Coverage Ratio (LCR) requirement;
- Maintain minimum Net Stable Funding Ratio (NSFR) requirement;
- Deposits concentration limit;
- Three-month and twelve-month cumulative rolling term contractual maturity limits covering deposits from banks, and non-bank financials;
- Annual Individual Liquidity Adequacy Assessment (ILAA);
- Minimum LCR by currency;
- Forward-looking funding assessments;
- Liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises, while minimising adverse long-term implications for the business.

The internal LFRF and the Tolerance Thresholds and Warning Triggers are approved by the Board on the basis of recommendations made by the Risk Management Meeting (RMM).

Our ILAA process aims to:

- Identify risks that are not reflected in the LFRF and, where appropriate, to assess additional limits to be required locally;
- Validate the Tolerance Threshold and Warning Triggers by demonstrating that reverse stress testing scenarios are acceptably remote and that vulnerabilities have been assessed through the use of severe stress scenarios.

Liquidity regulation

Swiss regulated entities comply with the liquidity requirements of the Swiss Financial Market Authority (FINMA). In December 2010, the Basel Committee on Banking Supervision ('Basel Committee') published the Basel III 'International framework for liquidity risk measurement, standards and monitoring'. The Basel III framework comprises two liquidity metrics: The Liquidity Coverage Ratio ('LCR') and the Net Stable Funding Ratio ('NSFR').

Liquidity Coverage Ratio (LCR)

Switzerland's Liquidity Ordinance and FINMA's 'Liquidity Risks – Banks' circular makes it a regulatory requirement for the Bank to calculate and monitor its LCR.

The LCR aims to ensure that a bank has sufficient unencumbered high-quality liquid assets (HQLA) to meet its liquidity needs in a 30-calendar-day liquidity stress scenario. HQLA consist of cash or assets than can be converted into cash at little or no loss of value in markets. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters.

The LCR is disclosed in accordance with the requirements and guidance set out in the Liquidity Ordinance and FINMA circular 2015/2. The values used to calculate the liquidity coverage ratio are monthly averages for the relevant quarters. The average is calculated based on the values shown in the monthly liquidity status reports submitted to FINMA and the Swiss National Bank. This results in three data points per quarter.

High-quality liquid assets

The HQLA are made of cash and balances held at central banks. The complementary part corresponds mainly to high-rated securities (AAA to AA-) issued or guaranteed by sovereigns, European central banks, covered bonds. The table below shows the unweighted liquidity value of assets categorised as liquid, which is used for the purposes of calculating the LCR metric.

This reflects the stock of unencumbered liquid assets at the reporting date, using the regulatory definition of liquid assets. The vast majority of liquid assets shown are held directly by the Markets Treasury function, primarily for the purpose of managing liquidity risk, in line with the HSBC Group's liquidity and funding risk management framework.

Unaudited estimated liquidity value

CHF'000	2024	2023
Level1	3,749,010	6,044,497
Level2A	609,224	494,759
Total	**4,358,234**	**6,539,256**

The classification of the HQLA is as follows:

- Level 1 – Central banks, securities with 0% risk weight of which: issued or guaranteed by sovereigns, guaranteed by European central bank or a member state's central bank;
- Level 2A – Securities with a maximum 20% risk weight of which issued or guaranteed by sovereigns, covered bonds rated AA or better.

Net Stable Funding Ratio (NSFR)

It establishes criteria for a minimum amount of stable funding relative to required stable funding, and reflects a bank's long-term funding profile (funding with a term of more than one year). The NSFR is a complementary measure to the LCR and is defined as the ratio of available stable funding over the amount of required stable funding.

Depositor concentration and term funding maturity concentrations

The LCR and NSFR metrics assume a stressed outflow based on a portfolio of depositors within each deposit segment. The validity of these assumptions is challenged if the portfolio of depositors is not large enough to avoid depositor concentrations. The Bank is exposed to term re-financing concentration risk if the current maturity profile results in future maturities being overly concentrated in any defined period.

Liquidity Contingency Plan (LCP)

The Liquidity Contingency Plan (LCP) is a key aspect of the Bank's liquidity crisis management framework. The LCP includes an assessment of financing sources in stressed market conditions, considers liquidity status indicators and key figures, and describes the actions to be taken to ensure solvency. To address any eventual liquidity crisis, funding is diversified in terms of depositor types and a sufficient high quality liquid assets buffer is maintained.

Internal liquidity metric (ILM)

As a result of a review of its liquidity framework, the HSBC Group developed an Internal Liquidity risk Metric (ILM) to supplement the regulatory liquidity risk metrics (LCR and

NSFR). ILM is based on a bottom-up, specific approach to model the inflows and outflows considering contractual and behaviouralized cash-flows under stress.
ILM is an enhanced liquidity stress testing framework designed to provide an HSBC internal view of the liquidity risks on a daily basis and highlight the effect of any remediating actions. The ILM framework can be used to monitor liquidity across multiple scenarios with varying degrees of severity and plausibility.
The ILM is focused on addressing the likely monetization and inflows and outflows on a daily bucketed basis over a period of 90 days, and then from 180 to 270 days. In other words, the ILM provide an assessment of PBRS ability to monetize liquid assets quickly enough to fulfil daily stressed outflow needs for a period of up to 270 days.

Market Risk

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

Exposure to market risk is separated into two portfolios:
- Trading portfolios comprise positions arising from market-making and warehousing of customer-derived positions.
- Non-trading portfolios comprise positions that primarily arise from balance sheet management.

<u>Market risk is:</u>

- Measured using sensitivities, value at risk and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons;
- Monitored using value at risk, stress testing and other measures; and
- Managed using risk limits approved by the RMM.

<u>Currency risk</u>

The Bank measures the currency risk on a daily basis and ensures that the limits granted are complied with. The exposures are measured in terms of Net Short per currency as well as the Total Net Short at the Bank level. Balance Sheet Management uses financial derivative instruments such as currency swaps to manage the currency risk of the Bank.

<u>Interest rate risk</u>

The interest rate risk is
- Measured using the Present Value of one Basis Point ("PVBP") method. This method quantifies the effect of a variation of one basis point in the interest rates on the net present value of a position. It thus allows computation of the sensitivity and exposure of the Bank to interest rate changes.

- Monitored using measures including the sensitivity of net interest income and the sensitivity of structural foreign exchange which are applied to the market risk positions within each risk type; and
- Managed by calculating the interest rate risk on a daily basis and ensuring compliance with the limits granted by the Board.

Our policy is underpinned by our Risk Management Framework which incorporates a number of measures aligned to our assessment of risks for both internal and regulatory purposes, including the regulatory metrics measuring Economic Value of Equity ("EVE") and Net Interest Income ("NII") sensitivity levels.

The Bank optimises asset and liability management in accordance with the anticipated interest rate variation and the limits granted by the Board. Financial derivatives such as interest rate swaps are traded to manage the assets and liabilities gap. In addition, the Bank has limits for synthetic alterations through the Forex ("FX") swap market.

Resilience Risk

Resilience risk is the risk that we are unable to provide critical services to our customers, affiliates and counterparties as a result of sustained and significant operational disruption.

Resilience risk arises from failures or inadequacies in processes, people, systems or external events.

Resilience risk is:

- Measured using a range of metrics with defined maximum acceptable impact tolerances, and against our agreed risk appetite;
- Monitored through oversight of enterprise processes, risks, controls and strategic change programmes; and,
- Managed by continual monitoring and thematic reviews.

Legal Risk

In conformity with HSBC standards, the Bank has in place policies and procedures to effectively manage Legal Risk. Legal risk is the risk of financial loss, legal/regulatory action or reputational damage resulting from Customer Contractual Risk, Non-Customer Contractual Risk, Intellectual Property Risk, Breach of Competition Law and Dispute Mismanagement Risk. In this regard, the Bank is supported by a Legal function in controlling and managing Legal risks. Moreover, the Legal Function provides support in particular through legal advice to all Bank's businesses and functions, by drafting and reviewing the agreements entered into by the Bank, by handling claims raised against the Bank. The Bank's Legal Function is – in accordance with the rules in place - immediately notified about any legal action threatened or commenced against the Bank or its employees.

Regulatory Compliance Risk

Regulatory compliance risk is the risk associated with breaching our duty to clients and other counterparties, inappropriate market conduct and breaching related financial services regulatory standards.

Regulatory compliance risk arises from the failure to observe relevant laws, codes, rules and regulations and can manifest itself in poor market or customer outcomes and lead to fines, penalties and reputational damage to our business.

Regulatory compliance risk is:

- Measured by reference to risk appetite, identified metrics, incident assessments, regulatory feedback and the judgement and assessment of our Regulatory Compliance teams;
- Monitored against the first line of defence risk and control assessments, the results of the monitoring and control assurance activities of the second line of defence functions, and the results of internal and external audits and regulatory inspections; and
- Managed by establishing and communicating appropriate policies and procedures, training employees in them, and monitoring activity to assure their observance. Proactive risk control and/or remediation work is undertaken where required.

Financial Crime and Fraud Risk

Financial crime risk is the risk of knowingly or unknowingly helping parties to commit or to further illegal activity through HSBC, including money laundering, fraud, bribery and corruption, tax evasion, sanctions breaches, and terrorist and proliferation financing.

Financial crime and fraud risk arises from day-to-day banking operations involving customers, third parties and employees.

Financial crime and fraud risk is:

- Measured by reference to risk appetite, identified metrics, incident assessments, regulatory feedback and the judgement and assessment of our Financial Crime team;
- Monitored against the first line of defence risk and control assessments, the results of the monitoring and control assurance activities of the second line of defence functions, and the results of internal and external audits and regulatory inspections; and
- Managed by establishing and communicating appropriate policies and procedures, training employees in them, and monitoring activity to assure their observance. Proactive risk control and/or remediation work is undertaken where required.

Reputational risk

Reputational risk is the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by PBRS itself, employees or those with whom the Bank is associated that might cause stakeholders to form a negative view of the Bank and/or HSBC Group.

Reputational risk is:

- Measured by reference to the Bank's and/or HSBC Group's reputation as indicated by dealings with all relevant stakeholders, including media, regulators, customers and employees;
- Monitored through a reputational Risk Management Framework that is integrated into the Bank's broader risk management framework; and
- Managed by every member of staff and is covered by a number of policies and guidelines. There is a clear structure of committees and individuals charged with mitigating reputational risk.

Material events after the balance sheet date

No material events have been identified after the balance sheet date.

3. Information concerning the balance sheet

3.1 Breakdown of securities financing transactions (assets and liabilities)

CHF'000	2024	2023
Receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase agreements	2,803,698	3,649,339
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions	428,783	1,010,044
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	430,065	1,048,766
with unrestricted right to resell or pledge	-	-
Securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse-repurchase agreements with an unrestricted right to resell or repledge	3,220,244	3,657,777
including repledged or resold securities	-	-

3.2 Presentation of collateral for loans / receivables and off-balance sheet transactions, as well as impaired loans / receivables

CHF'000	Secured by mortgages	Other collateral	Unsecured	Total
Loans (before netting with value				
Amounts due from customers	94,151	8,138,723	88,834	8,321,708
Mortgages loans				
Residential property	1,895,674	-	-	1,895,674
Office and business premises	346,039	-	-	346,039
Total loans(before netting with value adjustments)				
31 December 2024	**2,335,864**	**8,138,723**	**88,834**	**10,563,421**
31 December 2023	**2,320,064**	**6,728,657**	**93,026**	**9,141,747**
Total loans (after netting with value adjustments)				
31 December 2024	**2,332,423**	**8,127,563**	**88,834**	**10,548,820**
31 December 2023	**2,318,617**	**6,715,697**	**93,026**	**9,127,340**
Off-balance sheet				
Contingent liabilities	-	166,369	310	166,679
Irrevocable commitments	-	690,799	18,560	709,359
Total off-balance sheet operations				
31 December 2024	**-**	**857,168**	**18,870**	**876,038**
31 December 2023	**-**	**589,304**	**26,936**	**616,240**

3.3 Impaired loans / receivables

CHF'000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
31 December 2024	58,315	51,282	5,808	5,808
31 December 2023	89,238	81,463	7,775	7,775

In addition of the impaired loans, the Bank calculated ECL on performing receivables amounting to CHF 8.8 million in December 2024 and CHF 6.6 million in December 2023.

3.4 Trading portfolios assets

CHF'000	2024	2023
Precious metals	170,617	116,879
Total trading portfolio assets	**170,617**	**116,879**

3.5 Presentation of derivative financial instruments (assets and liabilities)

CHF'000	Trading instruments			Hedging instruments		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
Equity Securities / indices						
options (OTC)	2,211	2,211	1,894	-	-	-
options (Exchange Traded)	86,487	86,487	984,611	-	-	-
Foreign exchange						
forward contracts	73,488	79,794	8,583,331	-	-	-
options (OTC)	12,342	12,342	2,279,964	-	-	-
Interest rate instruments						
Swaps	28,080	28,074	1,788,588	49,132	26,728	1,628,902
options (OTC)	1,360	1,360	741,619	-	-	-
Precious metals						
forward contracts	1,022	741	85,699	-		
options (OTC)	751	751	68,145	-	-	-
Commodities						
options (OTC)	-	-	-	-	-	-
Total before netting agreements						
31 December 2024	**205,741**	**211,760**	**14,533,851**	**49,132**	**26,728**	**1,628,902**
- of which, determined using a valuation model	119,254	125,273	-	49,132	26,728	**-**
31 December 2023	**129,458**	**128,112**	**10,677,693**	**28,627**	**14,003**	**683,936**
- of which, determined using a valuation model	94,178	92,832	-	28,627	14,003	-

Total after netting agreements	Positive replacement values (cumulative)	Negative replacement values (cumulative)
31 December 2024	254,873	238,488
31 December 2023	158,085	142,115

Breakdown by counterparty

CHF'000	Central clearing houses	Banks and securities dealers	Other customers	Positive replacement values (cumulative)
Positive replacement values (after netting agreement) in 2024	-	80,437	174,436	**254,873**

3.6 Breakdown of financial investments

CHF'000	Book value 2024	Book value 2023	Fair value 2024	Fair value 2023
Debt securities				
- intended to be held to maturity	1,880,463	4,871,576	1,813,352	4,773,001
- not intended to be held to maturity (available for sale)	2,143,300	-	2,124,465	-
Precious metals	36,522	21,127	36,522	21,127
Total financial investments	**4,060,285**	**4,892,703**	**3,974,339**	**4,794,128**
of which, securities eligible for repo transactions in accordance with liquidity	1,438,846	1,181,029	-	-

In December 2024, the Bank decided to align the accounting treatment of a part of the financial investments portfolio in Guernsey to the management intention to not systematically keep those assets until maturity. Such change resulted in a transfer from a Held to Maturity to an Available for Sale portfolio. The financial investments transferred have been subsequently valued in accordance with the valuation principles of the lower of cost or market. The book value at the 31st December 2024, time of the decision of the shifting to the Available for Sale portfolio, was the new starting point for the accounting of the financial investments.

Breakdown of counterparties by rating

CHF'000	Book value
AAA to AA-	4,005,982
From A+ to A-	54,296
BBB+ to BBB-	-
BB+ to B-	-
Below B-	-
Unrated	7
Total financial investments	**4,060,285**

The Bank relies on the rating classes of external rating agencies recognized by FINMA. When two ratings are available, we use the more prudent one. In the absence of a specific rating, we use the long-term rating of the issuer.

3.7 Presentation of participations

CHF'000	Acquisition cost 31.12.2023	Accumulated value adjustments 31.12.2023	Book value 31.12.2023	Additions 2024	Value adjustments 2024	Book value 31.12.2024	Market value 31.12.2024
Other participations							
-Without market value	2,358	(1,728)	630	13	(565)	78	-
Total participations	**2,358**	**(1,728)**	**630**	**13**	**(565)**	**78**	**-**

3.8 Disclosure of companies in which the Bank holds a permanent direct or indirect significant participation

CHF'000	Activity	Head office	Currency	Share capital	% of equity / votes	Direct / Indirect ownership
HSBC Financial Services (Lebanon) s.a.l	Advisory management	Lebanon	LBP	3,000,000	99.8%	Direct
SICO Limited (BVI)	Nominee company	British Virgin Islands	CHF	16	100.0%	Direct
Republic Nominees Limited	Holding of investments as nominee for third parties	Guernsey	GBP	10	100.0%	Direct

The participations are considered as not material for financial reporting as per Art. 35 BO and therefore no consolidated statements have been prepared.

3.9 Presentation of tangible fixed assets

CHF'000	Purchase cost 31.12.2023	Accumulated depreciation 31.12.2023	Net book value 31.12.2023	Additions 2024	Depreciation 2024	Net book value 31.12.2024
Proprietary or separately acquired software	101,600	(60,013)	41,587	15,139	(15,990)	40,736
Other tangible fixed assets	147,877	(143,449)	4,428	641	(3,426)	1,643
Total tangible fixed assets	**249,477**	**(203,462)**	**46,015**	**15,780**	**(19,416)**	**42,379**

The depreciation method applied and the range used for the expected useful life are explained in the general principles for accounting and valuation.

Future commitments arising from rental agreement were as follows:

CHF'000	2024	2023
Maturity up to 12 months	10,673	10,673
Maturity between 12 months to 5 years	14,364	25,037
Maturity over 5 years	-	-
Total off-balance sheet leasing obligations	**25,037**	**35,710**
- *of which may be terminated within one year*	-	-

3.10 Presentation of intangible fixed assets

CHF'000	Purchase cost 31.12.2023	Accumulated depreciation 31.12.2023	Net book value 31.12.2023	Additions 2024	Depreciation 2024	Net book value 31.12.2024
Purchase Price of HSBC Bank plc, London, Guernsey branch Private Banking business (Asset Deal)	305,368	(305,368)	-	-	-	-
Goodwill from an old transaction	19,446	(19,446)	-	-	-	-
Total intangible assets	**324,814**	**(324,814)**	**-**	**-**	**-**	**-**

The depreciation method applied for the purchase price of HSBC Bank plc, London, Guernsey branch Private Banking business (Asset Deal) is explained in the general principles for accounting and valuation.

The amortization of CHF 324’814 has been recognized under the caption “Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets” of the statement of income.

3.11 Breakdown of other assets and other liabilities

CHF'000	2024	2023
Other assets		
Tax prepayments	3,007	3,763
Internal bank business operations	3,546	6,180
Other assets	513	77
Total other assets	**7,066**	**10,020**
Other liabilities		
Compensation account	14,644	10,257
Internal bank business operations	22,643	10,408
Indirect Taxes	13,229	7,478
Other liabilities	12,430	7,805
Total other liabilities	**62,946**	**35,948**

3.12 Disclosure of assets pledged or assigned to secure own commitments and assets under reservation of ownership

CHF'000	Book value	Effective commit-ments	Book value	Effective commit-ments
	2024		2023	
Bonds pledged to secure half of the bank's payment obligation of KCHF 3’560 to esisuisse in connection with the deposit insurance scheme	1,920	-	2,099	-
Deposits made with companies of the HSBC Group to guarantee operations on derivative instruments carried out with the Group	36,220	36,220	161,368	161,368
Deposits made with external counterparties to guarantee operations on derivative instruments carried out with them	7,626	7,626	986	986
Total pledged assets	**45,766**	**43,846**	**164,453**	**162,354**

3.13 Disclosure of liabilities relating to own pensions schemes

The Bank operates a number of pension schemes for its employees in Switzerland and in Guernsey.

The employees of the Guernsey branch are part of the HSBC group's defined contribution scheme.

The employees of the head office and Swiss branches are affiliated to two defined contribution schemes, the Swiss pension fund and the Swiss complementary pension fund. In the context of the Swiss pension schemes regulation, all employees are affiliated for their base remuneration at the Swiss pension fund. Employees above a certain level of variable remuneration become eligible to the complementary Swiss pension fund.

Monetary commitments of the Bank to the pension schemes

On 31 December, the monetary commitments to the pension schemes were as follows:

(CHF'000)	2024	2023
Pension fund in favor of employees	1'787	3'173
Total Liabilities	**1'787**	**3'173**

Employer contribution reserves

	Nominal value at current year end	Waiver of use at current year end	Net amount at current year end	Net amount at previous year end	Influence of ECR on personnel expenses	
CHF'000					2024	2023
Swiss pension fund	27,000	-	27,000	27,000	-	-

Economic benefit / economic obligation and the pension benefit expenses

CHF'000	Overfunding as at 31 December 2024	Contribution paid for 2024	Pension expenses in personnel expenses 2024	Pension expenses in personnel expenses 2023
Swiss pension fund	112%	12,316	12,316	11,759
Swiss complementary pension fund	107%	1,401	1,401	1,193
HSBC group's pension fund		573	573	183

The accounting for the Swiss pension fund and for the Swiss complementary pension fund is in accordance with the requirements of the Accounting and Reporting Recommendations Swiss GAAP FER 26. There are no other liabilities on the employer's side. The overfunding of the pension funds of 112% and 107% as at 31st December 2024 are based on unaudited financial statements of the pension funds (effective rate for the year ended 31st December 2023 was 107% and 103%). These are used exclusively for the benefit of the insured members, thus there is no economic benefit to the Bank that needs to be recorded in the balance sheet and in the income statement. There were no economic liabilities at 31st December 2024 and 31st December 2023.

3.14 Presentation of value adjustments and provisions, reserves for general banking risks and changes therein during the current year

CHF'000	Balance at 1 January 2024	Use in conformity with designated purpose	Currency differences	New provisions charged to income statement	Released to income	Balance at 31 December 2024
Provisions for default risks of non-impaired off-balance-sheet items	167	-	-	269	(243)	193
Provisions for restructuring	5,263	(4,177)	-		(1,086)	-
Other provisions	21,805	(1,681)	670	2,428	(2,570)	20,652
Total provisions	**27,235**	**(5,858)**	**670**	**2,697**	**(3,899)**	**20,845**
Value adjustments for default and country risks						
- of which, value adjustments for default risks in respect of impaired loans	7,775	-	198	1,138	(3,303)	5,808
- of which, expected loss for non-impaired loans	6,633	-	194	1,967	-	8,794

Other provisions include, but are not limited to, legal proceedings and regulatory matters.

Legal proceedings include civil court, arbitration or tribunal proceedings brought against the Bank (whether by way of claim or counterclaim) or civil disputes that may, if not settled, result in court, arbitration or tribunal proceedings. Regulatory matters refer to investigations, reviews and other actions carried out by, or in response to the actions of, regulators or law enforcement agencies in connection with alleged wrongdoing by the Bank. Further details of legal proceedings are set out in note 4.4 litigation.

3.15 Presentation of the Bank's capital

CHF'000 (except number of shares)	Total nominal value	Number of shares	Capital giving rights to dividends	Total nominal value	Number of shares	Capital giving rights to dividends
			2024			2023
Share capital	650,000	650,000	650,000	650,000	650,000	650,000
- of which, paid up	650,000	650,000	650,000	650,000	650,000	650,000
Total bank's capital	**650,000**	**650,000**	**650,000**	**650,000**	**650,000**	**650,000**

As per an agreement dated on 17th January 2024 and effective as of 1st February 2024, HSBC Private Banking Holdings (Suisse) SA sold the entire share capital of HSBC Private Bank (Suisse) SA to HSBC Bank Plc. The entire share capital is ultimately owned by HSBC Holdings plc, London. The company's share is fully paid in. No specific rights are conferred by the share capital.

Non distributable reserves:

To the extent they do not exceed one-half of the share capital (CHF 325 million in 2024 and in 2023), the statutory retained earnings reserve and the statutory capital reserve (cf CO 672 para 2 and 671 para 2) may be used only to cover losses.

CHF'000	2024	2023
Statutory capital reserve	214,396	214,396
Statutory retained earnings reserve	64,417	365,024
Total statutory reserves	**278,813**	**579,420**
Proposed profit attribution to the statutory retained earnings reserve	2,668	-
Accumulated losses	-	(300,607)
Non distributable statutory reserves	**281,481**	**278,813**

There are no statutory restrictions on the distribution of facultative reserves. Prudential rules regarding minimum capital must, however, be respected, which may restrict their distribution.

Capital Band:

The Board of Directors is authorized until 21st June 2028 to increase the share capital of the Bank up to the upper limit of CHF 750 million and to reduce the share capital of the Bank up to the lower limit of CHF 250 million.

3.16 Equity securities or options on equity securities held by executives and directors and by employees

The Bank has no specific share-based payment arrangements of its own and participates in HSBC Holdings Plc plans consisting of share option awards and restricted share awards.

The 2024 share-based payment income statement includes a charge of CHF 5.7 million compared to a net profit of CHF 0.6 million in 2023 following the release of a provision related to the deferred share awards made in the past.

The charge for these awards is recognized from the start of the period to which the service relates to the end of the vesting period. The vesting period is the period over which the employee satisfies certain service conditions in order to become entitled to the award. Due to the staggered vesting profile of certain deferred share awards, the employee becomes entitles to a portion of the award at the end of each year during the vesting period. The income statement charge reflects this vesting profile.

An assessment of performance over the relevant period ending on 31st December is used to determine the amount of the award to be granted. The Deferred awards generally require employees to remain in employment over the vesting period and generally not subject to performance conditions after the grant date. The Deferred share awards are generally vested over a period of three, five or seven years. The vested share may be subject to a retention requirement post-vesting and awards are subject to malus and clawback provisions.

The purpose of the HSBC share option plan is to enable eligible employees to save up to GBP 250 per month, with the option to use the savings to acquire shares, and to align the interests of all employees with the creation of shareholder value.

The fair values of share options are calculated using a Black-Scholes model. The fair value of a share award is based on the share price at the date of the grant.

HSBC Holdings Plc share option awards and restricted share awards are as follows:

	Restricted shares			
	Number		Value in CHF'000	
	2024	2023	2024	2023
Board of Directors	546,708	459,006	3,658	3,166
Members of the Executive Management	296,734	280,773	1,985	1,937
Employees	482,379	257,591	3,228	1,777
Total	**1,325,821**	**997,370**	**8,871**	**6,880**

3.17 Disclosure of amounts due from / to related parties

	Amounts due from		Amounts due to	
CHF'000	2024	2023	2024	2023
Holders of qualified participations	2,489,945	-	620,716	229,132
PBRS Group companies	-	-	33	29
Linked companies	357,212	4,721,076	890,764	1,673,791
Transactions with members of governing bodies	-	-	-	274

The transactions with related parties were concluded under normal market conditions. They comprised inter-bank loans, deposits, transactions in interest-bearing securities and transactions in derivative financial instruments.

3.18 Disclosure of holders of significant participations

As at 31 December 2024 the capital was fully owned by HSBC Bank Plc (2023: the capital was fully owned by HSBC Private Banking Holdings (Suisse) SA). The entire share capital is ultimately owned by HSBC Holdings plc, London.

3.19 Presentation of the maturity structure of financial instruments

	At sight	Cancellable	Due within 3 months	Due between 3 to 12 months	Due between 1 to 5 years	Due over 5 years	Total
CHF'000	2024						
Assets / financial instruments							
Liquid assets	536,211	-			-	-	536,211
Amounts due from banks	650,117	-	3,796	-	-	-	653,913
Amounts due from securities financing transactions	-	-	995,087	452,153	1,356,458	-	2,803,698
Amounts due from customers	-	4,144,671	3,069,649	406,297	660,815	29,116	8,310,548
Mortgage loans	-	-	1,045,369	209,292	888,402	95,209	2,238,272
Trading portfolio assets	170,617						170,617
Positive replacement values of derivatives financial instruments	205,741	-	26,024	1,177	11,282	10,649	254,873
Financial investments	89,014	1,920	331,197	669,308	2,247,755	721,091	4,060,285
Total at 31 December 2024	**1,651,700**	**4,146,591**	**5,471,122**	**1,738,227**	**5,164,712**	**856,065**	**19,028,417**
Total at 31 December 2023	**3,017,220**	**3,786,567**	**7,469,670**	**1,787,363**	**4,512,149**	**538,122**	**21,111,091**
instruments							
Amounts due to banks	221,055	-	747,463	-	-	226,076	1,194,594
Liabilities from securities financing transactions	-	-	428,783	-	-	-	428,783
Amounts due in respect of customer deposits	4,235,730	15,366	11,220,418	620,682	-	-	16,092,196
Negative replacement values of derivatives financial instruments	211,760	-	18,200	418	2,041	6,069	238,488
Total at 31 December 2024	**4,668,545**	**15,366**	**12,414,864**	**621,100**	**2,041**	**232,145**	**17,954,061**
Total at 31 December 2023	**4,463,868**	**21,228**	**14,352,135**	**1,073,730**	**320**	**211,730**	**20,123,011**

The amount of financial investments shown under Cancellable is the collateral to secure half of the payment obligation to esisuisse in connection with the deposit insurance scheme.

3.20 Presentation of assets and liabilities by domestic and foreign origin (domicile principle)

CHF'000	Domestic	Foreign	Total 2024	Domestic	Foreign	Total 2023
Assets						
Liquid assets	536,211	-	536,211	2,072,061	-	2,072,061
Amounts due from banks	22,665	631,248	653,913	18,124	1,076,560	1,094,684
Amounts due from securities financing	-	2,803,698	2,803,698	-	3,649,339	3,649,339
Amounts due from customers	2,837,655	5,472,893	8,310,548	419,972	6,576,022	6,995,994
Mortgage loans	405,686	1,832,586	2,238,272	598,343	1,533,003	2,131,346
Trading portfolio assets	170,617	-	170,617	116,879	-	116,879
Positive replacement values of derivatives financial instruments	22,091	232,782	254,873	1,740	156,345	158,085
Financial investments	417,336	3,642,949	4,060,285	449,061	4,443,642	4,892,703
Accrued income and prepaid expenses	35,144	55,670	90,814	17,263	72,226	89,489
Non-consolidated participations	1	77	78	1	629	630
Tangible fixed assets	40,286	2,093	42,379	44,064	1,951	46,015
Other assets	5,344	1,722	7,066	9,407	613	10,020
Total assets	**4,493,036**	**14,675,718**	**19,168,754**	**3,746,915**	**17,510,330**	**21,257,245**
Liabilities						
Amounts due to banks	23,728	1,170,866	1,194,594	10,710	889,104	899,814
Liabilities from securities financing	187,670	241,113	428,783	556,990	453,054	1,010,044
Amounts due in respect of customer deposits	611,480	15,480,716	16,092,196	679,684	17,391,354	18,071,038
Negative replacement values of derivatives financial instruments	3,421	235,067	238,488	4,865	137,250	142,115
Accrued expenses and deferred income	93,522	55,198	148,720	88,228	54,010	142,238
Other liabilities	26,840	36,106	62,946	30,412	5,536	35,948
Provisions	20,207	638	20,845	26,948	287	27,235
Bank's capital	650,000	-	650,000	650,000	-	650,000
Capital reserves	214,396	-	214,396	214,396	-	214,396
Retained earnings reserve	364,232	(299,815)	64,417	365,024	-	365,024
Profit carried forward	-	-	-	52,314	-	52,314
Profit/(loss) for the year	265	53,104	53,369	(43,887)	(309,034)	(352,921)
Total liabilities	**2,195,761**	**16,972,993**	**19,168,754**	**2,635,684**	**18,621,561**	**21,257,245**

3.21 Breakdown of total assets by country or group of countries (domicile principle)

CHF'000	Carrying value	Share %	Carrying value	Share %
		2024		2023
Assets				
Switzerland	4,493,036	23.4	3,746,915	17.6
Europe excluding Switzerland	7,434,192	38.8	9,319,677	43.8
Latin America and Caribbean	1,440,253	7.5	1,874,024	8.8
Africa and Middle East	2,445,932	12.8	2,485,150	11.7
United States and Canada	2,808,047	14.6	3,309,679	15.6
Asia-Pacific	547,294	2.9	521,800	2.5
Total assets	**19,168,754**	**100.0**	**21,257,245**	**100.0**

3.22 Breakdown of total assets by credit rating of country groups (risk domicile view)

	Foreign exposure at 31 December 2024		Foreign exposure at 31 December 2023	
CHF'000	Carrying value	Share as %	Carrying value	Share as %
Rating				
1&2	11,929,035	89.0	12,866,016	79.1
3	691,796	5.2	1,348,897	8.3
4	171,731	1.3	174,967	1.1
5	289,185	2.2	278,273	1.7
6	109,617	0.8	161,339	1.0
7	79,870	0.6	297,211	1.8
Unrated	134,978	1.0	1,145,585	7.0
Total assets	**13,406,212**	**100.1**	**16,272,288**	**100.0**

Explanations of the ratings system used

We use ratings provided by the FINMA in its correspondence tables for the calculation of the regulatory capital requirements. The "Swiss Export Risk Insurance SERV" ratings are used for each country. This table was compiled on the basis of the countries of domicile of clients, banking counterparts and issuers. With regard to customers, the collaterals received are taken into consideration.

3.23 Presentation of assets and liabilities broken by the most significant currencies for the Bank

CHF'000	CHF	EUR	USD	GBP	Others	Total
	2024					
Assets						
Liquid assets	535,527	434	162	88	-	536,211
Amounts due from banks	139,200	16,780	84,265	157,274	256,394	653,913
Amounts due from securities financing transactions	-	234,588	2,229,237	339,873	-	2,803,698
Amounts due from customers	612,089	1,581,895	4,730,917	1,204,466	181,181	8,310,548
Mortgage loans	479,671	871,868	109,148	756,614	20,971	2,238,272
Trading portfolio assets	-	-	-	-	170,617	170,617
Positive replacement values of derivatives financial instruments	71,511	25,786	124,898	30,875	1,803	254,873
Financial investments	486,971	70,422	2,980,868	485,502	36,522	4,060,285
Accrued income and prepaid expenses	16,325	9,397	47,038	16,615	1,439	90,814
Non-consolidated participations	1	64	13	-	-	78
Tangible fixed assets	40,286	-	-	2,093	-	42,379
Other assets	4,043	1,068	127	1,768	60	7,066
Total assets shown in balance sheet	**2,385,624**	**2,812,302**	**10,306,673**	**2,995,168**	**668,987**	**19,168,754**
Delivery entitlements from spot exchange, forward forex and forex options transactions	471,274	2,487,703	5,078,494	1,823,374	1,404,540	11,265,385
Total Assets	**2,856,898**	**5,300,005**	**15,385,167**	**4,818,542**	**2,073,527**	**30,434,139**
Liabilities						
Amounts due to banks	111,749	703,978	353,892	14,047	10,928	1,194,594
Liabilities from securities financing transactions		187,670	241,113			428,783
Amounts due in respect of customer deposit	310,385	2,291,156	9,834,720	2,922,348	733,587	16,092,196
Negative replacement values of derivatives financial instruments	88,040	27,008	111,156	9,608	2,676	238,488
Accrued expenses and deferred income	47,809	7,732	39,768	49,410	4,001	148,720
Other liabilities	1,671	13,869	13,564	31,842	2,000	62,946
Provisions	10,578	1,114	7,088	2,065	-	20,845
Bank's capital	650,000	-	-	-	-	650,000
Capital reserves	214,396	-	-	-	-	214,396
Retained earnings reserve	64,417	-	-	-	-	64,417
Profit carried forward	-	-	-	-	-	-
Profit/(loss) for the year	(648)	912	776	52,329	-	53,369
Total liabilities shown in balance sheet	**1,498,397**	**3,233,439**	**10,602,077**	**3,081,649**	**753,192**	**19,168,754**
Delivery entitlements from spot exchange, forward forex and forex options transactions	1,356,525	2,065,751	4,781,263	1,735,913	1,323,000	11,262,452
Total Liabilities	**2,854,922**	**5,299,190**	**15,383,340**	**4,817,562**	**2,076,192**	**30,431,206**
Net position per currency	**1,976**	**815**	**1,827**	**980**	**(2,665)**	**2,933**

4. Information concerning off-balance sheet transactions

4.1 Breakdown and explanation of contingent assets and liabilities

CHF'000	2024	2023
Guarantees to secure credits and similar	166,679	170,926
Total contingent liabilities	**166,679**	**170,926**

CHF'000	2024	2023
Contingent assets arising from tax losses carried forward	12,892	13,922
Total contingent assets	**12,892**	**13,922**

4.2 Breakdown of fiduciary transactions

CHF'000	2024	2023
Fiduciary deposits with linked banks	-	103,318
Fiduciary deposits PBRS Group companies	-	-
Total fiduciary transactions	**-**	**103,318**

4.3 Breakdown of client assets and presentation of their development

Type of client assets

CHF'000	2024	2023
Assets under discretionary asset management agreements	9,044,509	8,569,875
Other client assets (including double counting)	62,664,877	56,387,606
Other assets under custody	9,529,521	7,659,375
Total client assets (including double counting)	**81,238,907**	**72,616,856**
- of which double counting	*321,449*	*265,132*

The client assets comprise invested assets (off-balance sheet) and deposits (on-balance sheet). It does not include assets kept by the Bank but managed by a third party (custody-only).

Assets under discretionary asset management agreements comprise clients' deposits for which the Bank makes the investment decisions. Other managed assets include those for which the client makes the investment decisions.

Development of client assets

CHF'000	2024	2023
Total client assets (including double counting) at beginning	72,616,856	52,036,909
+ net new money money inflow	1,136,469	5,984,031
+/- price gains / losses, interest, dividends and currency gains / losses	7,485,582	(1,247,818)
+ Purchase of HSBC Bank Plc, London, Private Banking Business in Guernsey	-	15,843,734
Total client assets (including double counting) at end	**81,238,907**	**72,616,856**

Net new money is calculated monthly by totalling the incoming and outgoing client transfers of cash and securities. It does not include currency fluctuations, security price variations as well as internal transfers between the accounts and interest credited to the client deposits. The interest and dividends resulting from the customer's assets as well as the interests, the commissions and fees debited from the client assets are not included either in the net new money calculation.

4.4 Litigation

HSBC Private Bank (Suisse) SA is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, HSBC Private Bank (Suisse) SA considers that none of these matters are material.

The recognition of provisions is determined in accordance with the accounting policies. While the outcome of legal proceedings and regulatory matters is inherently uncertain, management believes that, based on the information available, appropriate provisions have been made in respect of these matters as at 31 December 2024. Any provision recognized does not constitute an admission of wrongdoing or legal liability.

Bernard L. Madoff Investment Securities LLC

In common with a number of existing HBEU group entities, HSBC Private Bank (Suisse) SA provided services to several clients and/or funds whose assets were indirectly invested with Bernard L. Madoff Investment Securities LLC ("Madoff Securities") and faces two claims in the U.S. alongside other HSBC Group affiliates:

- The Madoff Securities Trustee has brought lawsuits against HSBC Private Bank (Suisse) SA, seeking recovery of transfers from Madoff Securities to HSBC Private Bank (Suisse) SA in the amount of USD 292 million.
- Certain Fairfield entities have brought a lawsuit against HSBC Private Bank (Suisse) SA seeking restitution of redemption payments in the amounts of circa USD 124 million.

These lawsuits remain pending in the U.S. Bankruptcy Court with certain appeals before the Second Circuit. On the assumption there is no double-recovery, USD 292 million represents HSBC Private Bank (Suisse) SA's maximum potential liability (plus pre-judgment interest).

For both the Madoff Trustee litigation and Fairfield Liquidators litigation, HSBC Private Bank (Suisse) SA continues to have substantial defenses to both actions that would need to be overcome before it faces any liability. HSBC Private Bank (Suisse) SA is also holding a significant amount of client assets as collateral to protect against any potential liability arising from these litigations. The risk of a materially negative impact from these cases is therefore further reduced to the extent HSBC Private Bank (Suisse) SA is able to use such collateral to satisfy any adverse verdict.

FINMA regulatory enforcement proceeding

On 3 December 2021, enforcement proceeding was initiated by FINMA on the basis of indicia leading it to believe that the applicable supervisory law has been infringed in the context of the banking relationships linked to two Middle-East sibling clients.

On 31 May 2024, FINMA rendered its decision according to which it concluded that HSBC Private Bank (Suisse) SA seriously breached the rules of the Swiss Anti-Money Laundering Act and internal rules on repeated occasions during the opening and lifetime of the targeted relationships beneficially owned by the sibling. Furthermore, FINMA ruled that a number of reviews have to take place. Finally, FINMA decided a temporary PEP Ban and the appointment of an Independent auditor.

On 5 July 2024, HSBC Private Bank (Suisse) SA appealed against the FINMA Decision to the Swiss Federal Administrative Court. As a consequence, said decision is stayed until the decision is final.

Other litigation and proceedings

These actions apart, HSBC Private Bank (Suisse) SA and its affiliates are party to legal proceedings arising out of their normal business operations. They consider that none of these matters is expected to result in a significant adverse effect on their financial position, either individually or in the aggregate.

Notably, HSBC Private Bank (Suisse) SA is engaged in a few litigation proceedings initiated by former clients/employees alleging breaches of the Bank's duties in the frame of their contractual relationship. The aggregate amount of the claims relating to these proceedings amounts to roughly CHF 72.0 million plus interest. HSBC Private Bank (Suisse) SA is vigorously defending the cases and believes it has strong defenses to the claims.

In addition, in March 2025, the Federal Office of the Attorney General (OAG) in Switzerland notified the Bank that it is conducting an investigation into its possible criminal liability in connection with historic banking relationships held by two politically exposed persons for the period from 2002 to 2016. The OAG investigation is ongoing. In this context, magistrates in France have asked for the assistance of the Swiss authorities based on mutual assistance in criminal matters to obtain information from the Bank, including for the purpose of looking into its possible criminal liability. The Bank is cooperating with the investigations.

5. INFORMATION CONCERNING THE STATEMENT OF INCOME

5.1 Breakdown of the result from trading operations

Breakdown by business area

CHF'000	2024	2023
Markets Treasury (proprietary trading)	2,390	(366)
Private Banking (trading operations with clients)	25,197	14,711
Result from trading operations	**27,587**	**14,345**

Breakdown by underlying risks

CHF'000	2024	2023
Result from trading activities from		
- Equity securities options	-	-
- Interest rate swap	4,132	1,407
- Foreign currencies	22,975	12,944
- Commodities / precious metals	480	(6)
Result from trading operations	**27,587**	**14,345**

5.2 Disclosure of material negative interest

The negative interests resulting from the deposit at the Swiss National Bank are recorded in reduction of the interest income. No negative interests were recorded at 31st December 2024 and 2023. The negative interests resulting from customer deposits are recorded in reduction of the interest expenses. At 31st December 2024, the negative interests were CHF 0.02 million (31st December 2023: CHF 0.1 million).

5.3 Breakdown of personnel expenses

CHF'000	2024	2023
Salaries	131,060	110,599
- Of which expenses related to restricted share awards, share option awards and alternative forms of variable compensation	*5,687*	*(631)*
Social insurance benefits	10,053	9,123
Payments to pension funds in favour of employees	14,290	13,135
Other personnel expenses	1,730	2,811
Total personnel expenses	**157,133**	**135,668**

5.4 Breakdown of general and administrative expenses

CHF'000	2024	2023
Rental and maintenance expenses	11,753	11,519
Expenses for EDP, equipment, furniture, motor vehicles and other installations	1,554	1,279
Consultants' fees and legal expenses	9,660	1,906
IT related expenses	17,731	22,393
Office and operating materials, printed material, telephone, postage and other installations	5,279	4,814
Representative offices	855	856
Travel costs	2,362	2,369
Insurance fees	1,211	1,257
Advertising expenses	1,334	782
Fees of audit firm	1,803	2,015
- of which, for financial and regulatory audits	1,691	1,955
- of which, for other services	112	60
Miscellaneous administrative fees	7,431	4,956
Billing received from HSBC PB Services (Suisse) SA	74,418	61,826
Billing received from other entities of the HSBC Group	30,728	23,212
General and administrative expenses	**166,119**	**139,184**

5.5 Explanations regarding extraordinary income and expenses

CHF'000	2024	2023
Extraordinary income	**920**	**234**
- Profit related to a subsidiary sale	-	234
- Profit related to a subsidiary liquidation	-	-
- Profit related to release of liabilities outstanding for more than 10 years	920	-
Extraordinary expenses	**-**	**-**

In 2024, the Bank was able to close a longstanding investigations concerning assets received from third parties for credit to customer accounts which were closed more than ten years ago. This resulted in the recognition of release of a net gain of CHF 0.9 million into the statement of income.

In 2023, given the new European Recovery & Resolution regulation, HSBC Private Bank (Luxembourg) SA has been transferred to HSBC Continental Europe. Following the transfer which occurred the 2nd November 2023, a residual gain of CHF 0.2 million has been recognized in the financial statements.

5.6 Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

	Domestic	Foreign	Total	Domestic	Foreign	Total
			2024			2023
CHF'000						
Net result from interest operations	112,106	92,811	204,917	126,420	30,635	157,055
Net income from commissions, products and services	143,168	18,094	161,262	128,632	9,290	137,922
Result from trading activities	24,943	2,644	27,587	16,238	(1,893)	14,345
Other result from ordinary activities	12,314	843	13,157	13,108	1,659	14,767
Operating expenses	(276,001)	(47,251)	(323,252)	(248,818)	(26,034)	(274,852)
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	(17,368)	(2,048)	(19,416)	(71,731)	(325,186)	(396,917)
Changes to provisions and other value adjustments, and losses	2,797	(3,862)	(1,065)	443	(115)	328
Operating result	**1,959**	**61,231**	**63,190**	**(35,708)**	**(311,644)**	**(347,352)**

5.7 Presentation of current taxes, deferred taxes and disclosure of tax rate

CHF'000	2024	2023
Current tax expenses	(10,741)	(5,803)
Total taxes recognised in the income statement	**(10,741)**	**(5,803)**
Average tax rate weighted on the basis of the operating results	17.00%	10.00%

Considering that due to the negative results recorded during the previous years, no income tax is due in Switzerland, the calculation of the average tax rate for the period ended 31st December 2024 is based on the Guernsey branch operating income and income tax.

The average tax rate weighted on the operating results is 17% for 2024 compared to 10% for 2023.

Considering that due to the negative results recorded during the previous years, no income tax is due in Switzerland. In 2024, the tax expenses are composed of the net annual equity tax of CHF 3.3 million (2023: CHF 4.1 million) and an income tax paid in Italy CHF 0.2 million recorded both in Switzerland as well as an income tax of CHF 7.2 million (2023: CHF 1.7 million) recorded in Guernsey as a result of the positive result recognized in the branch.

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The Board of Directors proposes to allocate available retained earnings as follows:

CHF'000	2024
Profit brought forward	-
Profit for the year	53,369
Profit at the disposal of the Shareheloder's meeting	**53,369**
Dividend	-
Proposed attribution to the statutory retained earnings reserve	(2,668)
Offsetting with	
- The statutory retained earnings reserve	
- The statutory capital reserve	-
Profit carried forward	**50,701**

Report of the Statutory Auditor on the Annual Financial Statements

Report of the statutory auditor

to the General Meeting of HSBC Private Bank (Suisse) SA, Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HSBC Private Bank (Suisse) SA ('the Company'), which comprise the balance sheet as at 31 December 2024, the statement of income, the cash flow statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 37 to 89) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

Based on our audit according to art. 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposal complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Philippe Bochud
Licensed audit expert
Auditor in charge

Sarah Az El Arab

Geneva, 3 April 2025