


HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### Independent auditor's report to the management of The Hongkong and Shanghai Banking Corporation Limited (HSBC), Bangladesh Branches

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of The Hongkong and Shanghai Banking Corporation Limited (HSBC), Bangladesh Branches (the "Bank") which comprise the balance sheet as at 31 December 2024 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those 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 Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements and internal controls**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as explained in note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Bank'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 management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank'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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:

a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate; and

b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;

(iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;

(iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(vii) adequate provisions have been made for loans and advances and other assets which are in our opinion, doubtful of recovery;

(viii) the information and explanations required by us have been received and found satisfactory;

(ix) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,500-person-hours; and

(x) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

DVC NO: 2504290770AS860164
Dhaka, 29 April 2025

sd/
**Sabbir Ahmed FCA, Partner**
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants
Firm Enlistment No: CAF-001-057

### Balance Sheet as at 31 December 2024

| PROPERTY AND ASSETS | Notes | 2024 BDT | 2023 BDT |
|---|---|---|---|
| **Cash** | 5 | | |
| In hand (including foreign currencies) | | **1,680,601,941** | 1,430,901,785 |
| With Bangladesh Bank and its agent bank(s) (including foreign currencies) | | **19,408,599,293** | 25,253,069,970 |
| | | **21,089,201,234** | 26,683,971,755 |
| **Balance with other banks and financial institutions** | 6 | | |
| In Bangladesh | | **82,262,903** | 94,550,260 |
| Outside Bangladesh | | **6,642,134,949** | 7,308,307,159 |
| | | **6,724,397,852** | 7,402,857,419 |
| **Money at call on short notice** | 7 | **30,461,482,100** | 7,682,500,000 |
| **Investments** | 8 | | |
| Government securities | | **95,920,575,296** | 116,473,782,805 |
| Others | | **6,000,000** | 6,000,000 |
| | | **95,926,575,296** | 116,479,782,805 |
| **Loans and advances** | 9 | | |
| Loans, cash credits, overdrafts etc. | | **139,119,999,065** | 147,345,443,572 |
| Bills purchased and discounted | | **50,157,561,388** | 69,744,702,291 |
| | | **189,277,560,453** | 217,090,145,863 |
| **Fixed assets including premises, furniture and fixtures** | 10 | **770,831,284** | 850,890,905 |
| **Other assets** | 11 | **2,071,819,121** | 5,243,252,868 |
| **Non - banking assets** | | **-** | - |
| **Total assets** | | **346,321,867,340** | 381,433,401,615 |
| **LIABILITIES AND CAPITAL** | | | |
| **Liabilities** | | | |
| **Borrowings from other banks, financial institutions and agents** | 12 | **32,474,106,053** | 82,827,672,425 |
| **Deposits and other accounts** | 13 | | |
| Current accounts and other accounts | | **95,500,211,308** | 92,113,847,208 |
| Bills payable | | **5,952,872,902** | 4,534,226,511 |
| Saving deposits | | **38,255,051,397** | 33,807,882,556 |
| Term deposits | | **87,256,982,187** | 89,096,876,563 |
| | | **226,965,117,794** | 219,552,832,838 |
| **Other liabilities** | 14 | **23,866,081,950** | 20,527,509,065 |
| **Total liabilities** | | **283,305,305,797** | 322,908,014,328 |
| **Capital/shareholders' equity** | | | |
| Fund deposited with Bangladesh Bank | 15 | **4,395,378,331** | 4,044,976,737 |
| Other reserves | 16 | **3,577,414,811** | 2,363,240,965 |
| Profit and loss account | 17 | **55,043,768,401** | 52,117,169,585 |
| **Total shareholders' equity** | | **63,016,561,543** | 58,525,387,287 |
| **Total liabilities and shareholders' equity** | | **346,321,867,340** | 381,433,401,615 |
| **OFF BALANCE SHEET ITEMS** | | | |
| **Contingent liabilities** | 18 | | |
| Acceptances and endorsements | | **31,371,343,613** | 55,383,768,825 |
| Letters of guarantee | | **101,874,326,148** | 105,586,508,870 |
| Irrevocable letters of credit | | **67,884,173,881** | 52,628,173,742 |
| Foreign exchange contracts - Spot and Forward | | **8,165,646,671** | 665,818,026 |
| Other Contingent liabilities | | **5,575,846,395** | 3,371,332,143 |
| **Total** | | **214,871,336,708** | 217,635,601,606 |
| **Other commitments** | | | |
| Un-drawn formal standby facilities, credit lines and other commitments | | **208,730,080,850** | 237,833,656,075 |
| **Total** | | **208,730,080,850** | 237,833,656,075 |
| **Total off balance sheet items** | | **423,601,417,558** | 455,469,257,681 |

*The annexed notes 1 to 33 form an integral part of these financial statements.*

sd/-
**Md Mahbub ur Rahman**
Chief Executive Officer, Bangladesh

sd/
**Jignesh Chetan Ruparel**
Chief Financial Officer, Bangladesh

As per our report of same date.

DVC NO: 2504290770AS860164
Dhaka, 29 April 2025

sd/
**Sabbir Ahmed FCA, Partner**
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### Profit and Loss Account for the year ended 31 December 2024

| | Notes | 2024 BDT | 2023 BDT |
|---|---|---|---|
| Interest income | 19 | 19,084,202,887 | 17,025,686,103 |
| Interest paid on deposits and borrowings | 20 | (6,153,245,873) | (7,733,702,830) |
| **Net interest income** | | 12,930,957,014 | 9,291,983,273 |
| Income from investments | 21 | 9,920,164,784 | 8,064,732,870 |
| Commission, exchange and brokerage | 22 | 6,392,693,385 | 6,363,721,019 |
| Other operating income | 23 | 139,333,619 | 24,445,225 |
| **Total operating income** | | 29,383,148,802 | 23,744,882,387 |
| Salaries and allowances | 24 | 3,442,772,489 | 3,291,137,987 |
| Rent, taxes, insurance, electricity etc. | | 232,350,565 | 222,816,565 |
| Legal and professional expenses | 25 | 47,642,508 | 48,732,329 |
| Postage, stamp, telecommunication etc. | | 66,925,814 | 54,189,390 |
| Auditors' fee | | 1,150,000 | 1,150,000 |
| Stationery, printings and advertisements etc. | | 200,942,795 | 204,900,474 |
| Chief Executive Officer's salary and allowances | | 54,004,968 | 49,494,537 |
| Depreciation, impairment and repair of Bank's assets | 26 | 883,703,033 | 723,806,688 |
| Other operating expenses | 27 | 5,585,693,900 | 2,382,187,719 |
| **Total operating expenses** | | 10,515,186,072 | 6,978,415,689 |
| **Profit before provision** | | 18,867,962,730 | 16,766,466,698 |
| Specific provision for classified loans and advances | 14.4 | 1,319,746,776 | 453,055,100 |
| General provision for unclassified loans and advances and off balance sheet exposures | 14.4 | (248,053,803) | (505,363,478) |
| Other provision | | (1,755,860) | (4,952,510) |
| **Total provision** | | 1,069,937,113 | (57,260,888) |
| **Profit before tax** | | 17,798,025,617 | 16,823,727,586 |
| **Tax** | | | |
| Current year | 14.6 | 6,574,911,543 | 7,128,445,831 |
| Prior year | | (717,969,632) | (212,875,706) |
| Deferred tax | 14.3 | 1,079,733,587 | (82,482,629) |
| | | 6,936,675,498 | 6,833,087,496 |
| **Profit after tax for the year** | 17 | 10,861,350,119 | 9,990,640,090 |

*The annexed notes 1 to 33 form an integral part of these financial statements.*

sd/
**Md Mahbub ur Rahman**
Chief Executive Officer, Bangladesh

sd/
**Jignesh Chetan Ruparel**
Chief Financial Officer, Bangladesh

As per our report of same date.

sd/
**Sabbir Ahmed FCA, Partner**
ICAB Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

DVC NO: 2504290770AS860164
Dhaka, 29 April 2025

### Statement of Changes in Equity for the year ended 31 December 2024

| Particulars | Fund deposited with Bangladesh Bank (Note 15) | Other reserve (Note 16) | Profit and loss account (Note 17) | Total |
|---|---|---|---|---|
| | BDT | BDT | BDT | BDT |
| Balance at 01 January 2023 | 3,811,264,265 | 1,838,005,354 | 43,359,574,951 | 49,008,844,570 |
| Revaluation of Foreign Currency | 233,712,472 | 733,160,515 | - | 966,872,987 |
| Net profit for the year | - | - | 9,990,640,090 | 9,990,640,090 |
| Unrealised interest on amortisation of HTM Securities (net of deferred tax assets/liabilities) | - | (338,983,504) | - | (338,983,504) |
| Actuarial gain/(loss) (net of deferred tax assets/liabilities) | - | 131,058,600 | - | 131,058,600 |
| Provision for Start-up Fund 2023 | | | (99,906,401) | (99,906,401) |
| Prior period adjustment | | | - | - |
| Profit remitted to head office | - | - | (1,133,139,055) | (1,133,139,055) |
| **Balance at 31 December 2023** | **4,044,976,737** | **2,363,240,965** | **52,117,169,585** | **58,525,387,287** |
| Revaluation of Foreign Currency | **350,401,594** | **1,248,944,579** | - | **1,599,346,173** |
| Net profit for the year | - | - | **10,861,350,119** | **10,861,350,119** |
| Unrealised interest on amortisation of HFT Securities (net of deferred tax assets/liabilities) realised | - | **10,370,242** | - | **10,370,242** |
| Actuarial gain/(loss) (net of deferred tax assets/liabilities) | - | **(45,140,975)** | - | **(45,140,975)** |
| Provision for Start-up Fund 2024 | - | - | **(108,613,501)** | **(108,613,501)** |
| Prior years adjustment | - | - | **(353,645,953)** | **(353,645,953)** |
| Profit remitted to head office | - | - | **(7,472,491,849)** | **(7,472,491,849)** |
| **Balance at 31 December 2024** | 4,395,378,331 | 3,577,414,811 | 55,043,768,401 | 63,016,561,543 |

### Cash Flow Statement for the year ended 31 December 2024

| | Notes | 2024 BDT | 2023 BDT |
|---|---|---|---|
| **A Cash flow from operating activities** | | | |
| Interest received | | 19,092,975,647 | 17,054,658,781 |
| Interest paid | | (6,841,194,440) | (7,151,058,820) |
| Dividends receipts | | 6,000,000 | 6,000,000 |
| Commission, exchange and brokerage received | | 6,529,861,071 | 6,362,964,036 |
| Other income | | 19,129,423 | 18,569,826 |
| Cash paid to employees | | (3,482,750,181) | (3,222,327,617) |
| Cash paid to suppliers | | (388,535,987) | (1,249,824,526) |
| Cash paid for other operating expenses | | (5,590,970,021) | (2,149,132,730) |
| Operating profit before changes in operating assets and liabilities | | 9,344,515,512 | 9,669,848,950 |
| *(Increase)/decrease of operating assets:* | | | |
| Loans and advances to customers | | 27,812,585,409 | 8,519,823,340 |
| Other assets | | 3,010,233,729 | 3,568,919,857 |
| *Increase/(decrease) of operating liabilities:* | | | |
| Customers deposits | | 7,412,284,955 | 12,284,477,163 |
| Borrowing from other banks and financial institutions | | (50,353,566,372) | (27,658,356,487) |
| Other liabilities | | 2,925,550,750 | 263,682,402 |
| | | (9,192,911,529) | (3,021,453,725) |
| ***Cash receipt from operating activities*** | | 151,603,983 | 6,648,395,225 |
| Advance income tax paid | 14.6 | (6,787,048,357) | (5,632,080,206) |
| ***Net cash receipt from operating activities*** | | (6,635,444,374) | 1,016,315,019 |
| **B Cash flow from investing activities** | | | |
| Income from investments | | 9,914,164,785 | 8,153,428,782 |
| Investments made during the year | | (319,737,322,868) | (77,810,445,695) |
| Proceeds from sale of investments | | 371,618,184,182 | 53,363,832,487 |
| Purchase of property, plant and equipment | 10 | (204,719,107) | (355,648,897) |
| Proceeds from sale of property, plant and equipment | | 633,455 | 37,667,696 |
| ***Net cash used in investing activities*** | | 61,590,940,447 | (16,611,165,627) |
| **C Cash flow from financing activities** | | | |
| Cash remitted to head office | 17 | (7,472,491,849) | (1,133,139,055) |
| ***Net cash used in financing activities*** | | (7,472,491,849) | (1,133,139,055) |
| **D Net increase in cash and cash equivalents (A+B+C)** | | 47,483,004,224 | (16,727,989,663) |
| **E Gain/(Loss) on revaluation of foreign currency deposited with Bangladesh Bank as capital and cash and cash equivalents** | 15 | 350,401,594 | 233,712,472 |
| **F Net increase in cash and cash equivalents (D+E)** | | 47,833,405,818 | (16,494,277,191) |
| **G Opening cash and cash equivalents** | | 104,445,343,060 | 120,939,620,251 |
| **H Closing cash and cash equivalents (F+G)** | 29 | 152,278,748,878 | 104,445,343,060 |

### Notes to the Financial Statements as at and for the year ended 31 December 2024

**1 Background**

The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Bangladesh Branches ("the Bank") commenced its banking operations in Bangladesh on 3 December 1996 after obtaining its banking license from Bangladesh Bank on 17 April 1996. HSBC is incorporated in Hong Kong SAR ("Head Office") with limited liability and its ultimate holding company HSBC Holdings plc ("the Group") is incorporated in England, with limited liability under the UK Companies Act.

HSBC also operates an Offshore Banking Unit (OBU) after obtaining its license from Bangladesh Bank on 18 March 1998.

**2 Principal activities**

HSBC offers a comprehensive range of financial services in Bangladesh which includes Corporate and Institutional Banking (CIB) and International Wealth and Premier Banking (IWPB). CIB Business includes Lending, Markets and Securities Services, Global Payments Solutions and Global Trade Solutions.

**3 Basis of preparation**

**3.1 Statement of compliance**

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Financial Reporting Council (FRC) under the Financial Reporting Act (FRA), 2015 and the directive of First schedule (sec-38) of the Bank Company Act, 1991 as amended therein 2007, 2013, 2018 and 2023, BRPD Circular no. 14 dated 25 June 2003, other Bangldeash Bank Circulars. In case any requirements of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Bank Company Act 1991 (as amended up to date), and provisions and circulars issued by Bangladesh Bank shall prevail.

As per BRPD Circular No. 02 dated 25 February 2019, financial statements of the bank have been prepared on a Solo basis from 2019 where OBU information has been included in equivalent Bangladeshi Taka (BDT) denomination. However, key financial statements of OBU have been provided in Annexures to the solo financila statements of the Bank. Bangladesh Bank issued Offshore Banking Act 2024 through FE Circular letter No. 01 dated 18 March 2024 and subsequently issued Guidelines for Offshore Banking Business of Scheduled Commercial Banks in Bangladesh in FE circular No. 11 dated January 30, 2025.

Material deviations from the requirements of IFRS in preparing these financial statements of HSBC are as follows:

**i) Presentation of financial statements**

**IFRS:** As per IAS 1, financial statements shall comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity for the period, a statement of cash flows for the period and notes - comprising significant accounting policies and other explanatory information. As per IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position. In addition the entity also needs to present the details of classifications of the financial statemens captions (i.e. current and non-current segament of asset and liabilities) on the main face of the financials.

**Bangladesh Bank:** Bangladesh Bank directed to present the financial statements in a prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein as guided by the First Schedule (section 38) of the Bank Company Act 1991 (as amendment up to date) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

**ii) Investment in shares**

**IFRS:** As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income, respectively.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

**iii) Revaluation gains/losses on Government securities**

**IFRS:** As per requirement of IFRS 9 where securities are designated at fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities measured as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

**Bangladesh Bank:** Held for trading (HFT) securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. Held to maturity (HTM) securities which have not matured as at the balance sheet date are amortised at year end and gains or losses on amortisation can be recognised in profit and loss statement from 2023 as per DOS circualr no. 27 (04 December 2023) instead of mandatorily recognizing the same under other reserve of shareholder's equity.

**iv) Repo and reverse repo transactions**

**IFRS:** As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the liability is recorded in respect of the consideration received. Non trading repos are recognised at amortised cost in the entity's financial statements. The difference between sale price and repurchase price will be treated as an interest expense and recognised over the life of the instrument. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per Department of Off-Site Supervision (DOS) Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 07 dated 29 july 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a borrowing, thereby, continuing to recognise the asset.

**v) Provision on loans and advances/investments**

**IFRS:** As per IFRS 9, an entity shall recognise an impairment allowance on loans and advances to banks and customers, non-trading reverse repo agreements, other financial assets held at amortised cost, debt instrument measured at FVOCI and certain loan commitments and financial guarantee contract based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from possible default events on such loans and advances that are possible within 12 months after reporting date.

**Bangladesh Bank:** As per Bangladesh Bank circulars (mentioned in section 4.2) a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard loans). Also specific provision for sub-standard loans, doubtful loans and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. Again as per BRPD circular no.14 dated 25 June 2023, general provision against off-balance sheet exposures need to be maintained. Such provision policies are not specifically in line with those prescribed by IFRS 9.

BRPD Circular No. 15 dated 27 November 2024, Bangladesh Bank provided directives regarding Loan Classification and Provisioning which will supersede the instructions given in BRPD Circular No. 14/2012 and subsequent modifications through any circulars or circular letters. The circular will come into force from 1 April 2025. As part of its continuous efforts to enhance risk management capabilities of banks and strengthen the transparency of the financial reporting, Bangladesh Bank plans to implement Expected Credit Loss (ECL) methodology-based provisioning system for banks in accordance with International Financial Reporting Standard (IFRS 9) by 2027.

**vi) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. If the loan is subsequently credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances (i.e. gross carrying amount of the assets less allowance for expected credit losses).

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather, the corresponding interest amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

**vii) Other comprehensive income**

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which neither include OCI nor are the elements of OCI allowed to be included in a single other OCI Statement. The Bank does not prepare the OCI statement, however, elements of OCI, if any, are shown in the statement of changes in equity.

**viii) Financial instruments – presentation and disclosure**

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. Consequently, full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

**ix) Financial guarantees**

**IFRS:** As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of an instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 06 (25 April 2023), financial guarantees such as standby letter of credit, letter of guarantee etc. are reported as off-balance sheet items.

**x) Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as a cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than 91 days and prize bond are not shown as cash and cash equivalents. Money at call and short notice is shown separately in the Balance Sheet. Treasury bills with maturity of more than 91 days and prize bond are shown under investments in the Balance Sheet. However, in the cash flow statement, money at call and short notice and prize bonds along with the treasury bills less than 91 days are shown as cash and cash equivalents besides cash in hand, balance with Bangladesh Banks and other banks.

**xi) Non-banking assets**

**IFRS:** No indication of Non-banking assets is found in any IFRS.

**Bangladesh Bank:** As per BRPD circular no 14, there is a separate balance sheet disclosure nomenclated as Non-banking assets.

**xii) Cash flow statement**

**IFRS:** The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular no 14, the cash flow statement is a mix of both the direct and the indirect methods.

**xiii) Balance with Bangladesh Bank: Cash Reserve Ratio ("CRR")**

**IFRS:** CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank including CRR is treated as cash and cash equivalents.

**xiv) Presentation of intangible assets**

**IFRS:** Intangible assets must be identified, recognised, and disclosed as per IAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003 and hence it is shown in other assets.

**xv) Off-balance sheet items**

**IFRS:** As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no.14 dated 25 June 2023, BRPD circular no.14 dated 25 June 2003, off balance sheet items (e.g. Acceptances & Endorsements, Letters of Guarantee, Irrevocable Letters of Credit, Foreign Exchange Contracts, Other Commitments.) need to be disclosed separately on the face of the balance sheet.

**xvi) Loans and advances/Investments net of provision**

**IFRS:** Loans and advances/Investments should be presented net of provision.

**Bangladesh Bank:** As per BRPD circular no.14, provision on loans and advances/investments are presented separately as a liability and cannot be netted off against loans and advances.

**xvii) Name of Financial Statements**

**IFRS:** As per IAS 1: Presentation of Financial Statement, components of financial statements are defined as statement of financial position and statement of profit or loss and other comprehensive income (OCI).

**Bangladesh Bank:** As per BRPD circular no 14, statement of financial position is defined as 'Balance Sheet' whilst statement of profit or loss and other comprehensive income is defined as 'Profit & Loss Account'. The elements of OCI are shown under equity as mentioned in note 3.1 (vii).

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

**3.2 Basis of measurement**

The financial statements of the Bank are prepared on the basis of historical cost except for investment in treasury bills and treasury bonds which have been "mark to market" in accordance with the Department of Off-Site Supervision (DOS) circular 05 (28 January 2009) and the liability of defined benefit obligations which is recognised at the present value of the defined benefit obligations less the net total of the plan assets and other related items as required by IAS 19 and represents the financial performance and financial position of the branches in operation within Bangladesh.

Balances of all branches including Offshore Banking Unit (OBU) are included in these financial statements.

**3.3 Going Concern**

These financial statements have been prepared on the assessment of the bank's ability to continue as a going concern. HSBC Bangladesh branches has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

**3.4 Functional and presentation currency**

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Bank are presented in Bangladeshi Taka (BDT) which is the Bank's both functional and presentation currency.

According to BRPD circular no. 2 dated 25 February 2019, financial statements of the Bank are prepared on a solo basis where OBU financial information is included in Bangladeshi Taka ("BDT") equivalent amounts. However, key financial information of OBU is provided in Annexure- C to these solo financial statements of the Bank.

**3.5 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

- Provisions on loans and advances
- Income tax
- Post-employment benefits - defined benefit plan
- Allocation of head office expenses to the Bank
- Allocation of operating expenses to OBU
- Useful life of depreciable assets
- Provision for expenses, lease liabilities

**3.6 Cautionary Statements Regarding Forward-Looking Statements**

The financial statements of 2024 contains certain forward- looking statements with respect to the financial condition, environmental, social and governance ('ESG') related matters, results of operations and business of the group, including the strategic priorities; financial, investment and capital targets; and the group's ability to contribute to the HSBC Group's (including the group's) environmental, social and governance ('ESG') ambitions, targets and commitments described herein.

Statements that are not historical facts, including statements about the group's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward- looking statements. These statements are based on current plans, estimates and projections, and therefore no undue reliance should be placed on them. Forward-looking statements apply only as of the date they are made. The group makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statement.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors, including ESG-related factors, could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

**3.7 Reporting period**

These financial statements cover one calendar year from 01 January 2024 to 31 December 2024. These financial statements are authorised for issue by Management of the Bank on 29 April 2025.

**3.8 Cash flow statement**

The cash flow statement has been prepared in accordance BRPD circular No. 14 dated 25 June 2003 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

**3.9 Statement of changes in equity**

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth during the year.

**3.10 Liquidity statements**

The liquidity statement of assets and liabilities as on the reporting date has been prepared on a residual maturity term basis as provided in the statement.

**4 Significant accounting policies**

**4.1 Foreign currencies**

According to IAS 21 "The Effects of Changes in Foreign Exchange Rates" transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities that measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Any resulting exchange differences are included in the profit and loss account except for exchange differences on "Funds deposited with Bangladesh Bank" as capital, which is recognised directly in Equity.

**4.2 Loans and advances and Provisions for loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business.

Loans and advances are measured at amortized cost. These are stated gross amounts, with accumulated specific and general provisions for loans and advances being shown under other liabilities.

At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances to assess whether objective evidence that impairment of a loan or portfolio of loans has arisen supporting a change in the classification of loans and advances, which may result in a change in the provision required in accordance with BRPD circular No. 53 (22 December 2022), BRPD circular No. 52 (29 December 2021), BRPD circular No. 50 (14 December 2021), BRPD circular No. 56 (10 December 2020), BRPD circular No. 52 (20 October 2020), BRPD Circular No. 16 (21 July 2020), BRPD circular No. 13 (18 October 2018), BRPD circular No. 07 (21June 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.12 (20 August 2017), BRPD circular No.16 (18 November 2014), BRPD circular No. 05 (29 May 2013), BRPD circular No. 19 (27 December 2012), BRPD circular No.14 (23 September 2012). The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans as defined in the circular. The provisioning rates are as follows:

| General provision on: | 2024 | 2023 |
|---|---|---|
| Unclassified general loans and advances/investments | **1.00%** | 1.00% |
| Unclassified small and medium enterprise financing | **0.25%** | 0.25% |
| Unclassified loans/investment for housing finance and on loans for professionals | **1.00%** | 1.00% |
| Unclassified consumer financing other than housing finance and loans for professionals | **2.00%** | 2.00% |
| Unclassified agricultural loans | **1.00%** | 1.00% |
| Unclassified CMSME loans & advances/investment | **1.00%** | 1.00% |
| Unclassified general loans and advances/investment | **2.00%** | 2.00% |
| Special Mention Account (SMA) loans and advances/investment | **2.00%** | 2.00% |
| **Specific provision on:** | | |
| Substandard loans and advances/investments other than agricultural loans | **20%** | 20% |
| Doubtful loans and advances /investment other than agricultural loans | **50%** | 50% |
| Substandard and doubtful agricultural loans | **5%** | 5% |
| Bad/loss loans and advances/investments | **100%** | 100% |

BRPD circular No.14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach, the higher of the two is recognised in liabilities under "Provision for loans and advances" with any movement in the provision charged/released in the profit and loss account. Classified loans are categorized into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.

BRPD Circular No. 15 (27 November 2024), Bangladesh Bank provided directives regarding Loan Classification and Provisioning which will supersede the instructions given in BRPD Circular No. 14/2012 and subsequent modifications through any circulars or circular letters. The circular will come into force from 1 April 2025. As part of its continuous efforts to enhance risk management capabilities of banks and strengthen the transparency of the financial reporting, Bangladesh Bank plans to implement Expected Credit Loss (ECL) methodology-based provisioning system for banks in accordance with International Financial Reporting Standard (IFRS 9) by 2027.

As per BRPD Circular no. 58 (31 December 2024), Bangladesh Bank discontinued the obligation to maintain the provision under 'Special General Provision-Covid-19' which was enforced through BRPD Circular Letter No. 53 (22 December 2022). The provision previously maintained for Covid-19 can be transferred to the General and Specific Provisions maintained against Loans and Advances.

**4.3 Loan write-off**

Loans are normally written off, when there is no realistic prospect of recovery of these amounts and in accordance with BRPD Circular No. 04 dated (18 February 2024), BRPD Circular Letter No. 01 dated 05 January 2023, BRPD circular No.01 (06 February 2019), BRPD circular No.13 (07 November 2013) and BRPD circular No.02 (13 January 2003). A separate Special Credit Unit (SCU)/Credit Control Service (CCS) unit monitors loans written off and legal action taken through the money loan court. These write-offs do not undermine or affect the amount claimed against the borrower by the Bank.

The SCU/CCS maintains a separate record for all individual cases written off by each branch. SCU/CCS follow-up on the recovery efforts of these written off loans and reports to management on a periodic basis. Written off loans and advances are reported to the Credit Information Bureau (CIB) of Bangladesh Bank as per BRPD circular No.17 (28 September 2020).

**4.4 Provisions on balances with other banks and financial institutions (Nostro accounts)**

Provisions for unsettled transactions on nostro accounts made are reviewed on a monthly basis by management in Risk management meeting (RMM) and certified by the Bank's external auditors on a semi-annual basis in accordance with BRPD circular No. 04 dated 12 April 2022.

**4.5 Provisions for off balance sheet exposures**

As per BRPD Circular No. 06 dated 25 April 2023, BRPD circular No.14 (23 September 2012), BRPD circular No.10 (24 November 2002) considering the exemption as provided through BRPD circular No.01 (03 January 2018), BRPD circular No.07 (21 June 2018) and BRPD circular No.13 (18 October 2018) the bank has recognized and maintained General Provision on the following off balance sheet exposures and other commitments.

- Acceptances and endorsements
- Letters of guarantee
- Irrevocable letters of credit
- Foreign exchange contracts
- Un-drawn formal standby facilities, credit lines and other commitments
- Other Contingent liabilities

**4.6 Investments**

In accordance with Bangladesh Bank guideline the Bank has classified investment into the following categories:

- Held to Maturity (HTM)
- Held for Trading (HFT)

In accordance with DOS circular no.05 (26 May 2008) and DOS circular no.05 (28 January 2009), DOS circular no.27 (04 December 2023) treasury securities held for Statutory Liquidity Ratio (SLR) compliance could be classified as either HTM or HFT. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation can be recognised in profit and loss statement as per latest circular. Previously, this gains or losses needed to be recognised in reserve as part of equity. Coupon interest on HTM securities is recognised in profit and loss account. HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account.

The Bank's investments in shares (unquoted) are recorded at cost and income thereon is accounted for when the right to receive payment is established. Provisions are made for any loss arising from diminution in value of investments. Bonus shares in their own self will have no value as the fair value of each shareholder's interest would be unaffected by the bonus issue, hence no accounting entries are passed in the book for bonus share received.

**4.7 Provisions for other assets, listed and non-listed shares, bonds/debentures and mutual funds**

The Bank maintains the required provision in line with the BRPD circular no 04 dated 12 April 2022 and DOS Circular No. 01 dated 24 May 2023 unless no provision is required based on an objective assessment.

**4.8 Fixed assets (Property, plant and equipment)**

Fixed assets are stated at cost less any impairment losses and depreciation calculated on a straight-line basis, from the month in which the asset is recognised to the month prior to the month in which the asset is derecognised so as to write off the assets over their useful lives, which are as follows:

| | | |
|---|---|---|
| - Furniture and fixtures | 3 to 10 years | 10% to 33.33% pa |
| - Equipment | 4 to 7 years | 14.29% to 25% pa |
| - Motor vehicles | 8 years | 12.50% pa |
| - Computers | 4 years | 25% pa |

Fixed assets are subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may be impaired. Repairs and maintenance are charged to the profit and loss account as incurred.

Depreciation is comprised of both from fixed assets and leased assets as per IFRS 16: Leases. As per IFRS 16 amendments, previously recognized rental expenses would be replaced with depreciation expenses.

**4.9 Intangible assets**

Intangible assets include purchased software which are stated at cost less any impairment losses and amortization calculated on a straight-line basis. In accordance with the provisions of IAS 38 the cost of purchased software which is not an integral part of the related hardware is booked under intangible assets. Intangible assets with finite useful life are amortized, on a straight-line basis, over their useful lives as follows:

| | | |
|---|---|---|
| Purchased software | 3 to 5 years | 20% to 33.33% pa |

Intangible assets are subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may be impaired. Modification, up-gradation and maintenance costs are charged to the profit and loss account as incurred.

**4.10 Leases**

IFRS 16: Leases, defines a lease as "A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist, the user of the asset needs to have the right to:

- obtain substantially all of the economic benefits from the use of asset (identifiable asset); and
- the right to direct the use of asset

As per IFRS 16, from lessee's perspective, leases are recognized on the balance sheet. Upon lease commencement, a lessee recognizes a right-of-use (ROU) asset and a lease liability. The ROU asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The impact of the changes in the standard on lessees' financial statements is:

- An increase in recognized assets and liabilities
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease and
- A shift in lease expense classification from rental expenses to interest expense and depreciation

International Accounting Standards Board (IASB) has adopted IFRS 16 (replacing IAS 17) globally effective from 01 January 2019. As Bangladesh Bank (BB) has no other alternative regulation or guidance regarding the same, HSBC Bangladesh has adopted IFRS 16 from the same date in preparing solo financial statements and duly notified BB during 2019.

**4.11 Deposits by customers and banks**

Deposits by customers and banks are recognised when the Bank enters into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and initially measured at the consideration received.

**4.12 Provisions for liabilities and charges**

As per IAS 37, provisions are recognized when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

**4.13 Capital adequacy**

According to Sub-section 2 of Section 13 of the Bank Company Act 1991, as amended by BRPD circular No.11 dated 14 August 2008, BRPD circular No. 18 dated 21 December 2014 and DOS Circular Letter No. 20, all banks are required to maintain with Bangladesh Bank the higher of BDT 5 billion or the minimum capital requirement calculated as 10% of risk weighted assets (RWA). In addition to the minimum capital requirement, Capital Conservation Buffer (CCB) at the rate of 2.50% of the total RWA is to be maintained in the form of Common Equity Tier-1 Capital (CET-1). The banks incorporated outside Bangladesh are required to deposit the required capital in the form of cash or in unencumbered approved securities. Note 28 demonstrates the Bank's compliance with the overall capital requirements as disclosed above.

**4.14 Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**4.15 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and normally those with less than three months maturity from the date of acquisition and include cash and balances at central banks, treasury bills and other eligible bills and balances with other banks and financial institutions.

**4.16 Revenue recognition**

**Interest income and expense**

Interest income and expenses are recognized in the profit and loss account on accrual basis. In the case of Amanah, mark-up on investments is taken into the income account proportionately from profit receivable accounts. Overdue/late payment charge on investment is transferred to Interest suspense account instead of income account.

In accordance with BRPD Circular No. 15 (dated 27 November 2024), BRPD circular No. 14 (23 September 2012) as amended by BRPD circular No. 19 (27 December 2012), interest accrued on sub-standard loans and doubtful loans are credited to an "Interest Suspense Account" which is included within "Other liabilities". Interest from loans and advances ceases to be accrued when they are classified as bad/loss. It is then kept in interest suspense account. Interest received on sub-standard loans, doubtful loans and bad/loss loans are retained in the "Interest Suspense Account" until the loan is no longer considered to be impaired.

**Interest income from investment**

Interest income on investments in government and other securities and bonds is accounted for on an accrual basis and as per Bangladesh Bank guidelines.

**Interest expense on deposits**

Interest expenses for all deposits are recognized in the profit and loss account on an accrual basis.

***Commission and fee income***

The Bank earns commission and fee income from a diverse range of services provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognized as revenue when the act is completed
- income earned from services provided is recognized as revenue

**Exchange income**

Exchange income includes all gains and losses from foreign currency transactions.

**Dividend income**

Dividend income is recognized when the right to receive payment is established.

**4.17 Employee benefits**

**Short-term employee benefits**

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related service including salaries, bonuses and other allowances. Payments are charged as an expense in the profit and loss account as they fall due. Payments due are accrued as a liability in "Provisions for liabilities and charges".

**Long term employee benefits**

Long-term employee benefits are employee benefits other than post-employment benefits, which do not fall due wholly within twelve months after the period in which the employees render the related service. The Bank operates bonus schemes where certain percentage of the bonus are vested on a yearly basis. The period between the award date and the payable date is the vesting period. Payments due are accrued as a liability in "Provisions for liabilities and charges" over the vesting period.

**Post-employment benefits**

Post-employment benefits are employee benefits, which are payable after the completion of employment. The Bank operates a defined contribution plan, The Hongkong and Shanghai Banking Corporation Limited Staff Provident Fund (PF) and a defined benefit plan, The Hongkong and Shanghai Banking Corporation Limited Employees Gratuity Fund (GF), both of which have been set up under an irrevocable trust deed and recognised by the Commissioner of Taxes and approved by the National Board of Revenue respectively.

Under the PF, the Bank's contribution amounts to 10% of basic salary per month (as defined in the scheme trust deed) for each eligible member. Payments to the PF are charged as an expense in the profit and loss account as they fall due.

Under the GF, the Bank's obligation to members of the scheme is to pay one month/ one and half month's last drawn basic salary based on length of service (as defined in the scheme trust deed) on the termination of employment.

The defined benefit plan costs and the present value of defined benefit obligations are calculated at the balance sheet date by the schemes actuaries using the Projected Unit Credit Method, this involves the use of estimates regarding demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries).

The net charge to the profit and loss account mainly comprises the current service cost, plus the unwinding of the discount rate on plan liabilities, less the expected return on plan assets, and is presented in operating expenses. Past service costs are charged immediately to the profit and loss account to the extent that the benefits have vested, and are otherwise recognized on a straight-line basis over the average period until the benefits vest. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), as well as the effects of changes in financial assumptions. Actuarial gains and losses are recognized in 'Shareholders' Equity' in the period in which they arise.

**4.18 Operating expenses**

- Salaries and allowances
- Advertising costs are amortized over the period during which the benefit of the advertising accrues.
- Depreciation
- Amortization of software
- All other expenses are accounted for on an accrual basis.

Operating expenses incurred centrally by the Bank are apportioned between the Bangladesh Branches and Offshore banking unit on the basis of total operating income. Group head office expenses (HoE) are recognized in OBU.

Double Taxation Agreemnet (DTA) has been in effect between Bangladesh and Hong Kong for the financial year 2024. Under the DTA, HSBC Bangladesh can claim 100% of Head office expense as Tax allowable expenditure instead of 10% of PBT which is mentioned in Income Tax Law 2023.

**4.19 Income tax**

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity.

**Current tax**

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates as prescribed in the Income Tax Act (ITA) 2023 and relevant Statutory Regulatory Orders (SRO) and any adjustment to tax payable in respect of previous years. Currently the income tax rate applicable for banks is 40%.

The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

The Bank adopted IFRIC 23: Uncertainty over Income Tax Treatments, which became effective from 01 January 2019. As the Bank's existing accounting policies for uncertain income tax treatments is consistent with the requirements of IFRIC 23, no further disclosure is required.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using the tax rates as prescribed in the Income Tax Act (ITA) 2023 and relevant Statutory Regulatory Orders (SRO) and BRPD circular No. 11 dated 12 December 2011 issued by the Banking Regulation and Policy Department of Bangladesh Bank.

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

**4.20 Reconciliation of inter-bank/inter-branch accounts**

Books of account with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled and no material differences were found which may affect the financial statements significantly.

**4.21 Contingent liabilities**

As per IAS 37, contingent liability is:

a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

**4.22 Standard issued but not yet effective**

A number of new standards and amendments to standards are effective for annual period beginning on 1 January 2024 which have been duly adopted. However, none of these new and/or amended standards have any significant impact on the Bank's financial statements.

The International Sustainability Standards Board (ISSB) has issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, which are applicable from the financial year starting from 1 January 2024. The Central Bank (Bangladesh Bank) has also issued a guidelines on sustainability and climate related financial disclosure which is effective from 1 January 2024.

Below are the new standards applicable from 2024:

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangement (Amendments to IAS 7 and IFRS 7); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

In addition, there are recent changes to the accounting standards that are required to be applied from 2025 onwards and also available for early adoption:

- Lack of Exchangeability (Amendments to IAS 21) (Effective from 1 January 2025)
- Classification and Measurment of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (Effective from 1 January 2026)
- IFRS 18 Presentation and disclosure in Financial Statements ( Amendments of IAS 1) (Effective from 1 January 2027)

**4.23 Creation of own 'Start-up Fund' by transferring 1% of the annual net profit**

Pursuant to the SMESPD Circular no 4 dated 29 March 2021, Section 'Kha', all scheduled banks in Bangladesh are instructed to create own 'start-up fund' for disbursement of loan / Investment (for Islamic banks) to 'start-up entrepreneurs'. As per the subsequent amendment through SMESPD Circular no 5 dated 26 April 2021, for five years from 2020 banks shall maintain start-up fund to disburse in favor of 'Start-up entrepreneurs' through mandatory transfer of 1% of net profit after tax as per the audited financial statements. A new account with a heading 'start-up fund' has been created and disclosed in the balance sheet under 'other liabilities'.

**4.24 Comparative information**

Comparative information including narrative and descriptive one's are disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements. Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

**4.25 Materiality and aggregation**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

**5 Cash**

| Cash in hand (including foreign currencies) | 2024 BDT | 2023 BDT |
|---|---|---|
| Local currency | **1,435,097,097** | 1,376,128,705 |
| Foreign currencies | **245,504,844** | 54,773,080 |
| | **1,680,601,941** | 1,430,901,785 |
| **(ii) Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)** | | |
| Bangladesh Bank - Local currency | **10,822,983,170** | 14,562,786,530 |
| Bangladesh Bank Amanah - Local currency | **2,500,000** | 2,500,000 |
| Standing Deposit Facility | **4,000,000,000** | - |
| Total - Local currency (Annexure - E) | **14,825,483,170** | 14,565,286,530 |
| Bangladesh Bank - Foreign currencies clearing accounts (Annexure - E) | **4,583,116,123** | 10,687,783,440 |
| | **19,408,599,293** | 25,253,069,970 |
| | **21,089,201,234** | 26,683,971,755 |

**5.1 Cash Reserve Ratio (CRR)**

Pursuant to section 33 of Bank Company Act, 1991 (amended upto date), DOS circular no.1(19 January 2014), DOS Circular No 26 (19 August 2019), MPD circular no.1 (23 March 2020), MPD circular no. 03 dated 09 April 2020 (effective from 15 April 2020), and BRPD circular letter no. 31 dated 18 June 2020 issued by Bangladesh Bank, HSBC Bangladesh had been maintaining CRR of 3.5% and 1.5% on daily basis, and of 4.0% and 2.0% on bi-weekly basis for onshore banking operations (DBO) and offshore banking operations (OBO) respectively. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months prior to the reporting month (i.e. CRR of December 2024 is maintained on the basis of weekly ATDTL of October 2024).

However, as per FE circular No:7 dated 29 February 2024, Banks are not required to maintain any Cash Reserve Ratio (CRR) with Bangladesh Bank for offshore banking operation. Reserve maintained by the bank as at 31 December 2024 are as follows:

**Daily Basis:** 3.50% and 1.50% of average total demand and time liabilities of onshore (including Amanah).

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **Required reserve** | | |
| - Onshore (including Amanah) | **7,317,512,457** | 7,755,288,461 |
| - Offshore | - | 1,313,717,514 |
| | **7,317,512,457** | 9,069,005,975 |
| **Actual reserve held with Bangladesh Bank** | **10,619,288,401** | 14,661,905,656 |
| **Surplus** | **3,301,775,944** | 5,592,899,681 |

**Bi-weekly Basis:** 4.0% and 2.0% of average total demand and time liabilities of onshore (including Amanah).

| | | |
|---|---|---|
| **Required reserve** | | |
| - Onshore (including Amanah) | **8,362,871,379** | 8,863,186,812 |
| - Offshore | - | 1,751,623,352 |
| | **8,362,871,379** | 10,614,810,164 |
| Bi-weekly average reserve held with Bangladesh Bank (Annexure - D) | **11,388,157,286** | 14,220,666,170 |
| **Surplus** | **3,025,285,907** | 3,605,856,006 |

**5.2 Statutory Liquidity Ratio (SLR)**

Pursuant to section 33 of Bank Company Act, 1991 (amended upto 2023), MPD cicular no. 1 dated 10 December 2013, DOS cicular no. 1 dated 19 January 2014 and DOS circular letter no. 26 dated 19 August 2019, issued by Bangladesh Bank, HSBC Bangladesh has been maintaining SLR of 13% for onshore banking operations (DBO) & offshore banking operations (OBO) and 5.5% of Amanah Banking operation on daily average total demand and time liabilities (ATDTL) of a base month which is two months prior to the reporting month (i.e. SLR of December 2024 is based on weekly ATDTL of October 2024). Reserve maintained by the Bank as at 31 December 2024 is as follows:

**13.00% and 5.50% of average total demand and time liabilities of Conventional banking (onshore and offshore ) and Amanah respectively**

| | | |
|---|---|---|
| **Required reserve** | | |
| - Onshore (including Amanah) | **27,179,149,388** | 28,805,003,972 |
| - Offshore | **5,881,635,288** | 11,385,551,789 |
| **Total** | **33,060,784,676** | 40,190,555,761 |
| Actual reserve held with Bangladesh Bank | **103,857,413,658** | 121,951,393,986 |
| **Surplus** | **70,796,628,982** | 81,760,838,225 |

**5.2.1 Breakdown of Actual reserve held for SLR**

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Cash held | **1,680,601,941** | 1,430,901,790 |
| Excess cash reserve | **2,256,417,021** | 4,047,095,492 |
| Unencumbered approved securities (HTM) | **56,114,989,304** | 30,426,169,165 |
| Unencumbered approved securities (HFT) | **39,805,405,392** | 86,047,227,540 |
| Standing Deposit Facility | **4,000,000,000** | - |
| | **103,857,413,658** | 121,951,393,986 |

**6 Balance with other banks and financial institutions**

| | | |
|---|---|---|
| **In Bangladesh - current account** | | |
| Sonali Bank PLC | **588,815** | 588,815 |
| United Commercial Bank PLC | **1,188,175** | 1,035,850 |
| Standard Chartered Bank | **17,920,855** | 30,404,765 |
| Pubali Bank PLC | **49,895,870** | 49,911,790 |
| | **69,593,715** | 81,941,220 |
| **Short term deposit** | | |
| Prime Bank PLC | **7,500,668** | 7,500,275 |
| United Commercial Bank PLC | **5,168,520** | 5,108,765 |
| | **12,669,188** | 12,609,040 |
| | **82,262,903** | 94,550,260 |
| **Outside Bangladesh - current account** | | |
| HSBC Hong Kong | **272,100,767** | 434,259,256 |
| HSBC Japan | **22,410,631** | 38,437,481 |
| HSBC Singapore | **5,382,178** | 7,394,372 |
| HSBC India | **601,608,070** | 1,553,590,467 |
| Credit Suisse AG Switzerland | **476,882,396** | 224,825,709 |
| HSBC UK | **492,604,059** | 439,798,157 |
| HSBC USA | **3,280,437,559** | 3,537,613,341 |
| SCB Pakistan | **20,096,864** | 119,546,851 |
| HSBC Sri Lanka | **441,833** | 405,784 |
| HSBC Australia | **3,734,583** | 5,422,537 |
| Royal Bank of Canada | **2,821,627** | 6,056,191 |
| HSBC France | **1,463,328,868** | 940,952,742 |
| HSBC Dubai | **285,514** | 4,271 |
| | **6,642,134,949** | 7,308,307,159 |
| | **6,724,397,852** | 7,402,857,419 |

Details of Foreign currency amounts and exchange rates are presented in **Annexure-B.**

**6.1 Segregation of balances with other banks and financial institutions based on types of account**

| | | |
|---|---|---|
| Current account (including foreign currency nostro) | **6,711,728,664** | 7,390,248,379 |
| Short term deposit account | **12,669,188** | 12,609,040 |
| | **6,724,397,852** | 7,402,857,419 |

**6.2 Maturity grouping of balance with other banks and financial institutions**

| | | |
|---|---|---|
| Payable on demand | **6,711,728,664** | 7,390,248,379 |
| Payable within one month | **12,669,188** | 12,609,040 |
| More than one month but less than three months | - | - |
| More than three months but less than one year | - | - |
| More than one year but less than five years | - | - |
| More than five years | - | - |
| | **6,724,397,852** | 7,402,857,419 |

**7 Money at call on short notice** — **30,461,482,100** — 7,682,500,000

**8 Investments**

| | | | |
|---|---|---|---|
| Government Securities | *8.1* | **95,920,575,296** | 116,473,782,805 |
| Other* | | **6,000,000** | 6,000,000 |
| | | **95,926,575,296** | 116,479,782,805 |

* Investement in 3,000,000 shares (including 2,400,000 bonus shares) in Central Depository Bangladesh Limited (CDBL) @ Tk 10 each. As per last audited financial statements of CDBL, book value per share is higher than the cost price of the investment.

**8.1 Government Securities**

| | | | |
|---|---|---|---|
| Held to Maturity Securities (HTM) | *8.1.1* | **56,114,989,304** | 30,426,169,165 |
| Held for Trading Securities (HFT) | *8.1.2* | **39,805,405,392** | 86,047,227,540 |
| Prize bonds | | **180,600** | 386,100 |
| | | **95,920,575,296** | 116,473,782,805 |

**8.1.1 Held to Maturity Securities (HTM)**

| | | |
|---|---|---|
| 90 day Bangladesh Bank bills | **6,331,034,905** | - |
| 91 day Treasury bills | **49,783,954,399** | - |
| 364 day Treasury bills | - | 30,426,169,165 |
| | **56,114,989,304** | 30,426,169,165 |

The cost value of HTM securities is BDT 55,538,672,682 (2023: BDT29,180,432,000). HTM securities liened as capital with Bangladesh Bank as of 2024 is BDT23,208,246,846 (2023: BDT25,106,878,050).

**8.1.2 Held for Trading Securities (HFT)**

| | | |
|---|---|---|
| 90 days Bangladesh Bank bills | **10,762,405,860** | - |
| 91 day Treasury bills | **27,126,091,927** | 62,675,627,786 |
| 182 day Treasury bills | - | 17,204,703,950 |
| 364 day Treasury bills | **1,916,907,605** | 6,166,895,804 |
| | **39,805,405,392** | 86,047,227,540 |

The cost value of HFT securities is BDT 39,325,557,495 (2023: BDT84,963,434,837).

**8.2 Maturity grouping of investments**

| | | |
|---|---|---|
| Payable on demand | **180,600** | 4,998,875,417 |
| Payable within one month | **25,008,665,869** | 11,281,437,668 |
| More than one month but less than three months | **70,911,728,827** | 69,045,311,703 |
| More than three month but less than one year | - | 31,148,158,017 |
| More than one year but less than five years | - | - |
| More than five years | **6,000,000** | 6,000,000 |
| | **95,926,575,296** | 116,479,782,805 |

**9 Loans and advances**

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Loans, cash credits, overdrafts: | | |
| **In Bangladesh:** | | |
| Staff loans | **1,459,242,210** | 1,425,847,836 |
| Home mortgage loans | **523,437,987** | 616,076,582 |
| Car loans | **7,097,705** | 6,835,244 |
| Personal loans | **1,460,895,132** | 1,765,445,439 |
| Overdraft- Retail | **184,298,593** | 243,064,824 |
| Overdraft- Corporate | **5,447,782,553** | 4,953,869,314 |
| Term loans | **46,949,041,246** | 46,302,478,722 |
| Import loans | **29,549,848,745** | 32,932,394,381 |
| Export Loans | **3,767,457,333** | 3,687,001,929 |
| Working capital | **49,770,897,561** | 55,412,429,301 |
| | **139,119,999,065** | 147,345,443,572 |
| Bills purchased and discounted (note 9.11) | **50,157,561,388** | 69,744,702,291 |
| | **189,277,560,453** | 217,090,145,863 |

**9.1 Maturity grouping of loans and advances including bills purchased and discounted**

| | | |
|---|---|---|
| Payable on demand | **4,361,189,109** | 10,487,128,643 |
| Payable within one month | **28,328,879,883** | 35,647,072,166 |
| More than one month but less than three months | **56,875,472,274** | 62,860,963,421 |
| More than three months but less than one year | **51,344,942,625** | 62,595,566,355 |
| More than one year but less than five years | **35,059,445,882** | 28,018,686,763 |
| More than five years | **13,307,630,680** | 17,480,728,515 |
| | **189,277,560,453** | 217,090,145,863 |

**9.2 Analysis of significant concentration of loans and advances including bills purchased and discounted**

| | | |
|---|---|---|
| Advances to allied concerns of directors | - | - |
| Advances to the chief executive officer | **10,572,210** | 11,392,749 |
| Advances to other senior executives and staff of the Bank | **1,448,669,999** | 1,414,455,087 |
| Advances to customers' group | **85,650,596,883** | 108,995,520,689 |
| Industrial advances | **102,167,721,361** | 106,668,777,337 |
| | **189,277,560,453** | 217,090,145,862 |

**9.3 Number of clients with amount of outstanding and classified loans to whom loans and advances sanctioned more than 10% of total capital of the Bank**

| | | |
|---|---|---|
| Number of Large Borrowers (who/which have availed/ outstanding 10% or more of Capital | **15** | 18 |
| Amount of outstanding advances | **67,920,797,617** | 84,681,843,462 |
| **Large Loan Outstanding** | | |
| Total Funded Large Loan Outstanding | **67,920,797,617** | 84,681,843,462 |
| Total Non-Funded Large Loan Outstanding | **31,284,241,772** | 35,132,437,601 |
| **Total large Loan Outstanding** | **99,205,039,389** | 119,814,281,063 |
| Total Funded Outstanding (A) | **189,277,560,453** | 217,090,145,862 |
| Total Non Funded Outstanding | **201,129,843,644** | 213,598,451,438 |
| Total Non Funded Outstanding eligible for Large Loan calculation (B) | **99,635,257,217** | 105,814,874,813 |
| Total Funded Outstanding & Eligible Non Funded Outstanding (A+B) | **288,912,817,670** | 322,905,020,675 |
| Large Loan Ratio | **34.34%** | 37.11% |

**9.4 Cash collateral against total outstanding loans and advances as at 31 December** — **4,539,947,189** — 6,150,918,967

**9.5 Loans and advances including bills purchased and discounted**

| | | |
|---|---|---|
| Loans | **183,645,479,306** | 211,893,211,724 |
| Overdrafts | **5,632,081,147** | 5,196,934,138 |
| | **189,277,560,453** | 217,090,145,862 |

**9.6 Particulars of loans and advances: industry-wise classification**

| | | |
|---|---|---|
| Readymade garments | **43,564,961,165** | 48,458,793,518 |
| Textile industries | **43,661,337,648** | 40,046,817,587 |
| Agriculture and agro processing | **21,990,802,420** | 23,440,418,304 |
| Steel and metal | **4,534,123,966** | 5,001,784,435 |
| Trade | **697,402,614** | 986,413,707 |
| Chemical and pharmaceuticals | **22,625,334,998** | 15,171,177,220 |
| Cement industries | **4,394,122,443** | 7,191,432,535 |
| Telecommunication | - | 1,680,741,573 |
| Non Government Organization (NGO) | **6,045,192,400** | 5,451,793,493 |
| Power and energy | **14,928,912,801** | 18,849,279,724 |
| Retail loans | **2,174,825,103** | 2,631,422,088 |
| Staff loans | **1,459,242,210** | 1,425,847,836 |
| Others | **23,201,302,685** | 46,754,223,841 |
| | **189,277,560,453** | 217,090,145,861 |

**9.7 Classification of loans and advances**

| | | |
|---|---|---|
| Unclassified: | | |
| Standard | **185,607,112,669** | 209,727,126,002 |
| Special Mention Account | **474,734,894** | 366,759,572 |
| | **186,081,847,563** | 210,093,885,574 |
| Classified: | | |
| Substandard | **301,740,237** | 1,297,873,846 |
| Doubtful | **11,003,932** | 699,085,105 |
| Bad/Loss | **2,882,968,721** | 4,999,301,337 |
| | **3,195,712,890** | 6,996,260,288 |
| | **189,277,560,453** | 217,090,145,862 |

**9.8 Particulars of loans and advances**

| | | |
|---|---|---|
| i) Loans considered good in respect of which the Bank is fully secured; | **66,993,690,665** | 47,053,374,753 |
| ii) Loans considered good against which the Bank holds no security other than the debtor's personal guarantee; | **119,088,156,897** | 163,040,510,821 |
| iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor; | - | - |
| iv) Loans adversely classified; provision not maintained there against; | - | - |
| v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons; | **1,459,242,210** | 1,425,847,836 |
| vi) Loans due from companies or firms in which the directors of the Bank have interests as directors, partners or managing agents or in case of private companies as members; | - | - |
| vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other person; | **1,459,242,210** | 1,425,847,836 |
| viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies as members; | - | - |
| ix) Due from other banking companies; | - | - |
| x) Classified loans and advances: | | |
| a) Classified loans and advances on which no interest is credited to income: | | |
| Increase/(Decrease) of provision (specific) | **(2,365,325,885)** | (101,334,768) |
| Amount of loans written off | **4,937,602,707** | 1,364,822,226 |
| Amount realised against the loan previously written off | **56,963,089** | 59,606,291 |
| b) Provision on classified loans and advances (For movement see note 14.3) | **1,840,990,522** | 4,206,316,407 |
| c) Interest creditable to the interest suspense account (note 14.4) | **562,173,609** | 1,130,459,563 |
| xi) Cumulative amount of written off loans | | |
| Opening balance | **4,500,711,177** | 3,135,888,951 |
| Amount written off during the year | **4,937,602,707** | 1,364,822,226 |
| | **9,438,313,884** | 4,500,711,177 |
| The amount of written off loan for which law suit has been filed | **6,255,246,185** | 4,255,983,160 |

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### 9.9 Geographical analysis of loans and advances

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Dhaka division | **176,062,657,829** | 206,657,792,493 |
| Chattogram division | **13,214,902,624** | 10,432,353,369 |
| | **189,277,560,453** | 217,090,145,862 |

### 9.10 Preservation of client's audit reports in loan file and verification through Document Verification System (DVS)

Pursuant to BRPD Circular Letter No. 04 dated 06 February 2023, BRPD circular letter no. 04 dated 04 January 2021, Banks are required to preserve the updated statutory audit report of the clients in loan file during approval/renewal of facilities and as per BRPD circular letter no. 35 dated 06 July 2021, these statutory audit reports need to be verified through the documents verification system (DVS) developed by Institute of Chartered Accountants of Bangladesh (ICAB). During 01 January 2024 to 31 December 2024, 97.6% (2023: 98.4%) of the clients' updated statutory audit reports have been preserved in HSBC's Credit Approvals and Risk Management (CARM) system with loan accounts and 100% (2023: 100%) of those clients' statutory audit reports have been verified in DVS system.

### 9.11 Bills purchased and discounted

| | | |
|---|---|---|
| Inside Bangladesh | **3,972,243,344** | 3,144,665,141 |
| Outside Bangladesh | **46,185,318,044** | 66,600,037,150 |
| | **50,157,561,388** | 69,744,702,291 |

### 9.12 Maturity analysis of bills purchased and discounted

| | | |
|---|---|---|
| Payable on demand | **173,056,675** | 984,738,501 |
| Payable within one month | **9,426,919,997** | 20,890,457,155 |
| More than one month but less than three months | **18,285,005,800** | 22,087,063,433 |
| More than three months but less than six months | **17,201,294,624** | 16,731,412,462 |
| More than six months | **5,071,284,292** | 9,051,030,740 |
| | **50,157,561,388** | 69,744,702,291 |

### 10 Fixed assets including premises, furniture and fixtures

| 2024 | Furniture and fixtures | Equipment | Motor vehicles | Computers | Total |
|---|---|---|---|---|---|
| **Cost** | **BDT** | **BDT** | **BDT** | **BDT** | **BDT** |
| Balance as at 1 January | **1,213,507,988** | **628,429,056** | **19,498,673** | **42,676,204** | **1,904,111,921** |
| Addition during the year* | **70,407,659** | **101,797,717** | **27,184,000** | **5,329,732** | **204,719,108** |
| Disposals/adjustment* | **(11,830,918)** | **(2,359,305)** | | | **(14,190,223)** |
| **Balance as at 31 December** | **1,272,084,729** | **727,867,468** | **46,682,673** | **48,005,936** | **2,094,640,806** |
| **Accumulated Depreciation and impairment charges** | | | | | |
| Balance as at 1 January | **580,859,903** | **426,094,020** | **19,498,673** | **26,768,419** | **1,053,221,015** |
| Depreciation charge for the year* | **180,940,857** | **93,320,782** | **1,812,267** | **7,550,564** | **283,624,470** |
| Disposals/adjustments* | **(10,685,725)** | **(2,350,238)** | | | **(13,035,963)** |
| **Balance as at 31 December** | **751,115,035** | **517,064,564** | **21,310,940** | **34,318,983** | **1,323,809,522** |
| **Net book value as at 31 December 2024** | **520,969,694** | **210,802,904** | **25,371,733** | **13,686,953** | **770,831,284** |

| 2023 | Furniture and fixtures | Equipment | Motor vehicles | Computers | Total |
|---|---|---|---|---|---|
| **Cost** | **BDT** | **BDT** | **BDT** | **BDT** | **BDT** |
| Balance as at 1 January | 756,609,601 | 613,553,428 | 29,615,614 | 320,184,491 | 1,719,963,134 |
| Addition during the year* | 186,576,406 | 163,034,964 | - | 6,037,527 | 355,648,897 |
| Disposals/adjustment* | 270,321,981 | (148,159,336) | (10,116,941) | (283,545,814) | (171,500,110) |
| **Balance as at 31 December** | 1,213,507,988 | 628,429,056 | 19,498,673 | 42,676,204 | 1,904,111,921 |
| **Accumulated Depreciation and impairment charges** | | | | | |
| Balance as at 1 January | 304,021,821 | 410,530,821 | 27,482,459 | 203,114,719 | 945,149,820 |
| Depreciation charge for the year* | 164,757,085 | 73,539,660 | 2,133,157 | 7,349,107 | 247,779,009 |
| Disposals/adjustments* | 112,080,997 | (57,976,460) | (10,116,943) | (183,695,407) | (139,707,813) |
| **Balance as at 31 December** | 580,859,903 | 426,094,021 | 19,498,673 | 26,768,419 | 1,053,221,016 |
| **Net book value as at 31 December 2023** | 632,648,085 | 202,335,035 | - | 15,907,785 | 850,890,905 |

### 11 Other assets

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **Classification of other assets** | | |
| **a) Income generating other assets** | - | - |
| **b) Non-income generating other assets** | | |
| Stamp in hand | **2,638,386** | 4,172,759 |
| Intangible assets (note 11.2) | **223,810,629** | 19,233,384 |
| Other debtors (note 11.3) | **83,787,093** | 2,874,130,216 |
| Deferred tax | - | 484,544,861 |
| Rent paid in advance | **4,616,953** | 5,249,183 |
| Other prepayments | **93,681,804** | 94,927,208 |
| Refundable deposits | **11,087,933** | 5,960,614 |
| Accrued interest receivable from Bangladesh Bank | **188,907,290** | 199,486,527 |
| Interest on balance with other banks and financial institutions | **6,330,616** | 4,524,139 |
| Commission receivable | **31,705,886** | 53,155,451 |
| Receivable from Bangladesh Bank for reimbursement of Sanchayapatra | **219,094,750** | 184,887,556 |
| Net surplus asset of defined benefit schemes (Note 24.2.1) | **284,815,043** | 360,049,989 |
| Unrealised gain on foreign exchange contracts | **88,252,723** | 1,941,976 |
| Right of use assets as per IFRS 16 (note 11.1) | **833,090,014** | 950,989,005 |
| | **2,071,819,121** | 5,243,252,868 |

### 11.1 Right of use assets as per IFRS 16

| | | |
|---|---|---|
| **Cost** | | |
| Balance as at 1 January | **1,662,216,439** | 1,249,316,072 |
| Addition | **145,119,996** | 461,781,561 |
| De-recognition | **(60,643,399)** | (48,881,194) |
| **Balance as at 31 December** | **1,746,693,036** | 1,662,216,439 |
| **Accumulated Depreciation** | | |
| Balance as at 1 January | **711,227,434** | 85,773,295 |
| Depreciation/ Interest expenses/adjustments* | **231,147,420** | 630,641,802 |
| De-recognition | **(28,771,832)** | (5,187,663) |
| **Balance as at 31 December** | **913,603,022** | 711,227,434 |
| **Net book value as at 31 December** | **833,090,014** | 950,989,005 |

In addition to the above, short term lease expenses of BDT 699,503 (2023: BDT 681,614) is reported under Other operating expenses in profit and loss account (Note 27).

* This includes one off restoration adjustments for leases as per IFRS16. The restoration expense is related from 2016 to till date.

### 11.2 Intangible assets

| | | |
|---|---|---|
| **Cost** | | |
| Balance as at 1 January | **86,551,756** | 68,518,180 |
| Acquisition during the year | **223,622,385** | 18,033,576 |
| Disposals/adjustment | **(367,500)** | - |
| **Balance as at 31 December** | **309,806,641** | 86,551,756 |
| **Accumulated amortisation** | | |
| Balance as at 1 January | **67,318,373** | 60,494,302 |
| Charge for the year | **18,677,639** | 6,824,071 |
| Disposals/adjustment | - | - |
| **Balance as at 31 December** | **85,996,012** | 67,318,373 |
| **Net book value as at 31 December** | **223,810,629** | 19,233,383 |

### 11.3 Other debtors

| | | |
|---|---|---|
| Transitory suspense related to ATM | **18,540,711** | 15,413,112 |
| Trade payment related suspense account | - | 2,797,500,998 |
| Others | **65,246,382** | 61,216,106 |
| | **83,787,093** | 2,874,130,216 |

### 12 Borrowings from other banks, financial institutions and agents

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **In Bangladesh:** | | |
| Borrowings from Bangladesh Bank (note 12.1) | **8,213,502,990** | 16,067,556,438 |
| | **8,213,502,990** | 16,067,556,438 |
| **Outside Bangladesh:** | | |
| HSBC Hong Kong | **24,243,060,490** | 66,741,449,634 |
| Other deposits-vostro account (note 12.2) | **17,542,573** | 18,666,353 |
| | **24,260,603,063** | 66,760,115,987 |
| | **32,474,106,053** | 82,827,672,425 |

### 12.1 Borrowings from Bangladesh Bank

| | | |
|---|---|---|
| Export Development Fund | **8,213,502,990** | 16,067,556,438 |
| | **8,213,502,990** | 16,067,556,438 |

### 12.2 Other deposits - Vostro account

| | | |
|---|---|---|
| **Outside Bangladesh:** | | |
| HSBC Bank plc | **16,599,946** | 17,708,726 |
| HSBC Singapore | **942,627** | 957,627 |
| | **17,542,573** | 18,666,353 |

### 12.3 Classification of borrowing based on type of security

| | | |
|---|---|---|
| Secured | - | - |
| Unsecured | **32,474,106,053** | 82,827,672,425 |
| | **32,474,106,053** | 82,827,672,425 |

### 12.4 Maturity grouping of borrowings from other banks, financial institutions and agents

| | | |
|---|---|---|
| Payable on demand | **791,304,248** | 34,239,878 |
| Payable within one month | **1,582,608,497** | 6,047,534,337 |
| More than one month but less than three months | **1,297,359,566** | 7,183,235,888 |
| More than three months but less than one year | **8,394,003,742** | 8,684,337,322 |
| More than one year but less than five years | **20,408,830,000** | 60,878,325,000 |
| | **32,474,106,053** | 82,827,672,425 |

### 13 Deposits and other accounts

| | | |
|---|---|---|
| Current deposits and other accounts | | |
| Current account | **76,400,589,984** | 65,242,884,757 |
| Sundry deposits* | **19,099,621,324** | 26,870,962,451 |
| | **95,500,211,308** | 92,113,847,208 |
| Bills payable | | |
| Cashiers order issued | **974,379,694** | 592,926,680 |
| Drawings payable | **4,978,493,208** | 3,941,299,831 |
| | **5,952,872,902** | 4,534,226,511 |
| Saving deposits | **38,255,051,397** | 33,807,882,556 |
| Term deposits | | |
| Short term deposits | **25,593,437,298** | 23,997,339,551 |
| Fixed deposits | **61,663,544,889** | 65,099,537,012 |
| | **87,256,982,187** | 89,096,876,563 |
| | **226,965,117,794** | 219,552,832,838 |

* Sundry deposits include BDT 215,389,269 which was unclaimed for more than 10 years as of 31 December 2024 (2023: BDT180,083,590). As per BRPD circular No. 10 (12 September 2018) unclaimed deposits for 10 years or more are required to be deposited to the Bangladesh Bank by April of the following year. Accordingly, the unclaimed amount will be deposited to Bangladesh Bank by April 2025.

### 13.1 Maturity analysis of deposits and other accounts

| | | |
|---|---|---|
| Payable on demand | **21,257,648,839** | 17,230,859,123 |
| Payable within one month | **25,351,878,421** | 30,575,376,118 |
| More than one month but less than three months | **37,196,647,942** | 45,007,653,471 |
| More than three months but less than one year | **112,075,259,433** | 99,483,622,208 |
| More than one year but less than five years | **31,083,683,159** | 27,255,321,918 |
| | **226,965,117,794** | 219,552,832,838 |

### 14 Other liabilities

| | | |
|---|---|---|
| Accrued interest on customer deposits and borrowings | **881,080,788** | 1,569,029,355 |
| Deferred income | **342,071,131** | 226,353,010 |
| Provisions for liabilities and charges (note 14.2) | **2,208,847,521** | 1,239,517,847 |
| Other creditors | **1,626,621,825** | 1,277,242,748 |
| Items in course of transmission | **437,352,822** | 141,926,739 |
| Provision for loans and advances and off balance sheet exposures (note 14.4) | **5,255,766,471** | 7,869,146,159 |
| Interest suspense account (note 14.5) | **562,173,609** | 1,130,459,563 |
| Interest received on non performing advances | **756,089,028** | 484,618,614 |
| Provision for taxation (note 14.6) | **2,696,183,100** | 3,671,380,948 |
| Deferred tax (note 14.3) | **1,758,283,909** | - |
| Provision for start-up fund | **359,202,699** | 250,589,198 |
| Payable to Head Office | **6,051,958,668** | 1,682,372,757 |
| Unrealised loss on foreign exchange contracts | **6,438,795** | 24,492 |
| Leasehold Liabilities under IFRS-16 (14.1) | **878,921,584** | 984,847,635 |
| | **23,866,081,950** | 20,527,509,065 |

### 14.1 Leasehold Liabilities under IFRS-16

| | | |
|---|---|---|
| Balance as at 1 January | **984,847,633** | 1,200,473,405 |
| Addition | **29,898,650** | 68,716,886 |
| Depreciation/ Interest expenses | **103,943,271** | 109,946,540 |
| De-recognition | **(5,373,248)** | (169,352,217) |
| Lease payment | **(234,394,722)** | (224,936,980) |
| **Net book value as at 31 December** | **878,921,584** | 984,847,633 |

### 14.2 Provision for liabilities and charges

| | | |
|---|---|---|
| Balance as at 1 January | **1,239,517,847** | 1,244,247,462 |
| Net charge to profit and loss account | **1,058,932,483** | 255,686,397 |
| Net release of provision | **(89,602,809)** | (260,416,012) |
| **Balance as at 31 December** | **2,208,847,521** | 1,239,517,847 |

### 14.3 Deferred tax asset/(liabilities)

| BDT | Note | 31 December 2024 | 31 December 2023 |
|---|---|---|---|
| Balance at 1 January | | **484,544,862** | 752,219,307 |
| Deferred tax expense (recognised in profit or loss) | *14.3.1* | **(1,079,733,587)** | 82,482,629 |
| Deferred tax income (recognised in OCI) | *14.3.1* | **(809,449,231)** | (350,157,074) |
| Prior period Adjustment for Net employee benefit (Gratuity) | | **(353,645,953)** | - |
| **Balance at 31 December** | | **1,758,283,909** | 484,544,862 |

### 14.3.1. Movement in deferred tax balances

| 2024 | Net balance at 1 January | Recognised in profit/(loss) | Recognized in Reserve | Deferred tax assets | Deferred tax liabilities | Balance as at 31 December Net |
|---|---|---|---|---|---|---|
| **BDT** | | | | | | |
| Specific provisions on loans and advances | **1,650,146,490** | **(934,224,228)** | - | **715,922,262** | - | **715,922,262** |
| Fixed assets | **214,347,889** | **32,023,848** | - | **246,371,737** | - | **246,371,737** |
| Right of Use Assets (IFRS 16) | **(380,395,602)** | **47,159,595** | - | | - | **(333,236,007)** **(333,236,007)** |
| Lease Liability (IFRS 16) | **570,961,324** | **(219,392,690)** | | **351,568,634** | - | **351,568,634** |
| Intangible assets | **4,978,738** | **(5,300,112)** | - | - | **(321,374)** | **(321,374)** |
| Net employee benefit (Gratuity) | **209,625,954** | | **30,093,982** | - | **(113,926,017)** | **(113,926,017)** |
| Foreign exchange translation | **(1,785,119,931)** | - | **(832,629,719)** | - | **(2,617,749,650)** | **(2,617,749,650)** |
| Unrealised interest on revaluation of HFT securities | - | - | **(6,913,494)** | - | **(6,913,494)** | **(6,913,494)** |
| **Net deferred tax assets/(liabilities)** | **484,544,862** | **(1,079,733,587)** | **(809,449,231)** | **1,313,862,633** | **(3,072,146,542)** | **(1,758,283,909)** |

| 2023 | Net balance at 1 January | Recognised in profit/(loss) | Recognized in Reserve | Deferred tax assets | Deferred tax liabilities | Balance as at 31 December Net |
|---|---|---|---|---|---|---|
| **BDT** | | | | | | |
| Specific provisions on loans and advances | 1,681,802,947 | (31,656,457) | -1,650,146,490 | | -1,650,146,490 | |
| Fixed assets | 116,822,718 | 97,525,171 | - | 214,347,889 | - | 214,347,889 |
| Right of Use Assets (IFRS 16) | (465,417,111) | 85,021,509 | - | | - | (380,395,602) (380,395,602) |
| Lease Liability | 645,532,723 | (74,571,399) | - | 570,961,324 | - | 570,961,324 |
| Intangible assets | (1,185,068) | 6,163,806 | - | 4,978,738 | - | 4,978,738 |
| Net employee benefit (Gratuity) | 296,998,354 | - | (87,372,400) | 209,625,954 | - | 209,625,954 |
| Foreign exchange translation | (1,296,346,254) | - | (488,773,677) | | - | (1,785,119,931) (1,785,119,931) |
| Unrealised interest on amortisation of HTM securities | (225,989,003) | - | 225,989,003 | - | - | - |
| Unrealised interest on revaluation of HFT securities | - | - | - | - | - | - |
| **Net deferred tax assets/(liabilities)** | 752,219,307 | 82,482,629 | (350,157,074) | 2,650,060,395 | (2,165,515,533) | 484,544,862 |

### 14.3.2. Computation of deferred tax

| 2024 | Accounting base | Tax base | "Deductible/ (taxable) " temporary difference | Applicable tax rate | Deferred tax asset/(liability) |
|---|---|---|---|---|---|
| **BDT** | | | | | |
| Specific provisions on loans and advances | **(1,789,805,654)** | - | **1,789,805,654** | **40.0%** | **715,922,262** |
| Fixed assets | **770,831,284** | **1,386,760,627** | **615,929,343** | **40.0%** | **246,371,737** |
| Right of Use Assets (IFRS 16) | **833,090,017** | - | **(833,090,017)** | **40.0%** | **(333,236,007)** |
| Lease Liability | **(878,921,584)** | - | **878,921,584** | **40.0%** | **351,568,634** |
| Intangible assets | **223,810,630** | **223,007,196** | **(803,434)** | **40.0%** | **(321,374)** |
| Net employee benefit (Gratuity) | **284,815,043** | - | **(284,815,043)** | **40.0%** | **(113,926,017)** |
| Foreign exchange translation | **6,544,374,125** | - | **(6,544,374,125)** | **40.0%** | **(2,617,749,650)** |
| Unrealised interest on amortisation of HTM securities | - | - | - | **40.0%** | - |
| Unrealised interest on revaluation of HFT securities | **17,283,736** | | **(17,283,736)** | **40.0%** | **(6,913,494)** |
| | **(6,005,477,597)** | **1,609,767,823** | **(4,395,709,774)** | | **(1,758,283,909)** |

| 2023 | Accounting base | Tax base | "Deductible/ (taxable) " temporary difference | Applicable tax rate | Deferred tax asset/(liability) |
|---|---|---|---|---|---|
| **BDT** | | | | | |
| Specific provisions on loans and advances | (4,125,366,225) | - | 4,125,366,225 | 40.0% | 1,650,146,490 |
| Fixed assets | 850,890,905 | 1,386,760,627 | 535,869,722 | 40.0% | 214,347,889 |
| Right of Use Assets (IFRS 16) | 950,989,005 | - | (950,989,005) | 40.0% | (380,395,602) |
| Lease Liability | (1,427,403,309) | - | 1,427,403,309 | 40.0% | 570,961,324 |
| Intangible assets | 19,233,384 | 31,680,229 | 12,446,845 | 40.0% | 4,978,738 |
| Employee Benefit | (524,064,885) | - | 524,064,885 | 40.0% | 209,625,954 |
| Foreign exchange translation | 4,462,799,827 | - | (4,462,799,827) | 40.0% | (1,785,119,931) |
| Unrealised interest on amortisation of HTM securities | - | - | - | 40.0% | - |
| Unrealised interest on revaluation of HFT securities | - | - | - | 40.0% | - |
| | 207,078,701 | 1,418,440,856 | 1,211,362,154 | - | 484,544,862 |

### 14.4 Provision for loans and advances and off balance sheet exposures

| | General provision on loans and advances BDT | General provision on off balance sheet exposures BDT | Total general provisions BDT | Specific provision on loans and advances BDT | Total provision BDT |
|---|---|---|---|---|---|
| **2024** | | | | | |
| Balance as at 1 January | **2,102,073,553** | **1,560,756,199** | **3,662,829,752** | **4,206,316,407** | **7,869,146,159** |
| Written off (net of recovery) during the year | - | - | - | **(3,685,072,661)** | **(3,685,072,661)** |
| Release during the year | **(585,058,540)** | - | **(585,058,540)** | **(10,403,240)** | **(595,461,780)** |
| Provision made during the year | **321,720,811** | **15,283,926** | **337,004,737** | **1,330,150,016** | **1,667,154,753** |
| **Balance as at 31 December** | **1,838,735,824** | **1,576,040,125** | **3,414,775,949** | **1,840,990,522** | **5,255,766,471** |
| **2023** | | | | | |
| Balance as at 1 January | 2,189,875,585 | 1,978,317,645 | 4,168,193,230 | 4,307,651,175 | 8,475,844,405 |
| Written off (net of recovery) during the year | - | - | - | (554,389,868) | (554,389,868) |
| Release during the year | - | - | - | (402,247,322) | (402,247,322) |
| Provision made during the year | (87,802,032) | (417,561,446) | (505,363,478) | 855,302,422 | 349,938,944 |
| **Balance as at 31 December** | 2,102,073,553 | 1,560,756,199 | 3,662,829,752 | 4,206,316,407 | 7,869,146,159 |

### 14.4.1 Required and maintained provision for loans and advances and off balance sheet exposures

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **Required general provision** | | |
| On loans and advances at 0.25% to 2% under different categories of unclassified loans/investments (standard/SMA) | **1,838,735,823** | 2,102,073,552 |
| On off balance sheet exposures | **1,576,040,126** | 1,560,756,200 |
| | **3,414,775,949** | 3,662,829,752 |
| **Required specific provision** | | |
| On substandard loans and advances/investments other than agricultural loans @ 20% | **15,265,187** | 206,363,837 |
| On doubtful loans and advances/investment other than agricultural loans @ 50% | **989,208** | 290,736,917 |
| On bad/loss and advances/investments @ 100% | **1,824,736,127** | 3,709,215,653 |
| | **1,840,990,522** | 4,206,316,407 |
| **Total required provision** | **5,255,766,471** | 7,869,146,159 |
| **Total maintained provision** | **5,255,766,471** | 7,869,146,159 |
| **Surplus/(Shortfall)** | **-** | - |

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### 14.5 Interest suspense account

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Balance as at 1 January | **1,130,459,563** | 1,195,182,122 |
| Recoveries during the year | **(4,756,596)** | (173,553,349) |
| Written off during the year | **(850,494,737)** | (436,791,760) |
| Provision made during the year | **286,965,379** | 545,622,550 |
| **Balance as at 31 December** | **562,173,609** | 1,130,459,563 |

### 14.6 Provision for tax net of advance income tax paid

| | | |
|---|---|---|
| **Provision for tax** | | |
| Balance as at 1 January | **7,433,978,619** | 5,698,206,439 |
| Provision made during the year | **6,574,911,543** | 7,128,445,831 |
| Adjustments made during the year | **(7,128,445,831)** | (5,392,673,651) |
| Balance as at 31 December | **6,880,444,331** | 7,433,978,619 |
| **Advance income tax paid** | | |
| Balance as at 1 January | **3,762,597,671** | 3,310,315,410 |
| Amount paid during the year | **6,787,048,357** | 5,632,080,206 |
| Adjustments made during the year | **(6,410,474,797)** | (5,179,797,945) |
| Balance as at 31 December | **4,139,171,231** | 3,762,597,671 |
| **Net provision** | **2,741,273,100** | 3,671,380,948 |

### 14.7 Effective tax rate

| | | |
|---|---|---|
| Profit before taxation as per profit and loss account | **17,798,025,617** | 16,823,727,586 |
| Tax provisions | **6,936,675,498** | 6,833,087,496 |
| Effective tax rate | **38.97%** | 40.62% |

### 15 Capital

| | | |
|---|---|---|
| Openning Balance | **4,044,976,737** | 3,811,264,265 |
| Revaluation gain* | **350,401,594** | 233,712,472 |
| Closing Balance | **4,395,378,331** | 4,044,976,737 |

** Funds deposited with Bangladesh Bank in USD 35,938,625 which is revaluated at year end exchange rate of 119.5 (2023: 109.75)*

### 16 Other reserves

**Unrealised interest on revaluation of HFT securities**

| | | |
|---|---|---|
| Opening balance | - | 338,983,504 |
| MTM reserve for HFT during this year | **17,283,736** | - |
| MTM reserve for HFT realised during this year | - | (564,972,507) |
| | **17,283,736** | (564,972,507) |
| Deferred tax assets/(liabilities) (note 14.3.1) | **(6,913,494)** | 225,989,003 |
| | **10,370,242** | (338,983,504) |
| | **10,370,242** | - |
| **Actuarial gain/(loss):** | | |
| Opening balance | **(314,438,930)** | (445,497,530) |
| Actuarial gain/(loss) during this year (note 24.2.3) | **(75,234,957)** | 218,431,000 |
| Deferred tax assets/(liabilities) (note 14.3.1) | **30,093,982** | (87,372,400) |
| | **(45,140,975)** | 131,058,600 |
| | **(359,579,905)** | (314,438,930) |
| **Foreign Exchange Translation Reserve:** | | |
| Opening balance | **2,677,679,895** | 1,944,519,380 |
| Translation gain/(loss) during this year | **2,081,574,298** | 1,221,934,192 |
| Deferred tax | **(832,629,719)** | (488,773,677) |
| | **1,248,944,579** | 733,160,515 |
| | **3,926,624,474** | 2,677,679,895 |
| | **3,577,414,811** | 2,363,240,965 |

### 17 Profit and loss account

| | | |
|---|---|---|
| Opening balance | **52,117,169,585** | 43,359,574,951 |
| Profit for the year | **10,861,350,119** | 9,990,640,090 |
| Provision for Start-up Fund | **(108,613,501)** | (99,906,401) |
| Prior period adjustment | **(353,645,953)** | - |
| Profit remitted to head office | **(7,472,491,849)** | (1,133,139,055) |
| Closing balance | **55,043,768,401** | 52,117,169,585 |

### 18 Contingent liabilities

| | | |
|---|---|---|
| Acceptances and endorsements | **31,371,343,613** | 55,383,768,825 |
| | **31,371,343,613** | 55,383,768,825 |
| **Letters of guarantee:** | | |
| Money for which the Bank is contingently liable in respect of guarantees given favouring Government | **71,417,445,508** | 78,610,848,898 |
| Bank and other financial institutions | **3,628,123,186** | 3,016,447,285 |
| Others | **26,828,757,454** | 23,959,212,687 |
| | **101,874,326,148** | 105,586,508,870 |
| **Others** | | |
| Irrevocable letters of credit | **67,884,173,881** | 52,628,173,742 |
| Foreign exchange contracts - spot and forward | **8,165,646,671** | 665,818,026 |
| Un-drawn formal standby facilities, credit lines and other commitments* | **208,730,080,850** | 237,833,656,075 |
| Others** | **5,575,846,395** | - |
| | **290,355,747,797** | 291,127,647,843 |
| | **423,601,417,558** | 452,097,925,538 |

* As per BRPD circular no. 06 dated 25 April 2023 related to Policy on Off-Balance Sheet (OBS) Exposure, undrawn commitment irrespecive of unconditionally cancellable or non-cancellable has been reported under other commitments as a component of off-balance sheet exposure.

** Others represents pending tax related cases at various stages of the legal procedure. These cases don't create any present obligation as of 31 Dec 2024. Accordingly, these are represented under Contingent liabilites.

### 19 Interest income

| | | |
|---|---|---|
| Staff loans | **47,211,227** | 45,104,698 |
| Home mortgage loans | **54,238,146** | 68,707,519 |
| Car loans | **14,302** | 771 |
| Personal loans | **136,423,314** | 133,862,939 |
| Overdraft | **535,563,069** | 360,441,581 |
| Term loans | **3,820,110,919** | 2,971,338,827 |
| Import loans | **3,443,473,974** | 2,168,520,029 |
| Working capital | **6,839,320,132** | 5,000,456,327 |
| Export and import bills | **3,087,474,545** | 5,379,841,442 |
| Money market | **523,339,362** | 354,420,790 |
| Other correspondent bank | **93,948** | 1,144,261 |
| Nostro accounts | **306,080,438** | 284,326,011 |
| Inter-group lending | **43,019,224** | 50,225,942 |
| Bangladesh Bank foreign currency account | **247,840,287** | 207,294,966 |
| | **19,084,202,887** | 17,025,686,103 |

### 20 Interest on deposits and borrowings

| | | |
|---|---|---|
| Saving accounts | **577,131,441** | 617,526,058 |
| Term deposits | **2,534,814,558** | 1,974,376,571 |
| Marginal deposit | **107,772,068** | 78,178,578 |
| Interest paid on lease | **103,943,271** | 109,946,539 |
| Interest on vostro and overdrawn nostro | **131,526** | 681,168 |
| Money market call borrowing | **-** | 8,463,837 |
| Term borrowing from Bangladesh Bank | **423,199,403** | 516,474,094 |
| Borrowing from banks | **2,369,131,656** | 4,421,926,985 |
| Interest on repo | **37,121,950** | 5,897,786 |
| Interest on Euro currency clearing balance | **-** | 231,214 |
| | **6,153,245,873** | 7,733,702,830 |

### 21 Income from investment

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Interest on treasury bills | **9,828,091,388** | 7,997,469,868 |
| Interest on Repo/ Standing Deposit Facility | **86,073,396** | 61,263,002 |
| Dividend on shares | **6,000,000** | 6,000,0000 |
| | **9,920,164,784** | 8,064,732,870 |

### 22 Commission, exchange and brokerage

| | | |
|---|---|---|
| Exchange income/loss | **2,313,219,517** | 1,939,329,286 |
| Commission income: | | |
| Import LC | **2,976,346,271** | 3,570,279,837 |
| Export LC | **428,059,288** | 407,762,292 |
| Remittances | **5,089,291** | 5,071,476 |
| Account services | **52,009,502** | 49,562,906 |
| Credit facilities | **310,039,366** | 163,911,391 |
| Collection bills | **6,600** | 13,551 |
| Global custody | **44,110,261** | 44,737,500 |
| Other commissions and charges | **329,475,890** | 335,508,098 |
| | **4,145,136,469** | 4,576,847,051 |
| Commission paid | **(65,662,601)** | (152,455,318) |
| | **4,079,473,868** | 4,424,391,733 |
| | **6,392,693,385** | 6,363,721,019 |

### 23 Other operating income

| | | |
|---|---|---|
| Profit/(loss) on disposals of fixed assets | **(520,804)** | 5,875,399 |
| Other income | **139,854,423** | 18,569,826 |
| | **139,333,619** | 24,445,225 |

### 24 Salaries and allowances

| | | |
|---|---|---|
| Basic salary | **1,886,307,236** | 1,731,525,895 |
| Allowances | **276,029,036** | 306,653,307 |
| Bonus | **769,524,654** | 711,099,252 |
| Others | **252,459,499** | 242,916,071 |
| | **3,184,320,425** | 2,992,194,525 |
| **Post employment benefits** | | |
| Contribution to the defined benefit plan (note 24.1) | **91,167,000** | 146,972,000 |
| Contribution to the defined contribution plan | **167,285,064** | 151,971,462 |
| | **258,452,064** | 298,943,462 |
| | **3,442,772,489** | 3,291,137,987 |

### 24.1 Total expense recognised in the profit and loss account in employee benefits relating to the defined benefit plan

| | | |
|---|---|---|
| Current service cost | **138,838,000** | 165,833,000 |
| Interest cost | **(47,671,000)** | (18,861,000) |
| Expected returns on plan assets | **-** | - |
| Past service cost | **-** | - |
| **Contribution to the defined benefit plan** | **91,167,000** | 146,972,000 |

### 24.2 Defined benefit plans

The calculation of the net liability under the Bank's defined benefit plan is set out below together with the expected rates of return and plan assets used to measure the net defined benefit plan cost in each subsequent year.

| | | |
|---|---|---|
| Fair value of plan assets (note 24.2.2) | | |
| Balance with Bank | **1,877,620,043** | 1,943,242,000 |
| | **1,877,620,043** | 1,943,242,000 |
| Defined benefit obligation (note 24.2.1) | | |
| Present value of funded obligations | **1,592,805,000** | 1,583,192,000 |
| Present value of unfunded obligations | **-** | - |
| | **1,592,805,000** | 1,583,192,000 |
| Net assets/(liabilities) | **284,815,043** | 360,050,000 |

### 24.2.1 Changes in the present value of defined benefit obligations

| | | |
|---|---|---|
| Balances as at 1 January | **1,583,192,000** | 1,817,381,000 |
| Current service cost | **138,838,000** | 165,833,000 |
| Interest cost | **169,929,000** | 148,497,000 |
| Actuarial (gains)/losses (Note: 24.2.3) | **85,864,195** | 97,217,536 |
| Experience (gains)/losses | **(223,291,000)** | (478,020,000) |
| Benefits paid | **(161,727,195)** | (167,716,536) |
| **Balance as at 31 December** | **1,592,805,000** | 1,583,192,000 |

### 24.2.2 Changes in the fair value of plan assets

| | | |
|---|---|---|
| Balances as at 1 January | **1,943,242,000** | 1,959,000,000 |
| Expected returns on plan assets | **217,600,000** | 167,358,000 |
| Contributions by the Bank | **91,167,000** | 146,972,000 |
| Actuarial gains/(losses) (Note: 24.2.3) | **(212,661,762)** | (162,371,464) |
| Benefits paid | **(161,727,195)** | (167,716,536) |
| **Balance as at 31 December** | **1,877,620,043** | 1,943,242,000 |

### 24.2.3 Summary of actuarial (gains)/losses

| | | |
|---|---|---|
| Actuarial (gains)/losses against defined benefit obligations (note 24.2.1) | **85,864,195** | 97,217,536 |
| Actuarial (gains)/losses against plan assets (note 24.2.2) | **212,661,762** | 162,371,464 |
| Net actuarial (gains)/losses | **298,525,957** | 259,589,000 |
| Experience (gains)/losses against defined benefit obligations (note 24.2.1) | **(223,291,000)** | (478,020,000) |
| Net experience (gains)/losses | **(223,291,000)** | (478,020,000) |
| Total actuarial (gains)/losses | **75,234,957** | (218,431,000) |

### 24.2.4 Post employment defined benefit plan's principal actuarial financial assumptions

| | | |
|---|---|---|
| Discount rate | **12.6%** | 11.1% |
| Expected return on plan assets | **7.0%** | 7.0% |

### 25 Legal and professional expenses

| | | |
|---|---|---|
| Legal expenses | **7,427,869** | 16,172,431 |
| Other professional charges | **40,214,639** | 32,559,898 |
| | **47,642,508** | 48,732,329 |

### 26 Depreciation, impairment and repair of Bank's assets

| | | |
|---|---|---|
| Repair and maintenance | **350,253,504** | 354,292,995 |
| Depreciation on fixed assets (note 10) | **283,624,470** | 247,779,008 |
| Depreciation of ROU assets (note 11.1) | **231,147,420** | 114,910,614 |
| Amortisation of intangible assets (note 11.2) | **18,677,639** | 6,824,071 |
| | **883,703,033** | 723,806,688 |

### 27 Other operating expenses

| | | |
|---|---|---|
| Charitable donation | **31,972,087** | 5,505,192 |
| Subscription of corporate member fees | **4,571,606** | 13,543,717 |
| Training and entertainment expenses | **67,741,450** | 72,716,446 |
| Staff expenses | **40,676,192** | 33,503,378 |
| Outsourced service cost | **113,914,529** | 82,256,279 |
| Security expenses | **65,957,352** | 59,276,100 |
| Staff recruitment costs | **3,042,502** | 2,471,330 |
| Transportation and conveyance expenses | **33,118,510** | 36,601,698 |
| Generator, motor vehicles fuel and other charges | **4,782,359** | 3,123,547 |
| Central storage cost | **44,378,478** | 48,893,737 |
| Short term lease expenses | **699,503** | 681,614 |
| Other office expenses | **149,815,534** | 91,185,556 |
| Head office expense* | **4,369,585,911** | 1,682,372,739 |
| VAT on head office expense | **655,437,887** | 250,056,386 |
| | **5,585,693,900** | 2,382,187,719 |

* Double Taxation Avoidance Agreemnet (DTAA) has been in effect between Bangladesh and Hong Kong from financial year 2024. Under the DTAA, HSBC Bangladesh is eligible to claim 100% of Head office expense and accordingly it is reflected in the financial statements.

### 28 Capital adequacy under Basel III

To comply with international best practice and to improve risk management in the banking sector as well as strengthen the ability of the sector to absorb shocks, Bangladesh Bank implemented Basel III capital requirements from 2015 through BRPD circular no. 18 dated 21 December 2014 on revised Risk Based Capital Adequacy Guideline for Banks under BASEL III Accord. As per the directive of Bangladesh Bank all scheduled banks are required to report risk based capital adequacy for banks under Basel III. All scheduled banks are also required to make disclosures in both qualitative and quantitative terms. As a branch of the world's leading financial services institution, HSBC Bangladesh has made disclosures as per Pillar-III, market discipline of the revised capital adequacy framework of Bangladesh Bank (For details see annexure - F) in accordance with DOS circular no. 34 (10 November 2020).

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Total Risk Weighted Assets (RWA) as on 31 December | **203,143,054,784** | 211,772,857,778 |
| 12.50% of RWA under Basel III (including capital conservation buffer) | **25,392,881,848** | 26,471,607,222 |
| Required capital: the higher of 12.50% of RWA or BDT5 billion | **25,392,881,848** | 26,471,607,222 |
| **Actual Capital maintained** | | |
| **Common Equity Tier I** | | |
| Fund deposited with Bangladesh Bank (Note-15) | **4,395,378,331** | 4,044,976,737 |
| Profit & loss Account (Note-17) | **55,043,768,401** | 52,117,169,585 |
| Actuarial gain/(loss) | **(359,579,905)** | (314,438,930) |
| Less: Regulatory adjustment for Goodwill and all other intangible assets as per the Bangladesh Bank guideline | **(223,489,256)** | (19,233,384) |
| Less: Regulatory adjustment for Deferred tax assets as per the Bangladesh Bank guideline | **(1,278,066,520)** | (2,187,157,469) |
| Less: Regulatory adjustment due to WPPF | **(6,344,226,142)** | (3,050,873,018) |
| | **51,233,784,909** | 50,590,443,522 |
| **Additional Tier I** | - | - |
| | - | - |
| **Total Tier I** | **51,233,784,909** | 50,590,443,522 |
| **Tier II** | | |
| General provision | **3,414,775,950** | 3,662,829,753 |
| | **3,414,775,950** | 3,662,829,753 |
| **Total capital** | **54,648,560,859** | 54,253,273,275 |
| **Surplus** | **29,255,679,011** | 27,781,666,053 |
| **% of Capital adequacy required** | | |
| Common Equity Tier - I | **7.00%** | 7.00% |
| Tier - I | **6.00%** | 6.00% |
| **Total** | **12.50%** | 12.50% |
| **% of Capital adequacy maintained** | | |
| Common Equity Tier - I | **25.22%** | 23.89% |
| Tier - I | **25.22%** | 23.89% |
| **Total** | **26.90%** | 25.62% |

### 29 Cash and cash equivalents

| | | |
|---|---|---|
| Cash in hand | **1,680,601,941** | 1,430,901,785 |
| Balance with Bangladesh Bank | **19,408,599,293** | 25,253,069,970 |
| Balance with other banks and financial institutions | **6,724,397,852** | 7,402,857,419 |
| Money at call on short notice | **30,461,482,100** | 7,682,500,000 |
| Prize bonds | **180,600** | 386,100 |
| 90 days Bangladesh Bank bills | **17,093,440,766** | - |
| 91 day Treasury bills | **76,910,046,326** | 62,675,627,786 |
| | **152,278,748,878** | 104,445,343,060 |

### 30 Amanah Banking

The Bank established an Islamic Banking Branch (Amanah branch) based on Islamic Shariah Principles from 26 February 2004. The Bank no longer offers Shariah compliant products and services in Bangladesh. Under the restructuring procedure, the existing books of Amanah business will run-off up to the maturity as per Bangladesh Bank approval letter ref no. BRPD (P-3)745(37)/2013-1693 dated 10 April 2013.

A separate set of financial statements for Amanah is required to prepare in accordance with the Banking Regulation and Policy Department (BRPD) Circular No 15 (9 November 2009). This is notable that the Bank discontinued Amanah business since 2013 and got dispensation from Bangladesh Bank vide letter ref no. DOS (SR)1153/127/2014-424 dated 28 December 2014 from preparing a separate set of financial statements for Amanah. However, as required by the dispensation letter of Bangladesh Bank, the Bank provided disclosures in note 30.1 to 30.4 to comply with the disclosures requirement of Amanah.

### 30.1 Amanah Balance Sheet as at 31 December

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **Assets** | | |
| Balance with Bangladesh Bank | **2,500,000** | 2,500,000 |
| Investments | **111,249,978** | 133,121,837 |
| Other assets | **293,618,205** | 282,397,808 |
| | **407,368,183** | 418,019,645 |
| **Liabilities** | | |
| Deposits and other accounts | **2,340,138** | 4,720,952 |
| Other liabilities | **22,876,631** | 22,238,931 |
| Retained earnings | **382,151,414** | 391,059,762 |
| | **407,368,183** | 418,019,645 |

### 30.2 Amanah Profit and Loss Account for the year ended 31 December 2024

| | | |
|---|---|---|
| Income from investments | **8,110,290** | 14,091,699 |
| Profit paid on deposits | **9** | 47 |
| **Net investment income** | **8,110,281** | 14,091,652 |
| Commission, exchange and brokerage | **58,759** | 38,511 |
| Other operating income | - | - |
| **Total operating income** | **8,169,040** | 14,130,163 |
| Salaries and allowances | - | - |
| Rent, taxes, insurance, electricity etc. | - | - |
| Legal expenses | - | - |
| Postage, stamps, telecommunication etc. | - | - |
| Auditors' fee | - | - |
| Stationery, printing and advertisement | - | - |
| Depreciation and repair of Bank's assets | - | - |
| Other operating expenses | **(47,792)** | (46,440) |
| **Total operating expense** | **(47,792)** | (46,440) |
| **Profit before provision** | **8,216,832** | 14,176,603 |
| Specific provision for classified investments | **760,829** | (463,623) |
| General provision for unclassified investments and off balance sheet exposures | **(702,662)** | (269,822) |
| **Total provision** | **58,167** | (733,445) |
| **Profit before tax** | **8,158,665** | 14,910,048 |
| Current Tax | **3,286,733** | 5,670,641 |
| **Profit after tax for the year** | **4,871,932** | 9,239,407 |

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### 30.3 Amanah Assets and Liabilities Maturities Analysis as at 31 December 2024

| Particulars | Maturity within 1 month | Maturity within 1 to 3 months | Maturity within 3 to 12 months | Maturity within 1 to 5 years | Maturity over 5 years | Total |
|---|---|---|---|---|---|---|
| | BDT | BDT | BDT | BDT | BDT | BDT |
| **Assets** | | | | | | |
| Cash in Hand | - | - | - | - | - | - |
| Balance with Bangladesh Bank | **2,500,000** | - | - | - | - | **2,500,000** |
| Money at call on short notice | - | - | - | - | - | - |
| Investment | **1,724,240** | - | **812,303** | **15,236,210** | **93,477,225** | **111,249,978** |
| Other assets | - | - | - | **293,618,205** | - | **293,618,205** |
| Non-banking assets | - | - | - | - | - | - |
| **Total assets** | **4,224,240** | - | **812,303** | **308,854,415** | **93,477,225** | **407,368,183** |
| **Liabilities** | | | | | | |
| Placement from other banks and financial institutions | - | - | - | - | - | - |
| Deposits and other accounts | 2,340,138 | - | - | - | - | **2,340,138** |
| Other liabilities (including capital/shareholders' equity) | - | - | 22,876,631 | 382,151,413 | - | **405,028,045** |
| **Total liabilities** | 2,340,138 | - | 22,876,631 | 382,151,413 | - | 407,368,183 |
| **Net liquidity difference** | 1,884,101 | - | (22,064,328) | (73,296,998) | 93,477,225 | - |

| 30.4 (i) Amanah Cash Reserve Ratio (CRR): Daily 3.50% of average total demand and time liabilities | 2024 BDT | 2023 BDT |
|---|---|---|
| Required reserve | **85,212** | 164,812 |
| Actual reserve held with Bangladesh Bank | **2,500,000** | 2,500,000 |
| **Surplus** | **2,414,788** | 2,335,188 |
| **ii) Amanah Cash Reserve Ratio (CRR): Bi-weekly 4.00% of average total demand and time liabilities** | | |
| Required reserve | **97,386** | 188,356 |
| Bi-weekly average reserve held with Bangladesh Bank | **2,500,000** | 2,500,000 |
| **Surplus** | **2,402,614** | 2,311,644 |
| **(iii) Amanah Statutory Liquidity Ratio (SLR): 5.50% of average total demand and time liabilities** | | |
| Required reserve | **133,910** | 258,990 |
| Bi-weekly actual reserve held with Bangladesh Bank (Excluding Bi-weekly CRR) | **2,402,614** | 2,311,644 |
| **Surplus** | **2,268,704** | 2,052,654 |

### 31 Related party transactions

The related parties of the Bank include HSBC Holdings plc, other group entities, post-employment benefit plans for HSBC employees, Key Management Personnel, close family members of Key Management Personnel and entities which are controlled or jointly controlled by Key Management Personnel or their close family members.

The Bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking license issued by Bangladesh Bank and therefore the Key Management Personnel of the Bank for the purposes of IAS 24 are defined as those persons having authority and responsibility for planning, directing and controlling the Bank, being members of the Board of Directors of the Group, Group Managing Directors, and close members of their families and companies they control, or significantly influence, or for which significant voting power is held.

### 31.1 Transactions with key management personnel

There were no transactions between the Bank and the key management personnel of the Bank in 2024 (2023: nil)

### 31.2 Transactions, arrangements and agreements involving group entities

The Bank provides and receives certain banking and financial services to/from entities within the Group. As at year end, the balances with these entities are disclosed in - i) Note 6: Balance with other banks and financial institutions and ii) Note 12: Borrowings from other banks, financial institutions and agents.

The disclosure of the year end balance is considered to be the most meaningful information to represent transactions during the year. The outstanding balances include loans made to or deposits by the Bank and arose in the ordinary course of business and are on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties. Income received by the Bank from these entities in 2024 amounted to BDT965,081,697 (2023: BDT653,571,967) and expense paid to these entities in 2024 amounted to BDT2,475,391,140 (2023: BDT4,559,906,046), both of which are included in the Net interest income disclosed in the Profit and loss account.

### 31.3 Transactions with post employment benefit plans

The Bank has two post employment benefit schemes, the nature of which is disclosed in Note 4.17: Employee benefits. There were no balances payable to these schemes or due from these schemes to the Bank as at the 2024 (2023: Nil). The total contribution to these schemes in 2024 by the Bank is disclosed in Note 24: Salaries and allowances.

The responsibility for fund management and administration of these schemes rests with the Trustees of these schemes. However, these functions are delegated to the Bank's Human Resources (HR) department. The Bank does not charge these schemes any fees for the day to day fund management or administrative services.

As allowed by the Trust Deed of these schemes, scheme funds may be deposited with the Bank. As at 31 December 2024 the provident fund had placed deposit of BDT63,000,373 (2023: BDT264,973,812) and the gratuity fund had placed deposits of BDT1,874,819,649 (2023: BDT1,942,529,871) with the Bank.

These transactions arose in the ordinary course of business and are on substantially the same terms, including interest rates and security, as for comparable transactions with third party counterparties. Interest expense incurred by the Bank on deposits placed by the provident fund in 2024 amounted to BDT819,021 (2023: BDT355,901) and on deposit placed by the gratuity fund in 2024 amounted to BDT4,925,510 (2023: BDT4,947,283), both of which are included in the interest expense disclosed in the profit and loss account.

### 32 Events after the balance sheet date

There were no material events after the balance sheet date that may require adjustment or disclosure.

### 33 General

### 33.1 Reconciliation of books of accounts

The Bank maintains various nostro accounts in order to conduct operations in different currencies including BDT. As at 31 December 2024, the Bank has no unadjusted debit entries exceeding six months. As a result, there is no requirement of nostro provisioning (2023: nil) as per BRPD circular no 04 dated 12 April 2022.

### 33.2 Core risk management

BRPD circular no.17 (7 October 2003), BRPD circular no.4 (5 March 2007) and DOS Circular no. 04: Risk Management Guideline (08 October 2018) require banks to put in place an effective risk management system. Bangladesh Bank monitors the progress of implementation of these guidelines through its on-site inspection teams. The risk management systems of the Bank are disclosed below.

### 33.2.1 Credit risk

HSBC has historically sought to maintain a conservative, yet constructive and competitive credit risk culture. This has served the HSBC Group well, through successive economic cycles and remains valid today. This culture is determined and underpinned by the disciplined credit risk control environment which the Group has put in place to govern and manage credit risk, and which is embodied in the formal policies and procedures adopted by HSBC Bangladesh. These are articulated through HSBC Group credit policies supplemented by Regional and Local Area Lending Guidelines, backed up by the Bangladesh Bank's regulations and guidelines. Formal policies and procedures cover all areas of credit lending and monitoring processes including:

- The HSBC credit risk policy framework
- Governance and authorities
- Risk appetite and evaluation of facilities
- Key lending constraints, higher risk sectors and sustainability risk
- Risk rating systems
- Facility structures
- Lending to Banks, Non-Banks and Sovereigns
- Personal lending
- Corporate and commercial lending
- Portfolio management and stress testing
- Monitoring, control and the management of problem exposures
- Impairments and allowances

At the heart of these processes is a robust framework of accountability. HSBC operates a system of personal credit authorities, not credit committee structures. However, the Bank has set up a Risk Management Meeting (RMM) comprising the members of the Executive Committee (EXCO), Asset Liability Committee (ALCO) and other Risk Related Function Heads to manage and oversee various risks within the Bank including credit risk. Relationship managers are held accountable for both the profitability and growth of their loan portfolios as well as the losses that may arise within them.

### 33.2.2 Asset liability management risk

For better management of asset and liability risk, the Bank has an established Asset Liability Management Committee (ALCO) which meets at least once a month.

The Committee's primary function is to formulate policy and guidelines for the strategic management of the Bank using pertinent information that has been provided through the ALCO process, together with the knowledge of individual businesses managed by members of the Committee. The ALCO regularly reviews the Bank's overall asset and liability position, forward looking asset and liability pipeline, overall economic position, liquidity risk, capital adequacy, balance sheet risk, interest rate risk and makes necessary changes in product and balance sheet mix as and when required. Specific responsibilities include reviewing liquidity limits, capital requirements management, managing balance sheet growth, optimising the allocation and utilisation of all resources, understanding balance sheet dynamics, i.e. the interaction between asset and liability portfolios, and issues such as Fund Transfer Pricing, Interest Rate Risk Behaviouralisation, Liquidity Premium and Liquidity Recharges and asset and liability pricing policy.

### 33.2.3 Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings arising due to change in market price and the position in the currency that is held during the change. Such risk may arise from positions held in various foreign exchange products like spots and forwards. In an effort to ensure such risks are managed efficiently with caution and higher authorities consent, Bangladesh Bank issued a guideline for foreign exchange transactions in 2009, later revised in 2018. The Bank has a Functional Instruction Manual (FIM) covering foreign exchange risk policies and investment policy. The Bank has also developed different strategies to handle foreign exchange risk by setting limits on net open positions by currencies, mismatch limits by currency and time buckets of forward foreign exchange transactions, overall gross limits for forward (FWD) transaction, maximum loss limits per day and per month and Value at Risk (VAR) limits. All the limits mentioned here are monitored and managed on a daily basis. And there is a separate and independent Product control team to monitor and highlight any concerns/issues.

### 33.2.4 Internal control and compliance

Effective internal controls are the foundation of safe and sound banking. A properly designed and consistently enforced system of operational and financial internal control helps a bank's management to protect the bank's resources, produce reliable assurance over the financial reports and compliance with laws and regulations. Effective internal control system not only reduces the possibility of significant errors and irregularities but also helps to detect and prevent exceptions in a timely manner. The Group policy requires the Bank to comply with the requirements of relevant rules and regulations of the jurisdictions within which, the Bank operates. Therefore, in line with the Bangladesh Bank Guideline on 'Internal Control & Compliance', the Bank has prepared and implemented appropriate Internal Control and Compliance guidelines. In addition, the Group has robust manuals, policy and procedures, entitled Group Standards Manual (GSM), Functional Instruction Manual (FIM), Business Instruction Manual (BIM) and the Compliance Officer's Handbook, which bring together all the standards and principles we use in the conduct of our business, regardless of its location or nature.

HSBC follows a 3 Lines of Defence (LoD) model to define roles and responsibilities within HSBC. This activity-based model delineates accountabilities and responsibilities for risk management and the control environment within each LOD. The model applies to all individuals and all risk types, and supports the delivery of conduct outcomes. The First LOD has ultimate ownership for risk and controls and delivering fair conduct outcomes. Risk Owners are accountable for identifying, assessing, managing and reporting key existing and emerging risks that they own for their business or function in line with the risk appetite set by the Board. The Second 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 CCO, CRCO and CROs, Risk Stewards and the Global Operational and Resilience Risk function. Risk Stewards are accountable for setting policy and control standards to manage risks, providing advice and guidance to support these policies, and challenging the First LOD to ensure it is managing risk effectively.

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

### 33.2.5 Prevention of money laundering and terrorist financing

HSBC is one of the 12 global banks in the 'Wolfsburg Group' which is an internationally acknowledged body setting financial crime risk management standards, especially with respect to anti-money laundering and counter terrorist financing policies. Consequently, HSBC has clear policies and procedures in place to manage money laundering and terrorist financing risks across all its operations around the globe.

Management of money laundering and terrorist financing risks is part of HSBC's broader operational risk management framework which articulates clear demarcation of roles and responsibilities between the three lines of defense.

More specifically, to manage these risks, the Bank follows relevant risk management policies set by HSBC Group and complies with all the requirements mandated by applicable regulators i.e. Bangladesh Financial Intelligence Unit (BFIU), Hong Kong Monetary Authority (HKMA), Prudential Regulation Authority (PRA). As a result, HSBC Bangladesh has policies and procedures which are appropriately governed, and implemented and reinforced through regular oversight and periodic testing.

The Compliance function of HSBC, headed by a Chief Risk and Compliance Officer, who also acts as the Chief Anti-Money Laundering Compliance Officer or the 'CAMLCO', has a dedicated specialized Financial Crime (FC) Risk team that provides the policy framework and oversight to Business lines and Functions by leveraging the specialist capabilities, data and technology to enable the bank to serve the needs of its customers and grow safely.

Compliance maintains enterprise-wide governance and oversight over these risk areas, promptly drawing focus on top and emerging risks and areas of weakness. The team also conducts financial crime risk related investigations and proactively acts on relevant market intelligence to safeguard the Bank. It also operates an Assurance sub-function which performs risk-based independent testing of relevant controls established to manage the aforesaid risks. Additionally oversight is ensured through the quarterly Central Compliance Committee meeting and the monthly Risk Management Meeting, which are chaired by the Chief Risk and Compliance Officer (CRCO) and attended by the members of the Executive Committee and Senior Compliance leaders.

The matured organizational framework as described above, together with a consistent tone from the top and a culture of continued investment into staff development/training, has helped the Bank to materially improve its financial crime risk control environment which is also reflected on both local regulatory inspection report rating as well as in internal audit report rating on AML/CTF control. Focus will remain in proactively identifying and acting on issues, further improving the control environment in line with evolving risk landscape and regulation, and maintaining the rigor of risk management which has developed over time.

### 33.2.6 Information technology

The Bank has its Information Technology (IT) Department which includes Infrastructure Delivery, Data Centre and Service Management, IT Risk and Governance, Application Development and Maintenance and Cybersecurity team for the Technology support, service, software development and cybersecurity of IT systems where the core banking system is centralised in HSBC Hong Kong. Though much of the Bank's systems are built for Group purpose there are some applications developed locally or purchased from third party vendors as and when required following group procurement guideline and Software Development Lifecycle (SDLC) process. The IT department has a Performance Level Agreement (PLA) for all global and local applications for service quality assurance which describes all the IT services with target service up-time and response time for troubleshooting or any IT related requests. The IT department provides monthly reports to DBS Control Environment Management Meeting (CEMM) chaired by in country Chief Operating Officer (COO) for the senior management which covers the following:

- IT Control Environment Summary
- Update on major IT related Risk issues and mitigation plan/timeline
- Internal and external Audit Status and remediation progress related to IT
- System Incident and vulnerability update

HSBC Bangladesh has an approved internal Technology and Cyber Security Policy (approved by Executive Committee of the bank in Jun 2024) as per Bangladesh bank (BB) Information and Communication Technology (ICT) security guideline requirement. The bank also follows BB operational instructions/guidelines for changing/updating infrastructure and IT payments application components to comply regulatory ask. HSBC Bangladesh has DBS Steering Committee, Third Party Governance Forum (TPGF) to look after ICT and Cybersecurity related risk and controls, regulatory and legal requirement related to ICT as mandate by BB ICT Security policy and Outsourcing policy. Besides, various awareness sessions are taken by Cybersecurity team to increase information security awareness among staff and third-party vendors. It is to be noted that bank undertakes annual ICT audit as per BB ICT security guideline requirement and open issues are tracked in respective risk forum. Bank has obtained ISO-27001 certification for its IT and Cyber security function as recommended by BB. In November 2024, the ISO-27001 certificate has been further renewed for 3 years.

The Bank has a robust Business Recovery Plan (BRP) in place to ensure business continuity in case of any major disaster and aligned with BB ICT Security policy requirement. There are few applications (BACH, BEFTN, RTGS & NPSB) which do not have fully functional Disaster Recovery (DR) facility due to dependency on BB.

### 33.2.7 Interest Rate Risk

Interest rate risk may arise either from trading portfolio or from non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills and bonds of different maturities as far as Interest rate risk is concern. Interest rate risk arises from mismatches between the future yield of an asset and their funding cost. Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis and the Bank's Markets Treasury team actively manages the Balance Sheet gap to reduce the risk.

### 33.2.8 Operational Risk

Operational risk is the risk of direct or indirect loss resulting from a wide variety of causes associated with the Bank's processes, people, technology or infrastructure, or from external factors. Operational risk is inherent in the Bank's activities and as with other risk types is managed through an overall framework with checks and balances that include implementation of three line of defense, recognized ownership of the risk by the businesses and independent risk management oversight.

The operational risk policy codifies the core governing principles for operational risk management and provides a framework for operational risk. In accordance with the policy, each business area is responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with laws, regulations, regulatory administrative actions and the Bank's policies.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the reputation of the Bank with overall cost effectiveness and innovation. In all cases, the Bank's policy requires compliance with all applicable legal and regulatory requirements.

### 33.3 Audit Committee

HSBC Bangladesh does not have any Board in Bangladesh and the Bank is operating as a branch office of HSBC Hong Kong. Similarly, being branch office, there is no local audit committee and the regional audit committee in Hong Kong approves the annual audit plan of Bangladesh and the same is also presented to the EXCO in Bangladesh. The Bank also has a "Global Internal Audit Charter" and "Audit Instruction Manual" (AIM) which provides detail guidelines and procedures for conducting an internal audit.

The Group Head of Internal Audit reports functionally to the Chair of the group audit committee and reports administratively to the Group Chief Executive Officer. The Group Head of Internal Audit also provides reports to the Risk Management Meeting of the Group Executive Committee in relation to the work of that function and the disposition of its findings. The Group Head of Internal Audit attends the HSBC Group Executive Committee but does not participate in decision making. Audit-related matters are not subject to approval by the Group Executive Committee or any other Executive Governance body.

### 33.4 Exchange rates

The foreign currency income and expense items of Profit and Loss Statement for the year ended on 31 December 2024 have been converted to presentation currency using the year-to-date average conversion rate of USD/BDT @ 115.4996. The assets and liabilities of the Balance Sheet as at 31 December in foreign currencies have been converted to BDT at the following rates:

| | 2024 BDT | 2023 BDT |
|---|---|---|
| USD 1 = | **119.50000** | 109.75000 |
| HKD 1 = | **15.39681** | 14.05070 |
| SGD 1 = | **88.03919** | 83.09043 |
| GBP 1 = | **150.30710** | 139.45384 |
| AUD 1 = | **74.38875** | 74.67939 |
| EUR 1 = | **124.68630** | 121.27375 |
| CHF 1 = | **132.49071** | 130.64699 |
| JPY 1 = | **0.75693** | 0.77351 |
| CAD 1 = | **83.03224** | 82.82081 |
| NOK 1 = | **10.52076** | 10.78682 |
| AED 1 = | **32.53560** | 29.88183 |
| CNY 1 = | **16.33384** | 15.39422 |
| DKK 1 = | **16.71644** | 16.27011 |

### 33.5 Credit ratings

According to BRPD circular no.6 (05 July 2006) it is mandatory from January 2007 for all banks to be credit rated by a credit rating agency. Credit Rating Agency of Bangladesh Limited (CRAB) has issued the following ratings for the Bank which is valid till 30 June 2025:

Long-term AAA (2022: AAA)

Short-term ST - 1 (2022: ST - 1)

According to CRAB, "AAA" is considered as extremely strong capacity to meet the financial commitments, highest quality, with minimal credit risk. "ST-1" is considered as the highest capacity for timely repayment of obligations, excellent position in terms of liquidity, internal fund generation, and access to alternatives sources of funds.

### 33.6 Country Risk Exposure and Provisioning

As per "Guidelines on Country Risk Management (GCRM) for Banks" issued by Bangladesh Bank vide BRPD Circular Letter No. 07 dated 13 April 2021, all scheduled banks in Bangladesh are required to disclose the risk category-wise country exposures and the extent of aggregate provisions held against the country risk. At the end of 2024, HSBC Bangladesh didn't have any risk category wise country exposures in its balance sheet and hence no provisions were required thereagainst.

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

### 33.7 Composition of Profit and loss account

There is ambiguity around the inclusion of Banking and Non-Banking Financial Institutions within the scope of Chapter XV: Worker's Profit Participation Fund ('WPPF') under The Bangladesh Labor Act, 2006 (the 'Act') and subsequent amendments thereof. As per the Act and amendments thereof, an employer is required to pay 5% of its net profit (as defined under the Act) to the 1) Worker's Participation Fund 2) Worker's Welfare Fund and 3) Labor Trust Foundation Fund for further appropriate disbursement of the funds to all members (i.e. 'Beneficiaries', as defined under the Act) as prescribed under the Act. However, the inclusion of Banks within the scope of the WPPF under the Bangladesh Labor Act, 2006 is in contradiction with certain provisions under The Bank Company Act, 1991. These ambiguities are yet to be clarified. Hence based on the current available facts and considering our financial regulators' general position, management believes that the probability of a legal obligation for pay out of WPPF is low at the current stage and accordingly, no provision was made for the same. However as long as the issue is not resolved, HSBC Bangladesh is maintaining sufficient retained earnings till date so as to meet any future liability in this regard which is estimated as BDT 6,344,266,141 as of 31 December 2024 (BDT 5,454,324,861 as of 31 December 2023).

### 33.8 Non-Banking Asset (NBA)

As per BRPD Circular No. 22 (20 September 2021) on Policy for Non-Banking Asset (NBA), the bank has been advised to separately disclose the non-banking assets in its financial statements if bank holds any such type of assets. As of 31 December 2024, HSBC does not hold any NBA (31 December 2023: nil).

### 33.9 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Tk 36,000 or above were 829 (2023: 829)

**33.10** The net amount of foreign currency exposure/position as at 31 December 2024 was BDT 4,725,400,590 (2023: BDT 4,013,248,046)

**33.11** The Bank has no secured liabilities against which assets have been pledged as security.

**33.12** The figures appearing in these financial statements have been rounded off to the nearest Taka (BDT).

sd/
**Md Mahbub ur Rahman**
Chief Executive Officer, Bangladesh

sd/
**Jignesh Chetan Ruparel**
Chief Financial Officer, Bangladesh

DVC NO: 2504290770AS860164

Annexure - A

### (Assets and Liabilities Maturity Analysis) As at 31 December 2024

| Particulars | Maturity within 1 month | Maturity within 1 to 3 months | Maturity within 3 to 12 months | Maturity within 1 to 5 years | Maturity over 5 years | Total |
|---|---|---|---|---|---|---|
| | BDT | BDT | BDT | BDT | BDT | BDT |
| **Assets** | | | | | | |
| Cash in hand* | **21,089,201,234** | - | - | - | - | **21,089,201,234** |
| Balance with other banks and financial institutions (note 6.2) | **6,724,397,853** | - | - | - | - | **6,724,397,853** |
| Money at call on short notice | **30,461,482,100** | - | - | - | - | **30,461,482,100** |
| Investment (note 8.2) | **25,008,846,469** | **70,911,728,827** | - | - | **6,000,000** | **95,926,575,296** |
| Loans and advances (note 9.1) | **32,690,068,992** | **56,875,472,274** | **51,344,942,625** | **35,059,445,882** | **13,307,630,680** | **189,277,560,454** |
| Fixed assets | - | **45,152** | **8,728,350** | **642,457,996** | **119,599,786** | **770,831,284** |
| Other assets | **309,656,068** | **376,177,436** | **389,119,131** | **996,294,474** | **572,010** | **2,071,819,119** |
| Non-banking assets | - | - | - | - | - | - |
| **Total assets** | **116,283,652,716** | **128,163,423,689** | **51,742,790,106** | **36,698,198,353** | **13,433,802,476** | **346,321,867,340** |
| **Liabilities** | | | | | | |
| Borrowings from other banks and financial institutions (note 12.4) | **2,373,912,745** | **1,297,359,566** | **8,394,003,742** | **20,408,830,000** | - | **32,474,106,053** |
| Deposits and other accounts (note 13.1) | **38,484,756,207** | **26,889,606,525** | **45,725,002,904** | **115,865,752,158** | - | **226,965,117,794** |
| Other liabilities (including capital/shareholders' equity) | **2,419,195,348** | **1,919,644,178** | **15,820,328,551** | **7,238,350,324** | **59,485,125,093** | **86,882,643,493** |
| **Total liabilities** | **43,277,864,299** | **30,106,610,270** | **69,939,335,197** | **143,512,932,482** | **59,485,125,093** | **346,321,867,340** |
| **Net liquidity difference** | **73,005,788,416** | **98,056,813,420** | **(18,196,545,090)** | **(106,814,734,129)** | **(46,051,322,617)** | - |

Annexure - B

### Balance with Other Banks and Financial Institutions - Outside Bangladesh (Note -6) As at 31 December 2024

| Bank Name | Currency name | 2024 Foreign currency | 2024 Rate | 2024 Local currency | 2023 Foreign currency | 2023 Rate | 2023 Local currency |
|---|---|---|---|---|---|---|---|
| HSBC Hong Kong | HKD | **1,389,229** | **15.3968** | **21,389,686** | 2,030,172 | 14.0507 | 28,525,327 |
| HSBC Hong Kong Global ATM settlement account | HKD | **694,597** | **15.3968** | **10,694,572** | 548,533 | 14.0507 | 7,707,266 |
| HSBC Hong Kong Settlement account with | CNY | **4,148,175** | **16.3338** | **67,755,625** | 20,392,455 | 15.3942 | 313,925,899 |
| HSBC Hong Kong | USD | **1,441,514** | **119.5000** | **172,260,884** | 766,294 | 109.7500 | 84,100,764 |
| HSBC Japan | JPY | **29,607,351** | **0.7569** | **22,410,631** | 49,692,045 | 0.7735 | 38,437,481 |
| HSBC Singapore | SGD | **61,134** | **88.0392** | **5,382,178** | 88,992 | 83.0904 | 7,394,372 |
| HSBC India | USD | **4,310,776** | **119.5000** | **515,137,756** | 13,389,401 | 109.7500 | 1,469,486,766 |
| Credit Suisse AG Switzerland | CHF | **3,599,365** | **132.4907** | **476,882,396** | 1,720,864 | 130.6470 | 224,825,709 |
| HSBC Bank PLC UK | GBP | **3,277,317** | **150.3071** | **492,604,059** | 3,153,719 | 139.4538 | 439,798,157 |
| HSBC Bank USA | USD | **27,451,360** | **119.5000** | **3,280,437,559** | 32,233,379 | 109.7500 | 3,537,613,341 |
| SCB Pakistan | USD | **168,175** | **119.5000** | **20,096,864** | 1,089,265 | 109.7500 | 119,546,851 |
| HSBC Sri Lanka | USD | **3,697** | **119.5000** | **441,833** | 3,697 | 109.7500 | 405,784 |
| HSBC Bank Australia TT account | AUD | **49,757** | **74.3888** | **3,701,360** | 72,164 | 74.6794 | 5,389,184 |
| HSBC Bank Australia DD account | AUD | **447** | **74.3888** | **33,224** | 447 | 74.6794 | 33,353 |
| Royal Bank of Canada | CAD | **33,982** | **83.0322** | **2,821,627** | 73,124 | 82.8208 | 6,056,191 |
| HSBC France | EUR | **11,736,084** | **124.6863** | **1,463,328,868** | 7,758,915 | 121.2738 | 940,952,742 |
| HSBC India | EUR | **693,503** | **124.6863** | **86,470,314** | 693,503 | 121.2738 | 84,103,701 |
| HSBC Dubai | AED | **8,775** | **32.5356** | **285,514** | 143 | 29.8818 | 4,271 |
| **Total** | | | | **6,642,134,950** | | | 7,308,307,159 |

Annexure - C

### Financial Highlights (Offshore) As at 31 December 2024

[Figures in BDT]

| Sl No | Particulars | Currency**/ percentage | 2024 | 2023 |
|---|---|---|---|---|
| 1 | Total assets | BDT | **67,449,621,318** | 111,310,178,018 |
| 2 | Total deposits | BDT | **20,028,428,920** | 11,153,898,486 |
| 3 | Total loans and advances | BDT | **44,415,961,214** | 107,205,182,613 |
| 4 | Total contingent liabilities and Other Commitments | BDT | **33,105,039,263** | 45,347,177,501 |
| 5 | Classified loans & advances | BDT | - | 4,283,367,385 |
| 6 | Classified advances as a percentage of total advances | % | **0.00%** | 4.00% |
| 7 | Profit before tax | BDT | **3,001,064,753** | 3,456,429,440 |
| 8 | Profit after tax and provisions | BDT | **1,922,556,769** | 1,957,050,603 |
| 9 | Interest expenses | BDT | **2,573,075,013** | 4,452,006,535 |
| 10 | Interest bearing assets | BDT | **67,174,540,526** | 101,625,421,643 |
| 11 | Non interest bearing assets | BDT | **5,123,923** | 13,417,407 |
| 12 | Return on Assets (ROA)** | % | **2.85%** | 1.63% |

### Key Financial Highlights (Solo) As at 31 December 2024

[Figures in BDT]

| Sl No | Particulars | 2024 | 2023 |
|---|---|---|---|
| 1 | Total assets | **346,321,867,340** | 381,433,401,615 |
| 2 | Total deposits | **226,965,117,794** | 219,552,832,838 |
| 3 | Total loans and advances | **189,277,560,453** | 217,090,145,863 |
| 4 | Total contingent liabilities and Other Commitments | **423,601,417,558** | 455,469,257,681 |
| 5 | Net interest income | **12,930,957,014** | 9,291,983,273 |
| 6 | Non interest income | **16,452,191,788** | 14,452,899,114 |
| 7 | Total operating income | **29,383,148,802** | 23,744,882,387 |
| 8 | Profit before tax and provisions | **17,798,025,617** | 16,766,466,698 |
| 9 | Profit after tax and provisions | **10,861,350,119** | 9,990,640,090 |
| 10 | Total capital including retained earnings | **54,648,560,859** | 54,253,273,275 |
| 11 | Surplus capital (above 12.5%) | **29,255,679,011** | 27,781,666,053 |
| 12 | Capital adequacy ratio (%) | **26.90%** | 25.62% |
| 13 | Classified advances as a percentage of total advances (%) | **1.69%** | 3.22% |
| 14 | Return on Investment (ROI)** | **10.34%** | 7.93% |
| 15 | Return on Assets (ROA)** | **3.14%** | 2.60% |
| 16 | Return on Equity (ROE)** | **17.24%** | 18.58% |

* Functional Currency of OBU is USD. Key Highlights are presented in equivalent BDT
** Calculated on the basis of year end investments, assets and equity balances respectively

Annexure - D

### Bi weekly average balance of Bangladesh Bank statement for the month of December 2024

[Figures in BDT]

| Date | Actual balance held with Bangladesh Bank (Conventional) | Actual balance held with Bangladesh Bank (Islamic) | Total actual balance held with Bangladesh Bank | Average balance held with Bangladesh Bank |
|---|---|---|---|---|
| 15-Dec-24 | 13,323,456,386 | 2,500,000 | 13,325,956,386 | |
| 16-Dec-24 | 13,323,456,386 | 2,500,000 | 13,325,956,386 | |
| 17-Dec-24 | 11,064,547,562 | 2,500,000 | 11,067,047,562 | |
| 18-Dec-24 | 12,268,479,347 | 2,500,000 | 12,270,979,347 | |
| 19-Dec-24 | 9,910,239,609 | 2,500,000 | 9,912,739,609 | |
| 20-Dec-24 | 9,910,239,609 | 2,500,000 | 9,912,739,609 | |
| 21-Dec-24 | 9,910,239,609 | 2,500,000 | 9,912,739,609 | |
| 22-Dec-24 | 10,930,769,830 | 2,500,000 | 10,933,269,830 | |
| 23-Dec-24 | 12,483,590,598 | 2,500,000 | 12,486,090,598 | 11,388,157,286 |
| 24-Dec-24 | 11,175,633,446 | 2,500,000 | 11,178,133,446 | |
| 25-Dec-24 | 11,175,633,446 | 2,500,000 | 11,178,133,446 | |
| 26-Dec-24 | 11,797,989,449 | 2,500,000 | 11,800,489,449 | |
| 27-Dec-24 | 11,797,989,449 | 2,500,000 | 11,800,489,449 | |
| 28-Dec-24 | 11,797,989,449 | 2,500,000 | 11,800,489,449 | |
| 29-Dec-24 | 11,452,342,883 | 2,500,000 | 11,454,842,883 | |
| 30-Dec-24 | 10,616,788,401 | 2,500,000 | 10,619,288,401 | |
| 31-Dec-24 | 10,616,788,401 | 2,500,000 | 10,619,288,401 | |

Annexure - E

### Reconciliation between Bangladesh Bank's statement and Bank's statement as at 31 December 2024

In order to comply with the CRR and SLR requirements, the Bank considers the actual balances held with Bangladesh Bank according to their books of accounts. However, when preparing the statutory accounts the Bank considers the actual balances held with Bangladesh Bank according to the Bank's books of accounts. This results in reconciling differences between the Bank's statutory accounts and CRR and SLR requirements. The reconciling items relates to clearing of the following:

- Bangladesh Bank cheques
- Foreign currency demand drafts
- Government bonds

| Local currency | As per Bangladesh Bank statement BDT | As per Bank's general ledger BDT | Reconciling difference BDT |
|---|---|---|---|
| Bangladesh Bank Dhaka | **10,166,285,279** | **10,372,480,048** | **(206,194,769)** |
| Bangladesh Bank Chattogram | **419,523,767** | **419,523,767** | - |
| Bangladesh Bank Sylhet | **30,979,354** | **30,979,354** | - |
| Bangladesh Bank Amanah | **2,500,000** | **2,500,000** | - |
| | **10,619,288,401** | **10,825,483,170** | **(206,194,769)** |
| Bank credited but Bangladesh Bank had not debited | | | **25,065,511,840** |
| Bank debited but Bangladesh Bank had not credited | | | **(30,348,947,834)** |
| Bangladesh Bank credited but Bank had not debited | | | **30,314,252,762** |
| Bangladesh Bank debited but the bank had not credited | | | **(25,237,011,538)** |
| | | | **(206,194,769)** |

| Foreign currency | As per Bangladesh Bank statement USD | As per Bank's general ledger USD | As per Bank's general ledger BDT | Reconciling difference USD |
|---|---|---|---|---|
| USD clearing account | 38,620,230 | 34,624,634 | 4,137,643,714 | 3,995,597 |
| **Total** | 38,620,230 | 34,624,634 | 4,137,643,714 | 3,995,597 |
| Bank credited but Bangladesh Bank had not debited | | | | 43,234,894 |
| Bank debited but Bangladesh Bank had not credited | | | | (38,782,859) |
| Bangladesh Bank credited but Bank had not debited | | | | 36,554,311 |
| Bangladesh Bank debited but the bank had not credited | | | | (37,010,748) |
| | | | | 3,995,597 |

| | As per Bangladesh Bank statement GBP | As per Bank's general ledger GBP | As per Bank's general ledger BDT | Reconciling difference GBP |
|---|---|---|---|---|
| GBP clearing account | 1,156,588 | 1,156,588 | 173,843,387 | - |
| Bank credited but Bangladesh Bank had not debited | | | | - |
| Bank debited but Bangladesh Bank had not credited | | | | - |
| Bangladesh Bank credited but Bank had not debited | | | | - |
| Bangladesh Bank debited but the bank had not credited | | | | - |
| | | | | - |

| | As per Bangladesh Bank statement EUR | As per Bank's general ledger EUR | As per Bank's general ledger BDT | Reconciling difference EUR |
|---|---|---|---|---|
| EUR clearing account | 2,178,499 | 2,178,499 | 271,629,022 | - |
| Bank credited but Bangladesh Bank had not debited | | | | - |
| Bank debited but Bangladesh Bank had not credited | | | | - |
| Bangladesh Bank credited but Bank had not debited | | | | - |
| Bangladesh Bank debited but the bank had not credited | | | | - |
| | | | | - |
| **Total (BDT)** | | | 4,583,116,123 | |

Annexure - F

### Disclosures on risk based capital under Pillar - III of Basel III for the year ended 31 December 2024

#### 1 Disclosure policy

The following detailed qualitative and quantitative disclosures are provided in accordance with Bangladesh Bank rules and Basel III capital regulation under BRPD Circular no. 18 (21 December 2014). The purpose of these requirements is to complement the capital adequacy requirements and the Pillar III – supervisory review process. These disclosures are intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework as per regulatory requirement. The Bank complies with the disclosure requirements set out by the Bangladesh Bank and International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB).

The major highlights of the Bangladesh Bank regulations are:

- To maintain Capital Adequacy Ratio (CAR) at a minimum of 12.50% (including capital conservation buffer of 2.50%) of Risk Weighted Assets (RWA);
- To adopt the standardised approach for credit risk for implementing Basel III, using national discretion for:
  - adopting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on sovereigns and banks;
  - adopting simple/comprehensive approach for Credit Risk Mitigation (CRM).
  - all unrated corporate exposures are risk weighted by assigning a risk weighting of 125%.
- To adopt the standardised approach for Market risk and basic indicator approach for Operational risk.
- Capital adequacy returns must be submitted to Bangladesh Bank on a quarterly basis.

#### 2 Scope of application

The Bank has no subsidiaries or significant investments and Basel III is applied at Bank level only.

#### 3 Capital structure

***Qualitative disclosures:***

HSBC Bangladesh's capital structure consists of Tier I and Tier II capital which is aligned with regulatory capital structure. Tier I capital is further categorised as Common Equity Tier 1 (CET1) and Additional Tier 1 capital. The computation of the amount of Common Equity Tier I, Additional Tier I and Tier II capital shall be subject to the following conditions:

- The Bank has to maintain at least 4.5% of total Risk Weighted Assets (RWA) as Common Equity Tier I capital.
- Tier I capital will be at least 6% of the total RWA.
- Minimum Capital to Risk-weighted Asset Ratio (CRAR) will be 10% of the total RWA's.
- Additional Tier I capital can be maximum up to 1.5% of the total RWA or 33.33% of CET 1, whichever is higher.
- Tier II capital can be maximum up to 4% of the total RWA or 88.89% of CET1, whichever is higher.
- In addition to minimum CRAR, Capital Conservation Buffer (CCB) of 2.50% of the total RWA's has to be maintained from 2020 and onwards.

Tier I capital of the Bank includes funds deposited with Bangladesh Bank, actuarial gain/(loss) and retained earnings. Tier 1 capital is also called 'Core Capital' of the Bank. According to BRPD letter ref no. BRPD (BFIS)661/14B(P)/2015-18014 dated 24 December 2015, 5% of deferred tax recognised on specific provision shall be allowable as CET 1 capital whilst all other deferred tax assets created on other items shall be deducted from the retained earnings when calculating the capital adequacy ratio.

Tier II capital consists of general provision. According to BRPD circular no. 05 (31 May 2016) the full general provision maintained against unclassified loans and advances (except Fast Track Electricity Project LC) will be considered as Tier II capital.

| ***Quantitative disclosures:*** The details of capital structure are provided as under: | 2024 BDT | 2023 BDT |
|---|---|---|
| **Common Equity Tier I** | | |
| Fund deposited with Bangladesh Bank | **4,395,378,331** | 4,044,976,737 |
| Profit & Loss accounts | **55,043,768,401** | 52,117,169,585 |
| Actuarial gain/(loss) | **(359,579,905)** | (314,438,930) |
| Less: Regulatory adjustment for goodwill and all other intangible assets as per the Bangladesh Bank guideline | **(223,489,256)** | (19,233,384) |
| Less: Regulatory adjustment for deferred tax assets as per the Bangladesh Bank guideline | **(1,278,066,520)** | (2,187,157,469) |
| Less: Regulatory adjustment due to WPPF | **(6,344,226,142)** | (3,050,873,018) |
| | **51,233,784,909** | 50,590,443,522 |
| **Additional Tier I** | - | - |
| | - | - |
| **Total Tier I** | **51,233,784,909** | 50,590,443,522 |
| **Tier II** | | |
| General provision | **3,414,775,950** | 3,662,829,753 |
| | **3,414,775,950** | 3,662,829,753 |
| **Total capital** | **54,648,560,859** | 54,253,273,275 |

#### 4 Capital adequacy

***Qualitative disclosures:***

The Bank has adopted the Standardised Approach for computation of the capital charge for credit risk and market risk, and the Basic Indicator Approach for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank.

The Bank has a capital adequacy ratio of 26.90% (2023: 25.62%) as against the minimum regulatory requirement of 12.50% including capital conservation buffer. Tier I capital adequacy ratio is 25.04% (2023: 23.89%) against the minimum regulatory requirement of 6%. The Bank's policy is to manage and maintain its capital with the objective of maintaining a strong capital ratio. The Bank maintains capital levels that are sufficient to absorb all material risks. The Bank also ensures that the capital levels comply with all regulatory requirements, satisfy external rating agencies and other stakeholders including depositors. The whole objective of the capital management process in the Bank is to ensure that the Bank remains adequately capitalised at all times.

The Bank has in place a capital adequacy framework by which the Bank's annual budget projections and the capital required to achieve the business objectives are linked in a cohesive way. Capital requirements are assessed for credit, market and operational risks. The Bank's capital adequacy ratio is periodically assessed and reviewed by the ALCO and reported to head office. The composition of capital in terms of Tier I and II are also analyzed to ensure capital stability and to reduce volatility in the capital structure. The Bank has a profit remittance policy to ensure that the Bank has enough capital to comply with the regulatory requirement. The Bank's capital plan also ensures that adequate levels of capital are held considering the planned organic growth of the business.

***Quantitative disclosures:***

**Position of various risk weighted assets are presented below:**

| | Risk Weighted Assets | Risk Weighted Assets |
|---|---|---|
| On balance sheet items | **121,800,817,247** | 141,609,132,402 |
| Off balance sheet items | **39,384,238,645** | 35,324,006,217 |
| Total credit risk | **161,185,055,892** | 176,933,138,619 |
| Market risk | **5,310,202,912** | 5,659,675,097 |
| Operational risk | **36,647,795,980** | 29,180,044,062 |
| **Total risk weighted assets** | **203,143,054,784** | 211,772,857,778 |
| **Detail of capital adequacy** | | |
| **Minimum Capital Requirement (MCR-10%)** | | |
| Capital requirement for credit risk | **16,118,505,589** | 17,693,313,862 |
| Capital requirement for market risk | **531,020,291** | 565,967,510 |
| Capital requirement for operational risk | **3,664,779,598** | 2,918,004,406 |
| **Total Minimum Capital required** | **20,314,305,478** | 21,177,285,778 |
| **Surplus Maintenance** | **34,334,255,381** | 33,075,987,497 |
| **Minimum Capital Requirement plus Capital Conservation Buffer (12.5%)** | | |
| Capital requirement for credit risk | **20,148,131,987** | 22,116,642,327 |
| Capital requirement for market risk | **663,775,364** | 707,459,387 |
| Capital requirement for operational risk | **4,580,974,498** | 3,647,505,508 |
| **Total Minimum Capital required plus Capital Conservation Buffer** | **25,392,881,848** | 26,471,607,222 |

HSBC

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

| | 2024 BDT | 2023 BDT |
|---|---|---|
| **Surplus Maintenance** | **29,255,679,011** | 27,781,666,053 |
| Common Equity Tier I capital | **51,233,784,909** | 50,590,443,522 |
| Total Tier I capital | **51,233,784,909** | 50,590,443,522 |
| Total Tier II capital | **3,414,775,950** | 3,662,829,753 |
| **Total regulatory capital** | **54,648,560,859** | 54,253,273,275 |
| **% of Capital adequacy required** | | |
| Minimum Common Equity Tier I (CTE- I) | **4.50%** | 4.50% |
| Minimum Tier I | **6.00%** | 6.00% |
| Minimum CET- I + Capital Conservation Buffer | **7.00%** | 7.00% |
| Minimum Capital to Risk Weighted Asset Ratio (CRAR)/MCR | **10.00%** | 10.00% |
| Minimum CRAR + Capital Conservation Buffer | **12.50%** | 12.50% |
| **% of Capital adequacy maintained** | | |
| Common Equity Tier I | **25.22%** | 23.89% |
| Tier I | **25.22%** | 23.89% |
| Tier II | **1.68%** | 1.73% |
| Capital Conservation Buffer | **16.90%** | 15.62% |
| Total CRAR | **26.90%** | 25.62% |

### 5 Credit Risk

***Qualitative disclosures:***

Credit risk is the risk of financial loss if a customer or counterparty fails to meet a payment obligation under a contract. It arises principally from direct lending, trade finance and leasing business, but also from off balance sheet products such as guarantees and credit derivatives, and from the holdings of debt securities. HSBC Bangladesh has standards, policies and procedures dedicated to measuring controlling and monitoring risk from all such activities. Among the risks the Bank engages in, credit risk generates the largest regulatory capital requirement.

The aims of credit risk management, underpinning sustainably profitable business, are principally

- to maintain a strong culture of responsible lending, supported by a robust risk policy and control framework;
- to both partner and challenge business originators effectively in defining and implementing risk appetite, and its re-evaluation under actual and scenario based conditions; and
- to ensure independent, expert scrutiny and approval of credit risks, their costs and their mitigation.

HSBC has historically been maintaining a conservative, yet constructive and competitive credit risk culture. This has served the Bank well, through successive economic cycles and remains valid today. This culture is determined and underpinned by the disciplined credit risk control environment which the Group has put in place to govern and manage credit risk, and which is embodied in the formal policies and procedures adopted by HSBC Bangladesh in line with Bangladesh Bank and other local regulations. Formal policies and procedures cover all areas of credit lending and monitoring processes including, but not limited to:

- The Group Credit Risk Policy Framework
- Risk appetite and evaluation of facilities
- Key lending constraints and higher-risk sectors
- Risk rating systems
- Facility structures
- Lending to banks, non-banks and sovereigns
- Personal lending
- Corporate and commercial lending
- Portfolio management and stress testing
- Monitoring, control and the management of problem exposures
- Impairments and allowances

At the heart of these processes is a robust framework of accountability. Business segments are responsible for both the profitability and growth of their loan portfolios as well as the losses that may arise within them. Credit Risk Management function of the Bank is responsible for credit risk assessment and approval process. In addition, as part of overall risk governance framework, the Bank has in place a Risk Management Meeting (RMM) forum chaired by the Chief Risk and Compliance Officer in presence of the Chief Executive Officer and all Business and Function Heads within the Bank.

The Bank also has relevant Departments to look after the loan review mechanism and also to ensure credit compliance with the post-sanction processes/ procedures laid down by the Bank from time to time. This involves taking up independent account-specific reviews of individual credit exposures and also monitoring various credit concentration limits as per the lending guideline. In line with Bangladesh Bank's guideline, the Bank has credit risk grading system in place for analysing the risk associated with credit.

The standardised approach is applied for risk weighting of exposure as per directive of Bangladesh Bank. It requires banks to use credit rating assigned by External Credit Assessment Institutions (ECAIs), where available, to determine the risk weightings applied to rated counterparties.

The Bank has been maintaining credit risk mitigation under the standardised approach. It is HSBC's policy to establish that loans are within the customer's capacity to repay which is also supported by collaterals as an important mitigation of credit risk wherever necessary. The Bank has guidelines on the acceptability of different types of collateral or credit risk mitigation, and determines suitable valuation parameters. Such parameters are being reviewed regularly and supported by empirical evidence.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are calculated periodically in accordance with Bangladesh Bank regulations.

Special attention is given to problem loans and appropriate action is initiated to protect the Bank's position on a timely basis and to ensure that loan impairment methodologies result in losses being recognised when they are incurred. The objective of credit risk management is to minimise the probable losses and maintaining credit risk exposure within acceptable parameters.

#### Specific provision

The Bank follows Bangladesh Bank guidelines regarding loan classifications, provisioning and any other issues related to Non Performing Loan (NPL). The Bank's internal credit guidelines also give direction on the management of NPLs, the procedure for reviewing loan provisioning, debt write off, facility grading, reporting requirements and interest recognition. Thus, while dealing with NPLs, the Bank's decision is always compliant with local rules and regulations as well as Group guidelines.

#### Specific provision on loans and advances

| | |
|---|---|
| Specific provision on substandard loans and advances/investments other than agricultural loans | 20% |
| Specific provision on doubtful loans and advances/investment other than agricultural loans | 50% |
| Specific provision on substandard and doubtful agricultural loans | 5% |
| Specific provision on bad/loss and advances/investments | 100% |

BRPD circular no.14 (23 September 2012) as amended by BRPD circular no. 19 (27 December 2012) also provides scope for further provisioning based on qualitative judgments. In these circumstances, impairment losses are calculated on individual loans considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised in liabilities under "Provisions for loans and advances" with any movement in the provision charged/released in the profit and loss account.

***Quantitative disclosures:***

| **Credit Risk Exposure** | 2024 BDT | 2023 BDT |
|---|---|---|
| Claims on sovereigns and central banks | **21,089,201,234** | 26,683,971,755 |
| Claims on banks | **37,404,480,142** | 21,264,613,088 |
| Investments | **56,115,169,904** | 30,426,555,265 |
| Claims on Public Sector Entities (other than Government) in Bangladesh | **9,640,858,684** | 9,619,482,825 |
| Claims on corporate | **151,785,617,147** | 176,839,593,607 |
| Claims on SME | **6,045,192,400** | 3,595,142,660 |
| Claims Under Credit Risk Mitigation | **15,148,380,965** | 10,540,855,689 |
| Claims on consumer | **1,597,665,884** | 1,635,089,159 |
| Claims fully secured by residential property | **523,437,987** | 608,624,698 |
| Past due Claims | **1,857,401,909** | 3,186,864,798 |
| Fixed assets | **770,831,284** | 850,890,905 |
| All other assets | **2,723,422,672** | 3,323,751,066 |
| **Total on-balance sheet items** | **304,701,660,214** | 288,575,435,513 |
| Off-balance sheet items (after considering the credit conversion factor) | **58,680,932,986** | 51,733,896,479 |
| **Total** | **363,382,593,200** | 340,309,331,992 |

#### Geographical distribution of credit exposures

| 2024 | Dhaka | Chattogram | Total BDT |
|---|---|---|---|
| Claims on sovereigns and central banks | **20,124,871,181** | **964,330,053** | **21,089,201,234** |
| Claims on banks | **37,404,480,142** | **-** | **37,404,480,142** |
| Investments | **56,115,109,904** | **60,000** | **56,115,169,904** |
| Claims on Public Sector Entities (other than Government) in Bangladesh | **9,640,858,684** | **-** | **9,640,858,684** |
| Claims on corporate | **144,488,176,368** | **7,297,440,779** | **151,785,617,147** |
| Claims on SME | **6,045,192,400** | **-** | **6,045,192,400** |
| Claims Under Credit Risk Mitigation | **15,052,806,214** | **95,574,751** | **15,148,380,965** |
| Claims on consumer | **1,395,156,796** | **202,509,088** | **1,597,665,884** |
| Claims fully secured by residential property | **429,365,908** | **94,072,078** | **523,437,987** |
| Past due Claims | **1,825,524,788** | **31,877,121** | **1,857,401,909** |
| Fixed assets | **741,432,006** | **29,399,278** | **770,831,284** |
| All other assets | **2,685,240,299** | **38,182,373** | **2,723,422,672** |
| **Total on-balance sheet items** | **295,948,214,692** | **8,753,445,521** | **304,701,660,214** |
| Off-balance sheet items (after considering the credit conversion factor) | **56,147,822,873** | **2,533,110,112** | **58,680,932,986** |
| **Total** | **352,096,037,566** | **11,286,555,634** | **363,382,593,200** |

| 2023 | Dhaka | Chattogram | Total BDT |
|---|---|---|---|
| Claims on sovereigns and central banks | 25,607,981,402 | 1,075,990,353 | 26,683,971,755 |
| Claims on banks | 21,264,613,088 | - | 21,264,613,088 |
| Investments | 30,426,420,265 | 135,000 | 30,426,555,265 |
| Claims on Public Sector Entities (other than Government) in Bangladesh | 9,619,482,825 | - | 9,619,482,825 |
| Claims on corporate | 174,302,173,165 | 2,537,420,442 | 176,839,593,607 |
| Claims on SME | 3,595,142,660 | - | 3,595,142,660 |
| Claims Under Credit Risk Mitigation | 10,419,896,863 | 120,958,825 | 10,540,855,689 |
| Claims on consumer | 1,398,619,018 | 236,470,141 | 1,635,089,159 |
| Claims fully secured by residential property | 499,056,639 | 109,568,059 | 608,624,698 |
| Past due Claims | 3,162,218,462 | 24,646,336 | 3,186,864,798 |
| Fixed assets | 812,465,260 | 38,425,645 | 850,890,905 |
| All other assets | 3,280,786,153 | 42,964,912 | 3,323,751,066 |
| **Total on-balance sheet items** | 284,388,855,800 | 4,186,579,714 | 288,575,435,513 |
| Off-balance sheet items (after considering the credit conversion factor) | 48,882,646,670 | 2,851,249,808 | 51,733,896,479 |
| **Total** | 333,271,502,470 | 7,037,829,522 | 340,309,331,992 |

#### Industry distribution of credit exposures

| 2024 | SME | POWER AND ENERGY | NON GOVERNMENT ORGANIZATION | CHEMICAL & PHARMACEUTICALS | NON-METALLIC MINERAL PRODUCTS | AGRICULTURE & AGRO PROCESSING |
|---|---|---|---|---|---|---|
| Claims on sovereigns and central banks | - | - | - | - | - | - |
| Claims on banks | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Claims on Public Sector Entities (other than Government) in Bangladesh | - | **9,184,335,289** | - | - | - | - |
| Claims on corporate | - | **11,970,209,222** | - | **12,122,054,010** | **12,202,709,281** | **21,746,291,816** |
| Claims on SME | **6,045,192,400** | - | - | - | - | - |
| Claims Under Credit Risk Mitigation | **248,465,269** | **2,430,648,888** | - | **1,318,945,700** | **126,571,336** | **244,510,604** |
| Claims on consumer | - | - | - | - | - | - |
| Claims fully secured by residential property | - | - | - | - | - | - |
| Past due Claims | - | **81,692,490** | - | - | - | - |
| Fixed assets | - | - | - | - | - | - |
| All other assets | - | - | - | - | - | - |
| **Total Assets** | **6,293,657,669** | **23,666,885,889** | - | **13,440,999,710** | **12,329,280,617** | **21,990,802,420** |
| Off-balance sheet items | - | - | - | - | - | - |

| 2024 | TEXTILE | TRADE | STEEL AND META | Banks & NBFI | READYMADE GARMENTS | Others | Total |
|---|---|---|---|---|---|---|---|
| Claims on sovereigns and central banks | - | - | - | - | - | **21,089,201,234** | **21,089,201,234** |
| Claims on banks | - | - | - | **37,404,480,142** | - | - | **37,404,480,142** |
| Investments | - | - | - | - | - | **56,115,169,904** | **56,115,169,904** |
| Claims on Public Sector Entities (other than Government) in Bangladesh | - | - | - | - | - | **456,523,395** | **9,640,858,684** |
| Claims on corporate | **41,942,258,862** | **697,402,614** | **4,534,123,965** | - | **37,375,806,813** | **9,194,760,563** | **151,785,617,147** |
| Claims on SME | - | - | - | - | - | - | **6,045,192,400** |
| Claims Under Credit Risk Mitigation | **1,719,049,951** | - | - | - | **3,803,921,319** | **5,256,267,898** | **15,148,380,965** |
| Claims on consumer | - | - | - | - | - | **1,597,665,884** | **1,597,665,884** |
| Claims fully secured by residential property | - | - | - | - | - | **523,437,987** | **523,437,987** |
| Past due Claims | **27,970** | - | - | - | **1,112,133,307** | **663,548,143** | **1,857,401,909** |
| Fixed assets | - | - | - | - | - | **770,831,284** | **770,831,284** |
| All other assets | - | - | - | - | - | **2,723,422,672** | **2,723,422,672** |
| **Total Assets** | **43,661,336,783** | **697,402,614** | **4,534,123,965** | **37,404,480,142** | **42,291,861,439** | **98,390,828,966** | **304,701,664,214** |
| Off-balance sheet items | - | - | - | **1,283,433,645** | - | **57,397,499,341** | **58,680,932,986** |

#### Industry distribution of credit exposures

| 2023 | SME | POWER AND ENERGY | NON GOVERNMENT ORGANIZATION | CHEMICAL & PHARMACEUTICALS | NON-METALLIC MINERAL PRODUCTS | AGRICULTURE & AGRO PROCESSING |
|---|---|---|---|---|---|---|
| Claims on sovereigns and central banks | - | - | - | - | - | - |
| Claims on banks | - | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Claims on Public Sector Entities (other than Government) in Bangladesh | - | - | - | - | - | - |
| Claims on corporate | - | 16,788,020,834 | 701,201,667 | 13,833,831,634 | 14,121,349,486 | 24,363,210,773 |
| Claims on SME | 3,595,142,660 | - | - | - | - | - |
| Claims Under Credit Risk Mitigation | - | 1,576,004,493 | - | 1,337,345,586 | - | 232,656,698 |
| Claims on consumer | - | - | - | - | - | - |
| Claims fully secured by residential property | - | - | - | - | - | - |
| Past due Claims | - | 359,785,465 | - | - | - | - |
| Fixed assets | - | - | - | - | - | - |
| All other assets | - | - | - | - | - | - |
| **Total Assets** | 3,595,142,660 | 18,723,810,791 | 701,201,667 | 15,171,177,220 | 14,121,349,486 | 24,595,867,471 |
| **Off-balance sheet items** | - | - | - | - | - | - |

| 2023 | TEXTILE | TRADE | STEEL AND META | Banks & NBFI | READYMADE GARMENTS | Others | Total |
|---|---|---|---|---|---|---|---|
| Claims on sovereigns and central banks | - | - | - | - | - | 26,683,971,755 | 26,683,971,755 |
| Claims on banks | - | - | - | 21,264,613,088 | - | - | 21,264,613,088 |
| Investments | - | - | - | - | - | 30,426,555,265 | 30,426,555,265 |
| Claims on Public Sector Entities (other than Government) in Bangladesh | - | - | - | - | - | 9,619,482,825 | 9,619,482,825 |
| Claims on corporate | 38,628,841,533 | 986,413,707 | 5,001,784,435 | | 40,361,628,732 | 22,053,310,807 | 176,839,539,607 |
| Claims on SME | - | - | - | - | - | - | 3,595,142,660 |
| Claims Under Credit Risk Mitigation | 1,407,493,502 | - | - | - | 1,959,572,315 | 4,027,783,094 | 10,540,855,689 |
| Claims on consumer | - | - | - | - | - | 1,635,089,159 | 1,635,089,159 |
| Claims fully secured by residential property | - | - | - | - | - | 608,624,698 | 608,624,698 |
| Past due Claims | 10,673,512 | - | - | - | 2,188,547,062 | 627,858,760 | 3,186,864,798 |
| Fixed assets | - | - | - | - | - | 850,890,905 | 850,890,905 |
| All other assets | - | - | - | - | - | 3,323,751,066 | 3,323,751,066 |
| **Total Assets** | 40,047,008,547 | 986,413,707 | 5,001,784,435 | 21,264,613,088 | 44,509,748,110 | 99,857,318,332 | 288,575,435,513 |
| **Off-balance sheet items** | - | - | - | 1,410,478,462 | - | 50,323,418,017 | 51,733,896,479 |

#### Gross Non Performing Assets (NPAs)

| | 2024 BDT | 2023 BDT |
|---|---|---|
| Non Performing Assets (NPAs) to outstanding loans and advances | **3,195,712,890** | 6,996,260,288 |
| **Movement of NPAs** | | |
| Opening Balance | **6,996,260,288** | 5,987,079,025 |
| Written off during the period | **(4,937,602,707)** | (1,364,822,226) |
| Recoveries during the period | **(56,963,089)** | (59,606,291) |
| Addition during the period | **1,194,018,398** | 2,433,609,779 |
| Closing Balance | **3,195,712,890** | 6,996,260,288 |
| **Movement of specific provision for NPAs** | | |
| Opening Balance | **4,206,316,407** | 4,307,651,175 |
| Written off (net off recovery) during the period | **(3,685,072,661)** | (554,389,868) |
| Recoveries during the period | **(10,403,240)** | (402,247,322) |
| Provision made during the period | **1,330,150,016** | 855,302,422 |
| Closing Balance | **1,840,990,521** | 4,206,316,407 |

#### 6 Equities: Disclosures for banking book positions

The Bank has equity holdings of unquoted shares of BDT6,000,000 of Central Depository Bangladesh Limited. The Bank does not hold trading position in equities.

#### 7 Interest rate risk in the banking books

Discussed in the next section under Market risk.

#### 8 Market risk

***Qualitative disclosures:***

Market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those changes.

The Bank uses the standardized (market risk) approach to calculate market risk for trading book exposures. The trading book consists of positions in financial instruments held with trading intent or in order to hedge other elements of the trading book. A capital charge will be applicable for financial instruments which are free from any restrictive covenants on tradability, or able to be hedged completely. Generally, investments in 'Held for Trading' portfolios are focal parts of the trading book.

Capital charge means an amount of regulatory capital which the Bank is required to hold for an exposure to a relevant risk which, if multiplied by 10, becomes the risk-weighted amount of that exposure for that risk.

The Bank has a comprehensive treasury risk policy which inter alia covers assessment, monitoring and management of all the above market risks. The Bank has defined various internal limits to monitor market risk and is computing the capital requirement as per the standardized approach of Basel III.

Details of various market risks faced by the Bank are set out below:

#### Interest rate exposures

The Bank adopts the maturity method in measuring interest rate risk in respect of securities in the trading book. The capital charge for the entire market risk exposure is computed under the standardized approach using the maturity method and in accordance with guidelines issued by Bangladesh Bank.

#### Interest rate exposures in the banking book

Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on the Bank's net worth since the economic value of a Bank's assets, liabilities and off-balance sheet positions are affected by a variation in market interest rates. The responsibility of interest rate risk management rests with the Bank's Asset and Liability Management Committee (ALCO). The Bank periodically computes the interest rate risk on the banking book that arises due to re-pricing mismatches in interest rate sensitive assets and liabilities. For the purpose of monitoring such interest rate risk, the Bank has in place a system that tracks the re-pricing mismatches in interest bearing assets and liabilities. For computation of the interest rate mismatches the guidelines of Bangladesh Bank are followed.

#### Foreign exchange risk

Foreign exchange risk is defined as the risk that a bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in an individual foreign currency. The responsibility of management of foreign exchange risk rests with the Markets and Securities Services (MSS) department of the Bank. The Bank has set up internal limits to monitor foreign exchange open positions. Foreign exchange risk is computed on the sum of net short positions or net long positions, whichever is higher of the foreign currency positions held by the Bank.

#### Equity position risk

The Bank does not hold a trading position in equities.

***Quantitative disclosures:***

The capital charge for various components of market risk is presented below:

**The capital requirement for:**

| | | |
|---|---|---|
| Interest rate risk | **58,480,232** | 163,728,526 |
| Foreign exchange risk | **472,540,059** | 402,238,984 |
| | **531,020,291** | 565,967,510 |

# AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## Bangladesh Branches

**9 Operational risk**

***Qualitative disclosures:***

Operational Risk (also known as Non-financial risk) is the risk to achieving our strategy or objectives as a result of inadequate or failed internal processes, people and systems, or from external events. Sound operational risk management is central to achieving good outcomes for our customers. Operational risk is relevant to every aspect of our business and is broadly managed through the risk management framework ('RMF') of HSBC group. Operational risk/non-financial risk covers a wide spectrum of risk areas, such as technology and cyber security, transaction processing, data risk, third party risk, facilities availability, safety and security, business interruption and incident risk, financial crime and fraud, regulatory compliance, financial reporting and tax risk, legal risk, model risk and people risk.

Organization and Responsibilities: The RMF sets out our approach to governance and risk appetite and sets the principles for our management of operational risks and associated controls. Progress has been made over the years in enhancing the framework and tools for strengthening the control environment and we will continue to improve practices in the management of nonfinancial risk. Non-financial risk is organized as a specific risk discipline within Global Risk. The Operational and Resilience Risk sub-function helps the business grow safely by driving governance and management of operational risk through the delivery and embedding of effective frameworks and policies. HSBC follows a 3 Lines of Defense (LoD) model to define roles and responsibilities within HSBC and activity to strengthen the first and second lines of defense continued to be a key focus to effectively manage operational risk. The first line of defense owns the risk and is accountable for identifying, assessing, managing key existing and emerging risks. The second line of defense sets the policy and control standards to manage risks, and provides advice and guidance to support these policies. It also challenges the first line to ensure it is managing risk effectively. The third line of defense is Global Internal Audit, which provides independent assurance to the Board and management that our risk management approach and processes are designed and operating effectively. The effectiveness of first line of defense risk and control owners, and second line of defense risk stewards in managing our Non-Financial Risk processes and practices is reported through Risk Management Meetings (RMMs) and Line of Business Risk Forums.

Measurement and Monitoring: The RMF is written as a high-level standard, supplemented by detailed policies. These policies explain our approach to identifying, assessing, monitoring and controlling non-financial risk, and give guidance on mitigating actions to be taken when weaknesses are identified. In order to drive risk awareness in a more forward looking manner, we set out our risk appetite and then regularly monitor nonfinancial risk exposure against that risk appetite. This assists management in determining whether further action is required. The first line of defense are responsible for maintaining an appropriate level of internal control, commensurate with the scale and nature of operations. They are responsible for identifying and assessing risks, designing controls and monitoring the effectiveness of these controls. The RMF helps managers to fulfil these responsibilities by defining a standard risk assessment methodology and providing a tool for the systematic reporting of operational loss data.

In line with the instructions from the Bangladesh Bank, the Bank uses the basic indicator approach to calculate its operational risk capital.

Risk and control assessment approach: Operational risk and control assessments are performed by the first line of defense. The risk and control assessment process is designed to provide the first line of defense with a view of operational risks, an assessment of the effectiveness of controls, and a tracking mechanism for action plans so that they can proactively manage nonfinancial risks within acceptable levels.

We use a Group-wide risk management system to record the results of our non-financial risk management process. Non-financial risk and control assessments, as described above, are input and maintained by the first line of defense. The first line of defense monitors and follows up the progress of documented action plans. Operational risk losses are entered into the risk management system and loss against appetite reported to governance on a monthly basis.

| ***Quantitative disclosures:*** | **2024 BDT** | **2023 BDT** |
|---|---|---|
| Capital charge for operational risk | **3,664,779,598** | 2,918,004,406 |

**10 Liquidity Ratio**

***Qualitative disclosures:***

Liquidity Risk is the risk that the bank does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive cost. The risk arises from mismatch in the timing of cash flows.

The objective of liquidity framework is to allow the Bank to withstand severe stresses. It is designed to be adaptable to changing business modes, markets and regulatory guidelines. The liquidity risk management framework requires:

- to comply with all regulatory limits;
- to maintain positive stressed cash flow;
- monitoring the contingent funding commitments;
- monitoring the structural term mismatch between maturing assets and liabilities;
- maintenance of robust and practical liquidity contingency plan;
- maintain diverse sources of funding and adequate back up lines.

Liquidity management of the Bank is centered on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) based on BASEL III. The Bank has Asset Liability Management (ALM) desk to manage this risk with active monitoring and management from MSS.

The Bank has adopted Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for liquidity risk management. LCR ensures that banks maintain enough high quality unencumbered liquid assets to meet its liquidity needs for 30 calendar day timeline whereas NSFR ensures availability of stable funding greater than required funding over a 1 year period.

| ***Quantitative disclosures:*** | **2024 BDT** | **2023 BDT** |
|---|---|---|
| Liquidity coverage ratio (%) | **387.18%** | 256.91% |
| Net Stable Funding Ratio (%) | **144.37%** | 141.26% |
| Stock of High quality liquid assets | **89,517,316,421** | 114,513,097,999 |
| Total net cash outflows over the next 30 calendar days | **23,120,518,707** | 44,574,082,486 |
| Available amount of stable funding | **262,972,860,215** | 299,787,730,795 |
| Required amount of stable funding | **182,157,174,439** | 212,220,690,606 |

**11 Leverage Ratio**

***Qualitative disclosures:***

Leverage ratio is the ratio of tier 1 capital to total on- and off-balance sheet exposures. The leverage ratio was introduced into the Basel III framework as a non-risk based backstop limit, to supplement risk-based capital requirements.

In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- reinforce the risk based requirements with an easy to understand and a non-risk based measure.

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure is calculated using the definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure, is calculated on the basis of the Basel III leverage ratio framework as adopted by the Bangladesh Bank. The exposure measure generally follows the accounting value, adjusted as follows:

- on-balance sheet, non derivative exposures are included in the exposure measure net of specific provision;
- physical or financial collateral is not considered to reduce on-balance sheet exposure;
- loans are not netted with deposits;
- off-balance sheet items are converted into credit exposure equivalents through the use of credit conversion factors (CCFs). Depending on the risk category of the exposure a CCF of 20%, 50% or 100% is applied. Commitments that are unconditionally cancellable at any time by the bank without prior notice, a CCF of 10% is applied;
- item deducted from Tier I capital such as deferred tax assets.

| ***Quantitative disclosures:*** | **2024 BDT** | **2023 BDT** |
|---|---|---|
| Leverage ratio | **12.31%** | 11.31% |
| On balance sheet exposure | **336,635,094,900** | 371,969,821,338 |
| Off balance sheet exposure | **79,553,941,071** | 75,497,183,606 |
| Total exposure | **416,189,035,971** | 447,467,004,944 |

**12 Remuneration**

***Qualitative disclosures:***

The Bank has a Group specified remuneration policy which is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with HSBC and performing their role in the long-term interests of shareholders. The Group Remuneration Committee oversees the remuneration policy and are responsible for setting the overarching principles, parameters and governance framework of the remuneration policy. All members of the Committee are independent non-executive Directors of HSBC Holdings plc. The Committee periodically reviews the adequacy and effectiveness of the Group's remuneration policy and ensures that the policy meets the commercial requirement to remain competitive, is affordable, allows flexibility in response to prevailing circumstances and is consistent with effective risk management.

HSBC's reward strategy aims to reward success and be properly aligned with Bank's risk framework and related outcomes. In order to ensure alignment between remuneration and the Bank's business strategy, individual remuneration is determined through assessment of performance delivered against both annual and long term objectives summarized in performance scorecards as well as adherence to the HSBC Values of ' We value difference, We succeed together, We take responsibility and We get it done'. Altogether performance is judged, not only on what is achieved over the short and long term, but also on how it is achieved, as the latter contributes to the sustainability of the organization.

HSBC's reward package consists of the following key elements:

**Fixed Pay:**

The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowances, and other cash allowances in accordance with local market practices. These payments are fixed and do not vary with performance.

**Benefits:**

HSBC provides benefits in accordance with local and international market practice. This includes but not limited to the provision of gratuity, provident fund, medical insurance, life insurance and relocation allowances etc.

**Annual Incentive:**

HSBC provides annual incentives to drive and reward performance based on annual financial and non-financial measures consistent with the medium to long-term strategy, shareholder interests and adherence to HSBC values. Awards can be in the form of cash and shares. A portion of the annual incentive award is deferred and vests over a period of 3 years. The Bank pays the incentive in the form of cash.

Under the remuneration framework remuneration decisions are made based on a combination of business results, performance against objectives set out in performance scorecards, general individual performance of the role and adherence to the HSBC values, business principles, Group risk-related policies and procedures and Global Standards.

Key features of HSBC's remuneration framework include:

- assessment of performance with reference to clear and relevant objectives set within a performance scorecard framework;
- a focus on total compensation (fixed plus variable pay) with variable pay (namely annual incentive and the value of long term incentives) differentiated by performance and adherence to HSBC values;
- the use of discretion to assess the extent to which performance has been achieved; and
- deferral of a significant proportion of variable pay into HSBC shares to tie recipients to the future performance of the Group and align the relationship between risk and reward.

Within this framework, risk alignment of our remuneration structure is achieved through the following measures:

- Risk and compliance is a critical part of the assessment process in determining the performance of all employees, especially senior executives and identified staff and material risk takers. All employees are required to have risk measures in their performance scorecards, which ensure that their individual remuneration has been appropriately assessed with regard to risk.
- Adherence to HSBC values is a pre-requisite for any employee to be considered for variable pay. HSBC values are key to the running of a sound, sustainable bank. Employees have a separate HSBC values rating which directly influences their overall performance rating considered by the Committee for their variable pay determinations.
- For our most senior employees, the greater part of their reward is deferred and thereby subject to claw back, which allows the awards to be reduced or cancelled if warranted.
- The Group also carries out regular reviews to assess instances of non-compliance with risk procedures and expected behavior. Instances of non-compliance are escalated for consideration in variable pay decisions, including adjustments and claw back of unvested awards granted in prior years. For identified staff and Material Risk Takers (MRTs), the Committee has oversight of such decisions.
- All variable pay awards made to identified staff and material risk takers for the performance year in which they have been identified as MRTs are also subject to the Group Claw back Policy in accordance with the requirements in the Prudential Regulation Authority's Remuneration Code.

| ***Quantitative disclosures:*** | **2024 BDT** | **2023 BDT** |
|---|---|---|
| Number of meetings held by the main body overseeing remuneration during the financial year | **N/A** | N/A |
| Remuneration paid to the main body overseeing remuneration during the financial year | **N/A** | N/A |
| Number of employees having received a variable remuneration award during the financial year | **765** | 777 |
| Guaranteed bonuses awarded during the financial year: | | |
| Number of employee | **818** | 831 |
| Total amount of guaranteed bonuses | **155,498,856** | 141,970,141 |
| Sign-on awards made during the financial year: | | |
| Number of employee | **-** | - |
| Total amount of sign-on awards | **-** | - |
| Severance payments made during the financial year: | | |
| Number of employee | **-** | 12 |
| Total amount of severance payments | **-** | 51,989,709 |
| Total amount of outstanding deferred remuneration (in cash) | **-** | - |
| Total amount of deferred remuneration paid out in the financial year | **21,209,016** | 15,643,722 |
| Breakdown of amount of remuneration awards for the financial year: | | |
| Fixed and variable | **3,496,777,457** | 3,340,632,524 |
| **Variable pay** | | |
| Deferred | **21,209,016** | 15,643,722 |
| Non-deferred | **614,025,798** | 553,485,389 |
| | **635,234,814** | 569,129,111 |



# SUSTAINABILITY AND CLIMATE-RELATED FINANCIAL DISCLOSURE OF HSBC BANGLADESH FOR 2024 (UNAUDITED)

## Bangladesh Branches

**Approach to ESG (Environmental, Social and Governance)**

HSBC Group's (referred as 'the Group' hereafter) approach to ESG is focused on creating long-term value for the stakeholders. The Group focuses its efforts in ESG on three areas: the transition to net zero, building inclusion and resilience, and acting responsibly.

The Group publishes updates and data on its performance in relation to ESG issues. This includes updates on activities in support of sustainable finance and its commitments relating to diversity and inclusion. The latest documents related to ESG information can be found on the following web link:

https://www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre

**How ESG is governed**

HSBC Group's Board takes overall responsibility for ESG strategy, overseeing executive management in developing the approach, execution and associated reporting. Progress against the Group's ESG ambitions is reviewed through its Board discussion and review of key topics such as updates on sustainability infrastructure finance and employee sentiment.

Given HSBC Bangladesh (referred as 'the bank' hereafter) is a branch of The Hongkong and Shanghai Banking Corporation Limited (referred as 'HBAP' hereafter), there is no local Board. The bank's Executive Committee (EXCO) executes the strategy of the HBAP Board in Bangladesh. Locally, there are two governance forums - ESG Taskforce (Sustainable Finance Unit) and ESG Steering Committee (SteerCo) consisting of EXCO members - established to oversee activities to drive the bank's strategy for sustainable financing with reference to directives of Bangladesh Bank and the Group's Climate Risk approach. The ESG Taskforce, chaired by the Chief Risk and Compliance Officer and consists of representatives from relevant departments, reports to the ESG Steering Committee. The ESG SteerCo provides strategic direction and oversight for implementation of ESG programmes in Bangladesh.

**Sustainability, Green Banking and Corporate Social Responsibility at HSBC Bangladesh**

The bank undertakes its ESG related activities according to the obligations set under Bangladesh Bank's Sustainable Finance Policy for Banks and Financial Institutions through Bangladesh Bank Sustainable Finance Department (SFD) circular no. 05 dated 30 December 2020, the updated policy through SFD circular no. 03 dated 22 October 2023, as well as the Policy Guidelines on Corporate Social Responsibility for Banks and Financial Institutions through SFD circular no. 01 dated 9 January 2022, Guidelines on Sustainability and Climate Related Financial Disclosure for Banks and Financial Institutions through SFD circular no. 06 dated 26 December 2023 and any other subsequent guidance or instructions published before 31 December 2024. The bank confirms that the disclosures set out here are for the year 01 January to 31 December 2024, unless otherwise specified and consistent with the requirements stated above.

**Supporting Our Customers**

The Group aims to help its customers transition to net zero and a sustainable future by providing and facilitating between US$750bn and US$1tn of sustainable finance and investment by 2030.

Its sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

The Group's strategy is to support emissions reductions in the wider economy by working with its portfolio of customers to facilitate the emissions reductions they are seeking to make. The Group continues to focus on engaging with its customers on their transition plans, managing the products and services that the Group offers, and adapting the financing choices it makes to help move the world towards a resilient, net zero economy.

Locally the bank is also committed to helping its customers access the financial services they need and focuses on delivering products, services and education that support the customers.

**Our Approach to Own Operations**

**Environment | Bringing Changes to Our Operation**

To support the Group's net zero transition and to comply with Bangladesh Bank's requirement, the bank took steps that are portrayed below:

- Replaced end-of-life air condition units with energy efficient air condition units.
- Changed the motion sensors setting to ensure more usage of day light. These are part of the Energy Conservative Measures (ECM).
- Replaced Heating, Ventilation, and Air Conditioning (HVAC) analogue thermostat with digital thermostat and also replaced defective actuators.
- Installed hand dryers in the bank's washrooms as a sustainable alternative of facial tissue paper.
- Reduced the use of plastic bottles at all office premises. Distributed reusable water bottles and mugs to all employees, in order to reduce single use of plastic bottles and cups in its operations.
- Expanded the collection process of paper & plastic waste for recycling, to additional office premises.
- Hosted two knowledge sharing and discussion sessions to raise awareness amongst the bank's suppliers on ESG related matters

However, there remain challenges which the bank seeks to overcome, with example including:

- The suppliers and vendors are not always fully aware of the ESG guidelines. Hence, the bank is working on increasing awareness among them and engaging with partners who are relatively more ESG aware.

**Corporate Social Responsibility (CSR) Initiatives Highlights**

*CSR is the philanthropic support by the bank in partnership with non-profit organisations.*

**Environment | Addressing Climate Mitigation through Mangrove Plantation**

The bank supports a long-term project, Mangrove Plantation Program, in line with the Group's strategy for transition to net zero and support 'Environment' category as part of Bangladesh Bank's Policy Guidelines on Corporate Social Responsibility for Banks and Financial Institutions. The project aims to sequester emissions of CO2 equivalents, improve biodiversity and support livelihood in Mirsarai, Chattogram.

**Social | Wellness Wells- Doorstep Drinking Water Initiative (DWI)**

HSBC Bangladesh, in collaboration with Syngenta Foundation has been supporting the Climate Resilient Advancement in Agriculture (CRAAB) in the Barind Tract to enhance water efficiency, promote nature and climate-smart technologies for the farmers. In response to farmers suffering from a drinking water crisis, the project aims to enhance villagers' well-being by ensuring access to drinking water at their doorsteps. The project aims to directly benefit individuals living in the area including ethnic communities and underprivileged households.

**Social | Humanitarian Assistance for Cyclone Remal Affected Population**

HSBC Bangladesh, in partnership with the NGO, BRAC, supported rehabilitation for Cyclone Remal affected communities. As part of the support, the bank provided reconstruction facility of the damaged households for vulnerable people. In addition, reconstruction of damaged latrines and distribution of hygiene kit packages were given to ensure safe sanitation and hygiene.

**Social | Emergency Response and Rehabilitation Support to Flood Affected Families**

In 2024, catastrophic floods significantly impacted Chattogram and Sylhet divisions of Bangladesh which resulted in flooding of homes and agricultural fields, directly affecting households across eleven eastern districts. HSBC Bangladesh, in partnership with BRAC, distributed food packages and rehabilitation support with reconstruction of damaged latrines and provided agricultural inputs to local households.

**Social | Business Case Competition 2024**

The Business Case competition is a part of HSBC's flagship future skills development activity in Asia-Pacific. It aims to enhance university students' business skills and broaden their global perspectives by taking their education out of the classroom and into a live case competition format. HSBC Bangladesh, in partnership with Institute of Business Administration (IBA) of University of Dhaka, organised the finale award ceremony of Business Case Competition in 2024.

**Social | Empowering Farmers**

As part of HSBC's philanthropic support, the bank has multi-year projects in partnership with leading NGOs for agricultural projects around the most climate vulnerable areas in Bangladesh. Projects support farmers for agricultural production growth, machineries, processing and research. The locations include Haor region of Sylhet, Rajshahi, Noakhali, Satkhira, Dewanganj, along with others.

More information on HSBC Bangladesh CSR activities can be found at
https://www.about.hsbc.com.bd/hsbc-in-bangladesh/community

**Sustainable Finance Initiatives**

As the world changes, the bank understands that its customers in Bangladesh have evolving needs to unlock transition and sustainability-linked growth opportunities with the help of its resources, tools, relationships and solutions. More than ever, it is important for businesses to embrace sustainability and innovation, be open to new growth opportunities and stay relevant in the low carbon economy. The bank is mobilising finance and accelerating innovation to make this happen, working in partnership with its customers and those developing innovate climate solutions - in the areas of nature, clean technology and sustainable infrastructure - to realise the opportunity to build a more resilient and prosperous future.

Today, the bank finances a number of industries that significantly contribute to greenhouse gas emissions and it has a strategy to help its customers to reduce their emissions. The bank is focused on supporting businesses across the ecosystem and helping to deliver a net zero global economy, leveraging HSBC Group's global scale, deep expertise and strong presence in emerging markets.

Details of the sustainable finance and investment offering at HSBC Bangladesh can be found at https://www.business.hsbc.com.bd/en-gb/campaigns/sustainability

**Climate-related Financial Disclosure**

HSBC Group (referred as 'the Group' hereafter) continues to work to incorporate environmental, social and governance ('ESG') principles throughout the organisation, and to embed sustainability into the way the Group operates. HSBC Bangladesh (referred as 'the bank' hereafter) also aligns itself to the Group's ESG guidance as well as local regulatory requirements.

**Approach to climate reporting**

The information set out in this Climate-related Financial Disclosure, taken together with other information relating to climate issues included in the above-mentioned ESG disclosure 2024, provides climate information and data relevant to the bank for the year ended 31 December 2024. The data is compiled for the financial year 1 January to 31 December 2024 unless otherwise specified. The bank has made limited disclosures guided by the phase-wise implementation pathway under Bangladesh Bank's 'Guidelines on Sustainability and Climate Related Financial Disclosure for Banks and Financial Institutions' through SFD circular no. 06 dated 26 December 2023.

**Understanding HSBC Group's climate reporting**

The Group continues to engage with standard setters to support the development of transparent and consistent climate-related industry standards in areas such as product labelling, sustainability disclosures, sustainable finance taxonomy and emissions accounting. The Group also continues to review and enhance implementation of sustainability risk policies as it applies them in practice. They are reviewed and, where appropriate, updated based on factors including risk materiality, implementation experience, evolving scientific guidance, updated climate scenarios, policy and regulatory requirements and evolving industry practices.

The effective measurement, governance and reporting of progress against our climate ambitions relies heavily on the availability and quality of both internal and external data. Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation.

The Group continues to invest in the development of data and analytics capabilities to support the transition. This includes sourcing more reliable data from external providers. The Group is also developing its processes, systems, controls and governance to meet the demands of future ESG reporting.

**Governance**

There is no local Board at HSBC Bangladesh given the bank is a branch of The Hongkong and Shanghai Banking Corporation Limited (HBAP). The HBAP Board has primary responsibility for the oversight of the approach to managing climate risks and opportunities including approval of climate related strategies and the oversight of executive management in developing the approach, execution, risk management and associated reporting. HBAP's developments in relation to its climate risk and strategy were reviewed through Board discussions at five meetings in 2024.

Given the wide-ranging remit of climate matters, governance activities are managed through a combination of specialist governance infrastructure and regular meetings and committees at HBAP level, as appropriate. These include certain Board committees, including the Executive Committee, the Audit Committee, the Risk Committee and the Risk Management Meeting; and certain management committees, including the Sustainability Committee, the Disclosure and Controls Committee and the Environmental Risk Oversight Forum.

The HBAP Risk Committee oversees and advises the Board on risk-related matters, comprising both financial and non-financial risks (including Environmental, Social and Governance risk, which incorporates climate risk). In addition, the HBAP Executive Committee reviews the annual financial plan for sustainable finance and, on a quarterly basis, an ESG dashboard summarising key metrics such as sustainable finance and own operations emissions.

The HBAP Sustainability Committee, chaired by the Co-Chief Executive Officers, oversees the HBAP's contribution to the Group's net zero transition plan. The HBAP Environmental Risk Oversight Forum, chaired by HBAP's Head of ESG Risk and Chief Risk Officer, GBM & CMB, is a sub-committee of the HBAP Risk Management Meeting, established to provide oversight of all risk activities relating to its approach to environmental risk management.

**Strategy**

Locally, HSBC Bangladesh Executive Committee (EXCO), consisting of senior management members, executes HBAP Board Strategy in the bank. There are governance forums, ESG Taskforce (Sustainable Finance Unit) and ESG Steering Committee (SteerCo) consisting of EXCO members, established to oversee activities to drive the bank's strategy for sustainable financing and ESG related matters with reference to directives of Bangladesh Bank and HSBC's Climate Risk approach. The ESG Taskforce - chaired by the Chief Risk and Compliance Officer and consists of representatives from relevant departments - reports to the ESG Steering Committee.

The ESG SteerCo provides strategic direction and oversight for implementation of ESG programs in Bangladesh. The SteerCo coordinates all internal & external communication regarding ESG matters. They approve, monitor and assess activities of ESG Taskforce. Besides, the SteerCo ensures availability of necessary support to facilitate implementation of ESG programs and activities of the ESG Taskforce. The SteerCo escalates any material risk, challenge or issue to local RMM/EXCO and/or appropriate regional stakeholders/forums as necessary.

ESG ambitions and net zero transition plan are set at Group level and HSBC Bangladesh is contributing to those ambitions.

**Risk Management**

The Group's climate risk approach identifies two primary drivers of climate risk:

- physical risk, which arises from the increased frequency and severity of extreme weather events, such as typhoons and floods, or chronic gradual shifts in weather patterns or rises in sea level; and
- transition risk, which arises from the process of moving to a net zero economy, including changes in government policy and legislation, technology, market demand, and reputational implications triggered by a change in stakeholder expectations, actions or inaction.

In addition, the Group has also identified the following thematic issues related to climate risk, which are most likely to materialise in the form of reputational, regulatory compliance and litigation risks:

- net zero alignment risk, which arises from the risk of HSBC failing to meet its net zero ambition or failing to meet external expectations related to net zero; and
- the risk of greenwashing, which arises from the act of knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to our stakeholders.

The Group seeks to manage climate risk across all its businesses in line with the Group-wide risk management framework and continues to incorporate climate considerations within its traditional risk types. The Group's material exposure to climate risk relates to wholesale and retail client financing activity within its banking portfolio. Oversight provided through committees has been explained above.

The Group's climate risk appetite forms part of the Group's risk appetite statement and supports the business in delivering the Group's net zero ambition effectively and sustainably. The Group's climate risk appetite statement is approved and overseen by the Group Board. Climate risk indicators are reported on a quarterly basis for oversight by the Group Risk Management Meeting and the Group Risk Committee. The Group continues to develop its climate risk appetite and metrics to help manage climate exposures in its wholesale and retail portfolios.

The Group continues to develop its approach and climate risk capabilities across its businesses, by prioritising sectors, portfolios and counterparties with the highest impact and recognises that it is a long-term iterative process. The Group continues to integrate climate risk into policies, processes and controls across many areas of the organisation, and will continue to update these as its climate risk management capabilities mature over time.

The Group also uses climate scenario analysis to gain insights into the long-term effects of transition and physical risks across its wholesale and retail portfolios. Climate scenario analysis supports the Group's strategy by assessing its potential exposures to risks and vulnerabilities under a range of climate scenarios. It is one of the key tools used to support the evaluation of portfolios in line with the Group's net zero ambition.

From a risk management perspective, climate scenario analysis enhances the Group's understanding of the various transition and global warming pathways that may unfold and their plausibility, and informs how the Group manages implications to credit risk and revenues. The climate scenario analysis also supports the Group to assess impacts of the scenarios in its balance sheet, capital, revenue and profitability.

The Group also conducts climate risk materiality assessment annually which helps it to understand how climate risk may impact HSBC's risk taxonomy. The assessment considers short-term (up to 2026), medium-term (2027-2035) and long-term (2036-2050) periods.

**Metrics and Targets**

The Group aims to help its customers transition to net zero and a sustainable future by providing and facilitating between US$750bn and US$1tn of sustainable finance and investment by 2030. HSBC Bangladesh is contributing to this ambition.

The Group's sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

For further details of the Group's approach to transition to net zero, different metrics and targets including greenhouse gas emissions data, please see
www.hsbc.com/who-weare/esg-and-responsible-business/esg-reporting-centre.

**Challenges**

While the Group has continued to develop its climate risk capabilities, key challenges include:

- the diverse range of internal and external data sources and data structures needed for climate related reporting, which introduces data accuracy and reliability risks;
- data limitations on customer assets and supply chains, and methodology gaps, which hinder the Group's ability to assess physical risks accurately;
- industry-wide data gaps on customer emissions and transition plan and methodology gaps, which limit its ability to assess transition risks accurately; and
- limitations in the management of net zero alignment risk due to known and unknown factors, including the limited accuracy and reliability of data, emerging methodologies, and the need to develop new tools to better inform decision making.

**Additional cautionary statement regarding ESG and climate-related data, metrics and forward-looking statements**

The 'Financial Statements 2024 and the Sustainability and Climate related Financial Disclosure for 2024' contains a number of forward-looking statements with respect to HSBC's ESG ambitions, targets, commitments, climate-related pathways, processes and plans, and the methodologies and scenarios the Group (including the group) uses, or intends to use, to assess the Group's (including the group's) progress in relation to these ('ESG-related forward-looking statements').

In preparing the ESG-related information contained in the 'Financial Statements 2024 and the Sustainability and Climate related Financial Disclosure for 2024', the Group (including the group) has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The Group (including the group) have used ESG (including climate) data, models and methodologies that it considers, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse financed emissions and operational and supply chain emissions, to set ESG-related targets and to evaluate the classification of sustainable finance and investments. However, these data, models and methodologies are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and the Group (including the group) expects industry guidance, market practice, and regulations in this field to continue to change. The Group (including the group) also face challenges in relation to its ability to access data on a timely basis, lack of consistency and comparability between data that is available and its ability to collect and process relevant data. Consequently, the ESG-related forward-looking statements and ESG metrics disclosed in the 'Financial Statements 2024 and the Sustainability and Climate related Financial Disclosure for 2024' carry an additional degree of inherent risk and uncertainty.

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

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

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

Any forward-looking statements made by or on behalf of the Group (including the group) speak only as of the date they are made. The Group (including the group) expressly disclaims any obligation to revise or update these ESG forward-looking statements, other than as expressly required by applicable law.

Written and/or oral ESG-related forward-looking statements may also be made in the Group's (including the group's) periodic reports to its, regulators, public offering, disclosure documents, press releases and other written materials, and in oral statements made by the Group's (including the group's) Directors, officers or employees to third parties, including financial analysts.

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

HSBC

# A year of progress and shaping the future






## Future-Proofing Business: A Roadmap to Resilient Bangladesh

Hosted by HSBC and NCCI, this event brought together leading business executives, policymakers, financial experts, and diplomatic representatives to discuss strategies for strengthening Bangladesh's economic resilience.




## The Daily Star O&A Level Awards

One of the valued recognitions in the country for the academic excellence of O&A level students, jointly organised by The Daily Star and HSBC. The 24th annual awards ceremony recognised approximately 2400 students, bridging a world of opportunities.




## Shaping the Future of 'Ready-Made Garments' in Bangladesh

HSBC Bangladesh partnered with the Bangladesh Investment Development Authority (BIDA) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to host the 'Apparel & Textiles Session' at the Bangladesh Investment Summit 2025. The event brought together industry leaders, global investors and policy makers who exchanged their vision for shaping the 'ready-made garments' industry of the country.

## Business Case Competition 2025

Thirteen Hundred (1300) teams representing 21 universities from all over the country participated in this year's Business Case Competition, jointly organised by HSBC and BRAC Business School. The champion team of the competition will travel to Hong Kong to compete with teams from over 20 countries on a global stage.







## Publication Launched on UK–Bangladesh Trade Dynamics

HSBC recently published a study on the UK–Bangladesh market titled 'Navigating New Opportunities: Analysis of the UK–Bangladesh Trade Dynamics.' With an aim to improve trade and investment between Bangladesh and the United Kingdom (UK), the study was commissioned by HSBC and conducted by Ernst & Young LLP Bangladesh and Quay Asia.




## Digitising at Scale

HSBC created an opportunity to share insights and views on utilisation of digital tools in the advancement of the emerging trends in payments and treasury management solutions. The event discussed transformative solutions tailored to meet the evolving needs of modern businesses.




## HSBC Innovation Forum

This initiative discussed the advancement of digital trade solutions and payment systems in the country. The session highlighted the digital solutions that serve as a catalyst for clients' Treasury and Supply Chain Management.



## HSBC Economic Outlook: A Perspective on Bangladesh

HSBC regularly arranges sessions for its customers highlighting the latest global and Asian market developments and perspectives on Bangladesh. Recent event included insights on the latest macroeconomic outlook by Chief Asia Economist and Co-Head of Global Research Asia, Frederic Neumann in presence of senior industry leaders and dignitaries.



## HSBC-AUW School of Apparel and Retail Management

This collaboration aims to empower the female graduates in leading the apparel industry, offering a one-year Master of Science in Apparel and Retail Management programme. 18 women have already graduated in the first cohort of the programme and 21 are currently enrolled in the second cohort.



## HSBC Mobile Banking App

Designed for ease and efficiency, HSBC Mobile Banking App offers a user-friendly interface and secure access to key banking services, including features like biometric login, local fund transfers, and service requests. Redefining smart banking, the app delivers seamless convenience right at the customers' fingertips.




## Nakshikotha: Weaving a Tapestry of Career Accomplishments Abroad

'Nakshikotha' highlights the global presence of the HSBC colleagues from Bangladesh and their inspiring career journey with the bank. HSBC's diverse learning opportunities, robust development programmes, and dynamic talent marketplace collectively serve as the bedrock for sustained career growth towards global excellence.




## Bangladesh-China Business Connections

This event brought the Chinese businesses and institutions together to celebrate the long standing relationship between China and Bangladesh. The platform explored Bangladesh's emergence as an attractive investment destination.



## Workspace Designed for Wellbeing

Believing in the importance of wellbeing at work, HSBC's workplace is designed to offer dynamic choices for relaxation and creativity. With books to inspire, music and podcasts to unwind, and games like foosball and PS4 to recharge, these amenities provide our employees the perfect room to refocus and return to work energised.



## F Major Talent Programme

Introduced in 2021, the programme provides robust end-to-end career development for the potential female talents of HSBC Bangladesh. At the end of its third cohort, more than 70 female colleagues completed this talent initiative.




## Awards and Accolades in 2024

- **Euromoney Cash Management Survey 2024**
  - 'Best Cash Management Bank' in Bangladesh for the 15th time
  - 'Best Cash Management Bank for Client Service' in Bangladesh for the 7th time
  - 'Best Bank for Cash Management Products'
  - 'Best Bank for Cash Management Technology'
- **Euromoney Trade Finance Survey 2024**
  - 'Best Trade Finance Bank' for the 7th year in Bangladesh
  - 'Market Leader' in Product, Technology and Client Service
- **Asset Triple A Sustainable Investing Awards 2024**
  - 'Best Sub Custodian of the Year'
- **Asian Banking and Finance**
  - 'International Retail Bank of the Year' for the 4th consecutive year
  - 'Best Marketing and Brand Initiative' of the year for the 2nd time in a row

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