THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, BANGKOK BRANCH

FINANCIAL STATEMENTS

31 DECEMBER 2025

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Independent Auditor's Report

To the management of The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch.

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch (the Branch) as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in head office and other branches of the same juristic person for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements which include material accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Branch in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (TFAC Code) that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with the TFAC Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Branch 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

PricewaterhouseCoopers ABAS Ltd.

Suchada Wuttikajohnwej
Certified Public Accountant (Thailand) No. 9754
Bangkok
27 February 2026

The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Statement of Financial Position
As at 31 December 2025

	Notes	2025 Thousand Baht	2024 Thousand Baht
Assets			
Cash		40,497	365,092
Interbank and money market items, net	8	65,249,981	58,698,274
Financial assets measured at fair value through profit or loss	9	40,971,658	29,221,036
Derivative assets	10	33,287,774	30,327,070
Investments, net	11	59,590,888	67,922,684
Loans to customers and accrued interest receivables, net	12	60,225,490	61,276,781
Leasehold improvements and equipment, net		38,942	40,062
Intangible asset, net		3,296	-
Right-of-use assets, net	14	50,585	50,573
Other assets	16	9,321,193	7,326,513
Total assets		268,780,304	255,228,085

Li Yifan
Chief Financial Officer
Bangkok Branch

Giorgio Gamba
Chief Executive Officer
Bangkok Branch

The accompanying notes are an integral part of the financial statements.

	Notes	2025 Thousand Baht	2024 Thousand Baht
Liabilities and accounts with head office and other branches of the same juristic person			
Liabilities			
Deposits	17	160,854,889	150,682,167
Interbank and money market items	18	28,765,841	20,377,458
Liabilities payable on demand		1,288,241	1,049,905
Financial liabilities measured at fair value through profit or loss	19	3,236,109	7,730,913
Derivative liabilities	10	35,924,623	39,382,471
Employee benefit obligations	20	496,148	473,154
Provisions	21	99,035	69,417
Deferred tax liabilities, net	15	410,709	215,136
Other liabilities	22	2,984,832	1,525,888
Total liabilities		234,060,427	221,506,509
Accounts with head office and other branches of the same juristic person			
Net funds brought in to maintain assets under the Act	7	25,700,000	25,700,000
Net balance of inter-office accounts with head office and other branches of the same juristic person	24	1,637,086	253,590
Other components of accounts with head office and other branches of the same juristic person		419,569	102,764
Retained earnings		6,963,222	7,665,222
Total accounts with head office and other branches of the same juristic person		34,719,877	33,721,576
Total liabilities and accounts with head office and other branches of the same juristic person		268,780,304	255,228,085

The accompanying notes are an integral part of the financial statements.

The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Statement of Comprehensive Income
For the year ended 31 December 2025

	Notes	2025 Thousand Baht	2024 Thousand Baht
Interest income	28	5,985,055	7,084,276
Interest expenses	29	2,323,723	2,395,883
Net interest income		3,661,332	4,688,393
Fees and service income		1,175,467	1,171,240
Fees and service expenses		215,571	214,180
Net fees and service income	30	959,896	957,060
Gains on financial instruments measured at fair value through profit or loss	31	3,102,148	2,781,051
Net gains (losses) on investments		4,390	(3,625)
Other operating income		65,503	114,207
Total operating income		7,793,269	8,537,086
Other operating expenses			
Employee expenses	33	1,368,444	1,396,692
Premises and equipment expenses		139,442	134,091
Taxes and duties		123,210	145,503
Other expenses	34	1,585,187	1,618,052
Total other operating expenses		3,216,283	3,294,338
Expected credit losses (Reversal)	32	46,571	(152,505)
Operating profit before income tax expenses		4,530,415	5,395,253
Income tax expenses	35	915,988	1,078,826
Net profit for the year		3,614,427	4,316,427
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gains on debt instruments measured at fair value through other comprehensive income		417,474	188,300
Income taxes relating to items that will be reclassified subsequently to profit or loss	35	(83,495)	(37,660)
Items that will not be reclassified subsequently to profit or loss			
Change in fair value attributable to change in credit risk of financial liabilities designated at fair value through profit or loss		3,206	(41,465)
Actuarial losses	20	(4,865)	(12,372)
Income taxes on items that will not be reclassified subsequently to profit or loss	35	332	10,767
Other comprehensive income for the year, net of income tax		332,652	107,570
Total comprehensive income for the year		3,947,079	4,423,997

The accompanying notes are an integral part of the financial statements.

The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Statement of Changes in Head Office and Other Branches of the Same Juristic Person
For the year ended 31 December 2025

				Other components of accounts with head office and other branches of the same juristic person				
	Note	Net funds brought in to maintain assets under the Act Thousand Baht	Net balance of inter-office accounts with head office and other branches of the same juristic person Thousand Baht	Gains (losses) on debt instruments measured at fair value through other comprehensive income Thousand Baht	Change in fair value attributable to change in credit risk of financial liabilities designated at fair value through profit or loss Thousand Baht	Other reserves Thousand Baht	Retained earnings Thousand Baht	Total Thousand Baht
Balance at 1 January 2024		25,700,000	3,448,716	(71,059)	61,816	10,694	9,288,795	38,438,962
Comprehensive income for the year								
Net profit		-	-	-	-	-	4,316,427	4,316,427
Other comprehensive income								
Gains on remeasurement of debt instruments measured at fair value through other comprehensive income, net of income tax		-	-	150,640	-	-	-	150,640
Change in fair value attributable to change in credit risk of financial liabilities measured at fair value through profit or loss, net of income tax		-	-	-	(33,172)	-	-	(33,172)
Actuarial losses net of income tax		-	-	-	-	(9,898)	-	(9,898)
Total other comprehensive income		-	-	150,640	(33,172)	(9,898)	-	107,570
Total comprehensive income for the year		-	-	150,640	(33,172)	(9,898)	4,316,427	4,423,997
Movement in balance of inter-office accounts with head office and other branches of the same juristic person		-	(3,195,126)	-	-	-	-	(3,195,126)
Profit remittance to head office	7	-	-	-	-	-	(5,940,000)	(5,940,000)
Other reserves		-	-	-	-	(6,257)	-	(6,257)
Balance at 31 December 2024		25,700,000	253,590	79,581	28,644	(5,461)	7,665,222	33,721,576
Balance at 1 January 2025		25,700,000	253,590	79,581	28,644	(5,461)	7,665,222	33,721,576
Comprehensive income for the year								
Net profit		-	-	-	-	-	3,614,427	3,614,427
Other comprehensive income								
Gains on remeasurement of debt instruments measured at fair value through other comprehensive income, net of income tax		-	-	333,979	-	-	-	333,979
Change in fair value attributable to change in credit risk of financial liabilities measured at fair value through profit or loss, net of income tax		-	-	-	2,565	-	-	2,565
Actuarial losses net of income tax		-	-	-	-	(3,892)	-	(3,892)
Total other comprehensive income		-	-	333,979	2,565	(3,892)	-	332,652
Total comprehensive income for the year		-	-	333,979	2,565	(3,892)	3,614,427	3,947,079
Movement in balance of inter-office accounts with head office and other branches of the same juristic person		-	1,383,496	-	-	-	-	1,383,496
Profit remittance to head office	7	-	-	-	-	-	(4,316,427)	(4,316,427)
Other reserves		-	-	-	-	(15,847)	-	(15,847)
Balance at 31 December 2025		25,700,000	1,637,086	413,560	31,209	(25,200)	6,963,222	34,719,877

The accompanying notes are an integral part of the financial statements.

The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Statement of Cash Flows
For the year ended 31 December 2025

	Note	2025 Thousand Baht	2024 Thousand Baht
Cash flows from operating activities			
Operating profit before income tax expenses		4,530,415	5,395,253
Adjustments to reconcile profit from operations before income tax expenses to cash received from operating activities			
Depreciation and amortisation		54,810	48,438
Expected credit losses		62,805	27,495
Reversal of bad debt, doubtful accounts expense and impairment loss		-	(180,000)
Unrealised gains on revaluation of financial assets measured at fair value through profit or loss		(652,443)	(1,998,904)
Gains on sales of equipment		(311)	-
Net (gains) losses on sales of investment		(4,390)	3,625
Employee benefit expenses		40,374	40,120
Unrealised gains on change in foreign exchange		(417,626)	(44,687)
Unrealised (gains) losses on derivative assets and liabilities		(6,418,552)	3,583,194
(Decrease) increase in other reserves		(10,249)	66
Net interest income		(3,661,332)	(4,688,393)
Proceeds from interest income		6,247,785	4,221,898
Interest paid		(2,356,587)	(2,408,233)
Income tax paid		(156,617)	(1,136,834)
Net (losses) profit from operations before change in operating assets and liabilities		(2,741,918)	2,863,038
(Increase) decrease in operating assets			
Interbank and money market items		(6,585,188)	28,250,692
Financial assets measured at fair value through profit or loss		(11,024,695)	(4,426,497)
Loans to customers		868,545	4,858,380
Other assets		(2,009,138)	(2,039,555)
Increase (decrease) in operating liabilities			
Deposits		10,803,867	3,642,502
Interbank and money market items		8,450,828	(5,597,515)
Liabilities payable on demand		238,336	(638,830)
Debt issued and borrowings		(4,491,598)	(460,835)
Employee benefit obligations		(22,245)	(19,704)
Provisions		(5,227)	(16,024)
Other liabilities		828,460	(11,368,169)
Net cash (used in) provided by operating activities		(5,689,973)	15,047,483

The accompanying notes are an integral part of the financial statements.

	Note	2025 Thousand Baht	2024 Thousand Baht
Cash flows from investing activities			
Purchases of debt securities measured at fair value through other comprehensive income		(19,419,070)	(43,299,294)
Purchases of debt securities measured at amortised cost		(4,371,747)	(10,858,414)
Proceeds from sales and maturity of debt securities measured at fair value through other comprehensive income		27,717,278	46,791,370
Proceeds from maturity of debt securities measured at amortised cost		4,400,000	1,800,000
Purchases of equipment		(22,634)	(14,671)
Procees from sales of equipment		318	-
Net cash provided by (used in) investing activities		8,304,145	(5,581,009)
Cash flows from financing activities			
Payment of lease liabilities		(5,836)	(5,049)
Profit remittance to head office	7	(4,316,427)	(5,940,000)
Increase (decrease) in net balance of inter-office accounts with head office and other branches of the same juristic person		1,383,496	(3,195,126)
Net cash used in financing activities		(2,938,767)	(9,140,175)
Net (decrease) increase in cash and cash equivalents		(324,595)	326,299
Cash and cash equivalents at the beginning of the year		365,092	38,793
Cash and cash equivalents at the end of the year		40,497	365,092
Non-cash transactions			
Addition in right-of-use assets and lease liabilities		16,714	1,545

The accompanying notes are an integral part of the financial statements.

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1 General information

References to 'HSBC', 'the Group' or 'the HSBC Group' within this document mean HSBC Holdings plc together with its subsidiaries.

The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch ('the Branch') has its registered office at 968 Rama IV Road, Silom, Bangrak, Bangkok 10500.

The head office of the Branch is The Hongkong and Shanghai Banking Corporation Limited ('the Head Office'), which is incorporated in the Hong Kong Special Administrative Region of the People's Republic of China, with limited liability.

The principal activities of the Branch are to provide a wide range of banking services to corporate customers.

The Branch's financial statements have been approved for issue by the Branch's management on 27 February 2026.

2 Material accounting policies

The material accounting policies applied in the preparation of the Branch financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547. The primary financial statements are prepared in the full format as required by the Notification of the Bank of Thailand ('BoT'), No. SorNorSor. 21/2561 dated 31 October 2018, 'The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group'.

The Branch's financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Financial Reporting Standard requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are materially to the financial statements are disclosed in Note 2.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2025, the Branch has already assessed that the amended financial reporting standards have no significant impact to the Branch.

2.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2026, the Branch has already assessed that the amended financial reporting standards have no significant impact to the Branch.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') as Thai Baht.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions or the date of remeasurement. Gains and losses on settlement of foreign currency or translation of monetary assets and liabilities are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash

Cash consists of cash on hand and items in the course of collection from the bank according to the BoT's Notification.

2.6 Financial instruments

(a) Recognition and derecognition

The Branch initially recognises loans to customers, deposits and debts issued on the date of origination. Investment in debt securities are recognised on the settlement date. All other financial instruments are recognised on the trade date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract is discharged, cancelled, or expired.

(b) Classification and measurement

All financial instruments which are not measured at fair value through profit or loss ('FVPL') are initially recognised at fair value, plus (or less) transaction costs that are directly attributable to the acquisition. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is generally its transaction price, which is the fair value of the consideration transferred or received. However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, the Branch recognises the difference as a trading gain or loss at inception ('day one gain or loss'). In all other cases, the entire day one gain or loss is deferred and recognised in the income statement over the life of the transaction until the transaction: (1) matures, (2) is closed out, (3) the valuation inputs become observable or (4) the Branch enters into an offsetting transaction.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Branch manages a group of financial assets and liabilities according to its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis but the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the TFRS offsetting criteria.

Financial assets

The Branch classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through profit or loss ('FVPL') or through other comprehensive income ('FVOCI'); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Branch has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

The Branch reclassifies debt investments only when its business model for managing those assets changes.

Financial liabilities and equity instruments

Financial instruments issued by the Branch must be classified as financial liabilities or equity instruments by considering contractual obligations.

- Where the Branch has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Branch's own equity instruments.
- Where the Branch has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

The Branch subsequently measured all financial liabilities at amortised cost, except for:

- Financial liabilities measured at fair value through profit or loss including derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gain or losses on financial liabilities designated at fair value through profit or loss are presented gain or losses on financial instruments measured at fair value through profit or loss.

(c) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include most loans to customers, interbank and money market items and some investments in debt securities. In addition, most financial liabilities are measured at amortised cost. The Branch accounts for amortised cost financial instruments using trade date accounting, except for investments in debt securities which uses settlement date accounting. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. If the initial fair value is lower than the cash amount advanced, the difference is deferred and recognised over the life of the loan through the recognition of interest income.

The Branch may commit to underwriting loans on fixed contractual terms for specified periods of time. When the Branch intends to hold the loan, the loan commitment is included in the impairment calculations set out in Note 2.6 (h).

When debt securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the statement of financial position and a liability is recorded in respect of the consideration received. Securities purchased under commitments to resell ('reverse repos') are not recognised on the statement of financial position and an asset is recorded in respect of the initial consideration paid. Repos and reverse repos are measured at amortised cost. The difference between the sale and repurchase price or between the purchase and resale price is treated as interest and recognised in net interest income over the life of the agreement.

(d) Debt instruments measured at fair value through other comprehensive income

Financial assets held for a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at fair value through other comprehensive income ('FVOCI'). These comprise primarily investment in debt securities. They are recognised on the settlement date and are normally derecognised when they are either sold or matured. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold or matured. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains (losses) from investments'. Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

(e) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more criteria set out below and are designated irrevocably at inception:

- The use of the designation removes or significantly reduces an accounting mismatch;
- A group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial liability contains one or more non-closely related embedded derivatives.

Designated financial assets are recognised when the Branch enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred. Designated financial liabilities are recognised when the Branch enters into contracts with counterparties, which is generally on origination date, and are normally derecognised when extinguished. Subsequent changes in fair values of designated financial liabilities and related derivatives are recognised in the income statement in 'Net gains (losses) on financial instruments at fair value through profit or loss' except for the effect of changes in the liabilities' credit risk, which is presented in other comprehensive income, unless that treatment would create or enlarge an accounting mismatch in profit or loss.

Under the above criterion, the main classes of financial instruments designated by the Branch are:

- Debt instruments for funding purposes that are designated to reduce an accounting mismatch: The interest and/or foreign exchange exposure on certain fixed-rate debt securities issued has been matched with the interest and/or foreign exchange exposure on certain swaps as part of a documented risk management strategy.
- Financial liabilities that contain both deposit and derivative components: These financial liabilities are managed and their performance evaluated on a fair value basis.

(f) Derivatives

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially at fair value from the date a derivative contract is entered into ('trade date') and are subsequently remeasured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes embedded derivatives in financial liabilities, which are bifurcated from the host contract when they meet the definition of a derivative on a stand-alone basis. The details regarding the fair values determined are disclosed in Note 6.

(g) Modification

Where the terms of contractual cash flows of a financial asset are renegotiated or modified, the Branch assesses whether the new terms are substantially different from the original terms. For instance, the change in cash flows and the change in interest rate.

If the terms are not substantially different, the Branch recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

If the terms are substantially different, the Branch derecognises the original financial asset and recognises a new financial asset at fair value and recalculates a new effective interest rate for the asset. At the date of renegotiation, the difference between the carrying amount allocated to the part derecognised and the consideration received for the part derecognised is recognised in profit or loss.

(h) Impairment of financial assets

Expected credit losses ('ECL') are recognised for interbank and money market items, loans and advances to customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at FVOCI, and certain loan commitments and financial guarantee contracts. At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets that experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are considered to be in default or credit impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ('POCI') are treated differently.

Credit impaired ('stage 3')

The Branch determines that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days or 3 months;
- There are other indications that the borrower is unlikely to pay, such as when a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- The loan is considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or credit impaired.

Interest income is recognised by applying the effective interest rate to the amortised cost amount.

Write-off

Financial assets and the related impairment allowances are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Renegotiation

Loans are identified as renegotiated and classified as credit impaired when the Branch modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be POCI and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the mechanism as described below by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Significant increase in credit risk ('stage 2')

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument. The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk. However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, which are typically corporate and commercial customers, and included on a watch or worry list, are included in stage 2.

Unimpaired and without significant increase in credit risk ('stage 1')

ECL resulting from default events that are possible within the next 12 months ('12-month ECL') are recognised for financial instruments that remain in stage 1.

Purchased or originated credit impaired

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes the recognition of a new financial instrument following a renegotiation where concessions have been granted for economic or contractual reasons relating to the borrower's financial difficulty that otherwise would not have been considered. The amount of change-in-lifetime ECL is recognised in profit or loss until the POCI is derecognised, even if the lifetime ECL are less than the amount of ECL included in the estimated cash flows on initial recognition.

Movement between stages

Financial assets can be transferred between the different categories (other than POCI) depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Except for renegotiated loans, financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above. Renegotiated loans that are not POCI will continue to be in stage 3 until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, observed over a minimum one-year period and there are no other indicators of impairment. For loans that are assessed for impairment on an individual basis, all available evidence is assessed on a case-by-case basis.

Measurement of ECL

The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information that is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

In general, the Branch calculates ECL using three main components: a probability of default, a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The estimates and assumptions used in determining the expected credit losses are disclosed in Note 3.

Period over which ECL is measured

Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL ('12-month' or 'lifetime ECL') is the maximum contractual period over which the Branch is exposed to credit risk. For overdrafts, credit risk management actions are taken no less frequently than on an annual basis and therefore this period is to the expected date of the next substantive credit review. The date of the substantive credit review also represents the initial recognition of the new facility. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit the Branch's exposure to credit risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period the Branch remains exposed to credit risk that is not mitigated by credit risk management actions.

Forward-looking economic inputs

The Branch applies multiple forward-looking economic scenarios determined with reference to external forecast distributions representative of our view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected loss in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate. The detailed methodology is disclosed in Note 3 to the financial statements.

Surplus reserve

The Branch measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Branch had on 31 December 2019. In which, the Branch will amortised the surplus reverse using straight-line method by 5 years consecutively in accordance with notification to utilise surplus reserve from Bank of Thailand dated on 6 November 2019.

(i) Financial guarantee contract and loan commitment

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised.

Loan commitments are measured at the amount of allowance for expected credit losses. The Branch has not provided any commitment at a below-market interest rate, or that can be settled net in cash or by delivering or issuing other financial instruments.

Expected credit losses on loan commitments and financial guarantee contract are recognised as provisions.

(j) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Branch has a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The Branch has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract. The offsetting have been presented separately in Note 5.

2.7 Leasehold improvements and equipment

All leasehold improvements and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2.8 Right-of-use assets

Right-of-use assets for land and buildings is stated at cost less accumulated amortisation and accumulated impairment losses. The amortisation is charged to profit or loss on a straight-line basis over the lease period of 28 years.

Right-of-use assets for vehicles are initially measured at the amount equal to the lease liability. The depreciation is charged to profit or loss on a straight-line basis over the lease period of 3 -5 years.

2.9 Employee benefits

Post-employment benefits

The Branch operates a number of employee benefit plans as follows:

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where the Branch pays fixed contributions into a separate entity (‘provident fund’) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Branch’s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Branch’s obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an actuary using the projected unit credit method.

Actuarial gains and losses that arise are recognised in other comprehensive income.

Equity compensation plan

Where shares of HSBC Holdings plc, the ultimate parent company of the Head Office, are awarded to an employee of the Branch as part of their variable pay award for the financial year, the cost of shares awarded is amortised over the vesting period from the start of the financial year that the award relates to each respective vesting date.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Branch has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.10 Share-based payment

The Branch enters into equity-settled share-based payment arrangements with its employees as compensation for services provided by employees. The cost of equity-settled share-based payment arrangements with employees is measured by reference to the fair value of equity instruments on the date they are granted and recognised as an expense on a straight-line basis over the vesting period.

If there is a forfeiture of award - individual leaves the organisation, any amount accrued in settlement when the shares vests is released back to the profit and loss as no longer required. If an individual exits as a good leaver (the remaining charge is accelerated) in general into the month of departure. That is the general position taken but may not be instantaneous here.

HSBC Holdings is the grantor of its equity instruments for all share awards across the Group. The credit to 'Other reserves' over the vesting period on expensing an award represents the effective capital contribution from HSBC Holdings. To the extent the Group will be, or has been, required to fund a share-based payment arrangement, this capital contribution is reduced and the fair value of shares expected to be released to employees is recorded within 'Other liabilities'.

2.11 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised in interest income and interest expense in profit or loss using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Branch estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Branch that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When a financial asset becomes credit-impaired, the Branch calculates interest income by applying the effective interest rate to the net carrying amount after allowance for expected credit loss of the financial assets. If the asset is no longer credit-impaired, the Branch reverts to calculating interest income on a gross carrying amount.

2.12 Non-interest income and expenses

The Branch recognises fees earned on transaction-based arrangements at a point in time when the Branch has fully provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Non-interest expenses are recognised on an accrual basis.

3 Financial risk management

The Branch has following risks from financial instruments:

3.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. Credit risk arises principally from direct lending and trade finance but also from other products such as guarantees and derivatives.

The risk is monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities and managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.

The principal objectives of the Branch's credit risk management function are:

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

Concentration of exposure

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Branch uses a number of controls and measures to minimise undue concentration of exposure in the portfolios across industries. These include portfolio and counterparty limits, approval and review controls, and stress testing.

As at 31 December 2025 and 2024, concentrations of credit risk relative to the loans and receivables net of deferred revenue summarised by type of industry are as follows:

	2025 **Million Baht**	**2024** **Million Baht**
Agriculture and mining	513	1,869
Industrial and commercial	37,921	35,487
Property and construction	3,022	5,416
Infrastructure and service	18,559	18,183
Home mortgages	148	164
Others	141	145
Total	60,304	61,264

Expected credit losses

For details of our impairment policies on financial assets, see Note 2.6 (h) to the financial statements.

Financial instruments to which the impairment requirements in TFRS 9 are applied are summarised as follows:

	As at 31 December 2025		As at 31 December 2024	
	Gross carrying/ notional amount Million Baht	Allowance for ECL Million Baht	Gross carrying/ notional amount Million Baht	Allowance for ECL Million Baht
Cash	40	-	365	-
Interbank and money market items	65,250	-	58,698	-
Investments measured at amortised cost	22,752	3	22,856	2
Loans to customers and accrued interest receivables	60,464	239	61,511	234
Other assets	9,102	-	7,262	-
Total amount on the statement of financial position	157,608	242	150,692	236
Loan commitments	92,014	21	100,305	7
Financial guarantees and other commitments	35,246	6	35,723	3
Total amount off balance sheet	127,260	27	136,028	10

	As at 31 December 2025		As at 31 December 2024	
	Fair value Million Baht	Allowance for ECL Million Baht	Fair value Million Baht	Allowance for ECL Million Baht
Investments measured at fair value through other comprehensive income	36,842	4	45,069	3

The following table provides an overview of the Branch's credit risk by stage, and the associated ECL coverage. The financial assets recorded in each stage have the following characteristics:

- Stage 1: unimpaired and without significant increase in credit risk on which a 12-month allowance for ECL is recognised;
- Stage 2: a significant increase in credit risk has been experienced since initial recognition on which a lifetime ECL is recognised;
- Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised; and
- Purchased or originated credit impaired ('POCI'): purchased or originated at a deep discount that reflects the incurred credit losses on which a lifetime ECL is recognised.

The credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL at 31 December 2025 and 2024 are summarised as follows:

	Gross carrying/ notional amount			Allowance for ECL			ECL coverage %		
	Stage 1 Million Baht	Stage 2 Million Baht	Stage 3 Million Baht	Stage 1 Million Baht	Stage 2 Million Baht	Stage 3 Million Baht	Stage 1 %	Stage 2 %	Stage 3 %
Cash	40	-	-	-	-	-	-	-	-
Interbank and money market items	65,250	-	-	-	-	-	-	-	-
Investments measured at amortised cost	22,752	-	-	3	-	-	-	-	-
Loans to customers and accrued interest receivables	54,418	5,861	185	28	42	169	-	1	91
Other assets	9,102	-	-	-	-	-	-	-	-
Loan commitments	76,606	15,408	-	16	5	-	-	-	-
Financial guarantees and other commitments	34,636	609	1	4	2	-	-	-	3
As at 31 December 2025	262,804	21,878	186	51	49	169			

	Gross carrying/ notional amount			Allowance for ECL			ECL coverage %		
	Stage 1 Million Baht	Stage 2 Million Baht	Stage 3 Million Baht	Stage 1 Million Baht	Stage 2 Million Baht	Stage 3 Million Baht	Stage 1 %	Stage 2 %	Stage 3 %
Cash	365	-	-	-	-	-	-	-	-
Interbank and money market items	58,698	-	-	-	-	-	-	-	-
Investments measured at amortised cost	22,856	-	-	2	-	-	-	-	-
Loans to customers and accrued interest receivables	56,840	4,448	223	17	12	205	-	-	92
Other assets	7,262	-	-	-	-	-	-	-	-
Loan commitments	88,499	11,806	-	5	2	-	-	-	-
Financial guarantees and other commitments	34,930	793	-	2	1	-	-	-	-
As at 31 December 2024	269,450	17,047	223	26	15	205			

The recognition and measurement of ECL involves the use of significant judgement and estimation. The Branch forms multiple economic scenarios based on economic forecasts, apply these assumptions to credit risk models to estimate future credit losses, and probability-weight the results to determine an unbiased ECL estimate.

The Branch uses multiple economic scenarios to reflect assumptions about future economic conditions, starting with three economic scenarios based on consensus forecast distributions, supplemented by alternative or additional economic scenarios and/or management adjustments where, in management's judgement, the consensus forecast distribution does not adequately capture the relevant risks.

Maximum exposure to credit risk

The following table presents our maximum exposure before taking account of any collateral held or other credit enhancements (unless such enhancements meet accounting offsetting requirements). The table excludes financial instruments whose carrying amount best represents the net exposure to credit risk. For the financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their carrying amount; for financial guarantees and other guarantees granted, it is the maximum amount that the Branch would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the facilities.

As at 31 December 2025 and 2024, the maximum exposure to credit risk are as follows:

	2025 **Million Baht**	**2024** **Million Baht**
Financial assets measured at fair value through profit or loss	37,589	26,381
Investments	58,896	67,885
Total	96,485	94,266

Collateral and other credit enhancements

Although collateral can be an important mitigant of credit risk, it is the Branch's practice to lend on the basis of the customer's ability to meet their obligations out of cash flow resources rather than placing primary reliance on collateral and other credit risk enhancements. Depending on the customer's credit and the type of product, facilities may be provided without any collateral or other credit enhancements. For other lending, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the Branch may utilise the collateral as a source of repayment.

Depending on its form, collateral can have a significant financial effect in mitigating the Branch's exposure to credit risk. Where there is sufficient collateral, an expected credit loss is not recognised. This is the case for reverse repurchase agreements and for certain loans and advances to customers where the loan to value ('LTV') is very low.

The collateral measured in the following tables consists of fixed first charges on real estate, and charges over cash and marketable financial instruments. The values in the tables represent the expected market value on an open market basis. No adjustment has been made to the collateral for any expected costs of recovery. Marketable securities are measured at their fair value.

Other types of collateral such as unsupported guarantees and floating charges over the assets of a customer's business are not measured in the following tables. While such mitigants have value, often providing rights in insolvency, their assignable value is not sufficiently certain and they are therefore assigned no value for disclosure purposes. However, such collaterals are included in the calculation of allowance for expected credit losses.

	31 December 2025			
	Gross carrying/ notional amount Million Baht	Expected credit losses Million Baht	Net carrying amount Million Baht	Fair value of collateral held* Million Baht
Stage 1				
Not collateralised	177,598	46	177,552	-
Fully collateralised	2,248	-	2,248	631
Partially collateralised	4,189	2	4,187	2,177
Total	184,035	48	183,987	2,808
Stage 2				
Not collateralised	19,541	36	19,505	-
Fully collateralised	6	-	6	6
Partially collateralised	2,331	13	2,318	637
Total	21,878	49	21,829	643
Stage 3				
Not collateralised	142	141	1	-
Fully collateralised	44	28	16	44
Total	186	169	17	44
At 31 December 2025	206,099	266	205,833	3,495

* Fair value of collateral held calculated from fair value of collateral held which does not exceed the net carrying amount

	31 December 2024			
	Gross carrying/ notional amount Million Baht	Expected credit losses Million Baht	Net carrying amount Million Baht	Fair value of collateral held* Million Baht
Stage 1				
Not collateralised	182,732	23	182,709	-
Fully collateralised	3,495	-	3,495	869
Partially collateralised	5,241	1	5,240	2,389
Total	191,468	24	191,444	3,258
Stage 2				
Not collateralised	16,342	15	16,327	-
Fully collateralised	71	-	71	71
Partially collateralised	634	-	634	97
Total	17,047	15	17,032	168
Stage 3				
Not collateralised	179	179	-	-
Fully collateralised	44	26	18	18
Total	223	205	18	18
At 31 December 2024	208,738	244	208,494	3,444

* Fair value of collateral held calculated from fair value of collateral held which does not exceed the net carrying amount

In the Financial institution sector, trading facilities are supported by charges over financial instruments such as cash and debt securities. Financial collateral in the form of marketable securities is used in most of the Branch's over-the-counter ('OTC') derivatives activities and in securities financing transactions ('SFT') such as repos and reverse repos. Netting is used extensively and is a prominent feature of market standard documentation.

The International Swaps and Derivatives Association ('ISDA') master agreement is the preferred agreement for documenting derivatives activity. It is common for the parties involved in a derivative transaction to execute a credit support annex ('CSA') in conjunction with the ISDA master agreement. Under a CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions. The majority of CSAs are with financial institution clients.

The Branch manages the counterparty exposure on its OTC derivative contracts by using collateral agreements with counterparties and netting agreements. The Branch places strict policy restrictions on collateral types and as a consequence the types of collateral received and pledged are, by value, highly liquid and of a strong quality, being predominantly cash. The details regarding legally enforceable right of offset in the event of counterparty default and collateral received in respect of derivatives is disclosed on Note 5 to the financial statements.

Counterparty credit risk

Counterparty credit risk is the risk of financial loss if the counterparty to a transaction defaults before satisfactorily settling it. It arises principally from over-the-counter ('OTC') derivatives and securities financing transactions and is calculated in both the trading and non-trading books. Transactions vary in value by reference to a market factor such as an interest rate, exchange rate or asset price.

The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment ('CVA'). The details methodology on CVA is disclosed on Note 6 to the financial statements.

3.2 Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices, will reduce income or the value of the Branch's portfolios

Market risk is measured using sensitivities, value at risk and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons. The risk is monitored using value at risk, stress testing and other measures, including the sensitivity of net interest income and the sensitivity of structural foreign exchange and managed using risk limits approved by the Regional Market Risk Manager, the risk management meeting in various global businesses.

Sensitivity analysis measures the impact of individual market factor movements on specific instruments or portfolios, including interest rates, foreign exchange rates and credit spreads, such as the effect of a one basis point change in yield. The Branch use sensitivity measures to monitor the market risk positions within each risk type. Sensitivity limits are set for portfolios, products and risk types, with the depth of the market being one of the principal factors in determining the level of limits set.

Value at risk

VaR is a technique that estimates the potential losses in the trading portfolio from movements in market rates and prices over a specified time horizon at a particular level of confidence.

The Branch models are based on historical simulation that incorporate the following features:

- historical market rates and prices are calculated with reference to foreign exchange and interest rates, commodity prices, equity prices and the associated volatilities;
- potential market movements utilised for VaR are calculated with reference to data from the past two years (500 working days); and
- VaR measures are calculated at 99 percent confidence level and use a one-day holding period.

The models also incorporate the effect of option features on the underlying exposures. The nature of the VaR models means that an increase in observed market volatility will lead to an increase in VaR without any changes in the underlying positions.

Stress testing

Stress testing is an important procedure that is integrated into the Branch's market risk management framework to evaluate the potential impact on portfolio values in the case of extreme but plausible events or movements in a set of financial variables. In such scenarios, losses can be greater than those predicted by VaR model. The Branch also performs stress testing using the scenarios as specified by the BoT, covering parallel and non-parallel shifts in interest rate yield curves and depreciation and appreciation in major currencies.

Back-testing

The Branch routinely validates the accuracy of our VaR models by back-testing them against both actual and hypothetical profit and loss. Hypothetical profit and loss excludes non-modelled items such as fees, commissions and revenues of intra-day transactions.

The actual number of profits or losses in excess of VaR over this period can therefore be used to gauge how well the models are performing.

According to BoT notification No. 94/2551 dated 27 November 2008 Re: Guideline on Supervision of Market Risk and Capital Requirement for Market Risk of Financial Institutions, VaR back-testing exceptions, on Hypothetical loss, are counted towards the multiplier determined by the BoT for the purposes of the capital requirement calculation for market risk. The additional capital multiplier will be added if the exceptions are greater than 4 times over the past 250 business days.

(a) Interest rate risk

Interest rate risk arises from the potential for a change in interest rates which may have an adverse effect on the value of the Branch's financial instruments or Branch's earnings or cost of funds, both in the current reporting period and future years. Interest rate risk arises from the structure and characteristic of the Branch's assets, liabilities and accounts with head office and other branches of the same juristic person, and from the mismatch in repricing dates of its assets and liabilities. The Branch mitigates this risk by using derivative financial instruments, principally interest rate swaps, to manage its exposure to fluctuations in interest rates on specific financial instruments.

As at 31 December 2025, significant financial assets and liabilities classified by type of interest rate were as follows:

	2025			
	Floating interest rate Million Baht	**Fixed interest rate Million Baht**	**Non - interest bearing Million Baht**	**Total Million Baht**
Financial assets				
Cash	-	-	40	40
Interbank and money market items, net	-	62,730	2,520	65,250
Financial assets measured at fair value through profit or loss	5,231	35,741	-	40,972
Investments, net	6,901	52,690	-	59,591
Loans to customers[1]	24,860	35,295	309	60,464
Other financial assets	8,771	-	331	9,102
Total financial assets	45,763	186,456	3,200	235,419
Financial liabilities				
Deposits	109,833	32,263	18,759	160,855
Interbank and money market items	24,198	600	3,968	28,766
Liabilities payable on demand	-	-	1,288	1,288
Financial liabilities measured at fair value through profit or loss	-	3,236	-	3,236
Other financial liabilities	318	-	281	599
Total financial liabilities	134,349	36,099	24,296	194,744

[1] Loans to customers and accrued interest receivable

As at 31 December 2024, significant financial assets and liabilities classified by type of interest rate were as follows:

	2024			
	Floating interest rate Million Baht	**Fixed interest rate Million Baht**	**Non - interest bearing Million Baht**	**Total Million Baht**
Financial assets				
Cash	-	-	365	365
Interbank and money market items, net	6,077	48,646	3,975	58,698
Financial assets measured at fair value through profit or loss	-	29,221	-	29,221
Investments, net	6,902	61,021	-	67,923
Loans to customers[1]	25,706	35,392	413	61,511
Other financial assets	6,916	-	346	7,262
Total financial assets	45,601	174,280	5,099	224,980
Financial liabilities				
Deposits	106,364	22,060	22,258	150,682
Interbank and money market items	15,333	1,280	3,764	20,377
Liabilities payable on demand	-	-	1,050	1,050
Financial liabilities measured at fair value through profit or loss	-	7,731	-	7,731
Other financial liabilities	191	-	301	492
Total financial liabilities	121,888	31,071	27,373	180,332

[1] Loans to customers and accrued interest receivable

Details of the Branch's interest rate risk based on the period to the earlier of the contractual repricing date or maturity at 31 December 2025 were as follows:

	2025						
	Less than 3 months Million Baht	3 months to 1 year Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	Non-interest bearing Million Baht	Total Million Baht	Average interest rate (% per annum)
Financial assets							
Cash	-	-	-	-	40	40	-
Interbank and money market items, net	61,070	1,660	-	-	2,520	65,250	2.18
Financial assets measured at fair value through profit or loss	12,879	6,367	3,239	18,487	-	40,972	2.28
Investments, net	2,201	15,929	40,026	1,435	-	59,591	2.27
Loans to customers and accrued interest receivable	49,192	7,056	3,765	142	309	60,464	3.29
Other financial assets	8,771	-	-	-	331	9,102	2.18
Total financial assets	134,113	31,012	47,030	20,064	3,200	235,419	
Financial liabilities							
Deposits	141,381	715	-	-	18,759	160,855	1.24
Interbank and money market items	24,798	-	-	-	3,968	28,766	1.48
Liabilities payable on demand	-	-	-	-	1,288	1,288	-
Financial liabilities measured at fair value through profit or loss	936	-	2,300	-	-	3,236	1.79
Other financial liabilities	318	-	-	-	281	599	4.08
Total financial liabilities	167,433	715	2,300	-	24,296	194,744	
Effect of derivatives held for risk Management[1]	14,056	(10,170)	(3,175)	(711)	375,005	375,005	

[1] This presents at notional amount

Details of the Branch's interest rate risk based on the period to the earlier of the contractual repricing date or maturity at 31 December 2024 were as follows:

	2024						
	Less than 3 months Million Baht	3 months to 1 year Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	Non-interest bearing Million Baht	Total Million Baht	Average interest rate (% per annum)
Financial assets							
Cash	-	-	-	-	365	365	-
Interbank and money market items, net	53,589	1,133	1	-	3,975	58,698	3.35
Financial assets measured at fair value through profit or loss	86	1,998	2,356	24,781	-	29,221	2.81
Investments, net	7,992	21,139	38,257	535	-	67,923	2.22
Loans to customers and accrued interest receivable	49,840	7,784	3,320	154	413	61,511	3.92
Other financial assets	6,916	-	-	-	346	7,262	4.20
Total financial assets	118,423	32,054	43,934	25,470	5,099	224,980	
Financial liabilities							
Deposits	127,143	1,281	-	-	22,258	150,682	1.38
Interbank and money market items	16,613	-	-	-	3,764	20,377	1.42
Liabilities payable on demand	-	-	-	-	1,050	1,050	-
Financial liabilities measured at fair value through profit or loss	-	4,630	3,101	-	-	7,731	1.84
Other financial liabilities	191	-	-	-	301	492	3.37
Total financial liabilities	143,947	5,911	3,101	-	27,373	180,332	
Effect of derivatives held for risk Management[1]	26,721	(15,875)	(8,155)	(2,691)	384,940	384,940	

[1] This presents at notional amount

The Branch manages interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

Sensitivity analysis

Interest rate risk information by Internal Model Approach at 31 December 2025 and 2024 are as follows:

	2025 Million Baht	2024 Million Baht
Maximum VaR during the period	38	146
Average VaR during the period	21	69
Minimum VaR during the period	15	48
VaR at the end of the period	21	55

Remark: The period for Maximum VaR, Minimum VaR and Average VaR is 60 days interval. All figures are based on 10 days VaR as used for market risk capital charge calculation.

(b) Foreign exchange risk

Foreign exchange rate risk is the risk that occurs from changes in foreign exchange rates which may affect the value of the Branch's financial instruments or may cause volatility in the Branch's earnings or cost of funds. Tools adopted for managing foreign exchange rate risk are for instance, limited open positions and Value at Risk ('VaR').

As at 31 December 2025 and 2024, the Branch has net open position assets (liabilities) denominated in the various currencies as follows;

	2025 Million Baht	2024 Million Baht
Net foreign currency exposure*		
US Dollar	(30,907)	(20,690)
Euro	(480)	1,103
Yen	(40)	(86)
Pound	277	208
Singapore Dollar	(787)	(281)
Others	(1,346)	(579)

* No non-performing loans amounting in foreign currency exposure at 31 December 2025 and 2024.

Sensitivity analysis

Foreign exchange risk information by Internal Model Approach at 31 December 2025 and 2024 is as follows:

	2025 Million Baht	2024 Million Baht
Maximum VaR during the period	37	41
Average VaR during the period	9	8
Minimum VaR during the period	2	2
VaR at the end of the period	14	11

Remark: The period for Maximum VaR, Minimum VaR and Average VaR is 60 days interval. All figures are based on 10 days VaR as used for market risk capital charge calculation.

(c) Equity price risk

Equity price risk is any risk arising from changes in the price of equities or common stock that may cause volatility in the Branch's earnings or fluctuations in the value of the Branch's financial assets. The Branch manages its equity price risk by close monitoring of market situations to provide information for management.

At 31 December 2025 and 2024, there is no equity investments.

3.3 Liquidity risk

Liquidity risk is the risk that the Branch either does not have sufficient financial resources available to meet the obligations as they fall due, or can only access these financial resources at excessive cost.

The objective of the Branch's liquidity and funding management framework is to ensure that all foreseeable funding commitments can be met when due. Therefore, the Branch is required to maintain strong liquidity positions and to manage the liquidity profiles of assets, liabilities and commitments with the objective of ensuring that cash flows are balanced appropriately and that all anticipated obligations can be met when due.

The Branch monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Branch's operations and to mitigate the effects of fluctuations in cash flows.

The Branch manages its liquidity position under the Bank of Thailand's guideline on Liquidity Coverage Ratio and other applicable regulations. The Treasury Department is accountable for managing the Branch's liquidity position by providing short-term and long-term funding sources as well as investing in highly liquid assets in both domestic and foreign currencies. The Branch also ensures that its liquidity position is suitable and sufficient for the current and foreseeable market conditions. The Assets and Liabilities Management Committee supervises management of liquidity risk.

As at 31 December 2025 and 2024, financial assets and liabilities classified by maturity were as follows:

	2025						
	At call Million Baht	Less than 3 months Million Baht	3 months to 1 year Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	Total Million Baht
Financial assets							
Cash	-	-	-	-	-	40	40
Interbank and money market items, net	2,502	60,131	2,617	-	-	-	65,250
Financial assets measured at fair value through profit or loss	-	12,879	6,367	3,239	18,487	-	40,972
Derivative assets	800	2,530	5,264	16,464	8,230	-	33,288
Investments, net	-	2,201	15,929	40,026	1,435	-	59,591
Loans to customers and accrued interest receivable, net	-	33,982	10,649	13,601	1,993	-	60,225
Other financial assets	-	9,102	-	-	-	-	9,102
Total financial assets	3,302	120,825	40,826	73,330	30,145	40	268,468
Financial liabilities							
Deposits	128,591	31,549	715	-	-	-	160,855
Interbank and money market items	28,166	600	-	-	-	-	28,766
Liabilities payable on demand	1,288	-	-	-	-	-	1,288
Financial liabilities measured at fair value through profit or loss	-	936	-	2,300	-	-	3,236
Derivative liabilities	107	2,968	6,702	17,637	8,511	-	35,925
Other financial liabilities	-	582	4	12	1	-	599
Total financial liabilities	158,152	36,635	7,421	19,949	8,512	-	230,669
Liquidity gap, net	(154,850)	84,190	33,405	53,381	21,633	40	37,799

	2024						
	At call Million Baht	Less than 3 months Million Baht	3 months to 1 year Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	Total Million Baht
Financial assets							
Cash	-	-	-	-	-	365	365
Interbank and money market items, net	3,954	52,590	1,133	1,021	-	-	58,698
Financial assets measured at fair value through profit or loss	-	86	1,998	2,356	24,781	-	29,221
Derivative assets	148	3,352	5,152	13,710	7,965	-	30,327
Investments, net	-	7,992	21,139	38,257	535	-	67,923
Loans to customers and accrued interest receivable, net	-	34,812	11,027	13,740	1,698	-	61,277
Other financial assets	-	7,262	-	-	-	-	7,262
Total financial assets	4,102	106,094	40,449	69,084	34,979	365	255,073
Financial liabilities							
Deposits	128,622	20,779	1,281	-	-	-	150,682
Interbank and money market items	19,097	1,280	-	-	-	-	20,377
Liabilities payable on demand	1,050	-	-	-	-	-	1,050
Financial liabilities measured at fair value through profit or loss	-	-	4,630	3,101	-	-	7,731
Derivative liabilities	229	4,544	11,129	15,112	8,368	-	39,382
Other financial liabilities	-	485	2	5	-	-	492
Total financial liabilities	148,998	27,088	17,042	18,218	8,368	-	219,714
Liquidity gap, net	(144,896)	79,006	23,407	50,866	26,611	365	35,359

4 Classification of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by category as at 31 December 2025 and 2024.

	2025				
	Fair value through profit or loss Million Baht	Designated at fair value through profit or loss Million Baht	Fair value through other comprehensive income Million Baht	Amortised cost Million Baht	Total Million Baht
Financial assets					
Cash	-	-	-	40	40
Interbank and money market items, net	-	-	-	65,250	65,250
Financial assets measured at fair value through profit or loss	40,972	-	-	-	40,972
Derivatives assets	33,288	-	-	-	33,288
Investments, net	-	-	36,842	22,749	59,591
Loans to customers and accrued interest receivables, net	-	-	-	60,225	60,225
Other financial assets	-	-	-	9,102	9,102
Total financial assets	74,260	-	36,842	157,366	268,468
Financial liabilities					
Deposits	-	-	-	160,855	160,855
Interbank and money market items	-	-	-	28,766	28,766
Liabilities payable on demand	-	-	-	1,288	1,288
Financial liabilities measured at fair value through profit or loss	-	3,236	-	-	3,236
Derivatives liabilities	35,925	-	-	-	35,925
Other financial liabilities	-	-	-	599	599
Total financial liabilities	35,925	3,236	-	191,508	230,669

	2024				
	Fair value through profit or loss Million Baht	Designated at fair value through profit or loss Million Baht	Fair value through other comprehensive income Million Baht	Amortised cost Million Baht	Total Million Baht
Financial assets					
Cash	-	-	-	365	365
Interbank and money market items, net	-	-	-	58,698	58,698
Financial assets measured at fair value through profit or loss	29,221	-	-	-	29,221
Derivatives assets	30,327	-	-	-	30,327
Investments, net	-	-	45,069	22,854	67,923
Loans to customers and accrued interest receivables, net	-	-	-	61,277	61,277
Other financial assets	-	-	-	7,262	7,262
Total financial assets	59,548	-	45,069	150,456	255,073
Financial liabilities					
Deposits	-	-	-	150,682	150,682
Interbank and money market items	-	-	-	20,377	20,377
Liabilities payable on demand	-	-	-	1,050	1,050
Financial liabilities measured at fair value through profit or loss	-	7,731	-	-	7,731
Derivatives liabilities	39,382	-	-	-	39,382
Other financial liabilities	-	-	-	492	492
Total financial liabilities	39,382	7,731	-	172,601	219,714

5 Offsetting of financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2025 and 2024. The column 'net amount' shows the impact on the Branch's statement of financial position if all set-off rights were exercised. The 'Amounts not set off in the statement of financial position' include transactions where:

- the counterparty has an offsetting exposure with the Branch and a master netting or similar arrangement is in place with a right to set off only in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- in the case of derivatives and reverse repurchase/repurchase, stock borrowing/lending and similar agreements, and cash and non-cash collateral has been received/pledged.

For risk management purposes, the net amounts of loans and advances to customers are subject to limits, which are monitored and the relevant customer agreements are subject to review and updated, as necessary, to ensure the legal right to set off remains appropriate.

	2025								
	Amounts subject to enforceable netting arrangements								
				Amount not set off in the statement of financial position					
	Gross amounts Million Baht	Amount offset Million Baht	Net amounts in the statement of financial position Million Baht	Financial instruments Million Baht	Non-cash collateral Million Baht	Cash collateral Million Baht	Net amount Million Baht	Amounts not subject to enforceable netting agreements Million Baht	Total Million Baht
Financial assets									
Reverse repurchase agreements	44,357	-	44,357	44,357	-	-	-	-	44,357
Derivatives assets	32,743	-	32,743	-	-	256	32,487	545	33,288
Total financial assets	77,100	-	77,100	44,357	-	256	32,487	545	77,645
Financial liabilities									
Derivatives liabilities	35,762	-	35,762	-	-	7,835	27,927	163	35,925
Total financial liabilities	35,762	-	35,762	-	-	7,835	27,927	163	35,925

	2024								
	Amounts subject to enforceable netting arrangements								
				Amount not set off in the statement of financial position					
	Gross amounts Million Baht	Amount offset Million Baht	Net amounts in the statement of financial position Million Baht	Financial instruments Million Baht	Non-cash collateral Million Baht	Cash collateral Million Baht	Net amount Million Baht	Amounts not subject to enforceable netting agreements Million Baht	Total Million Baht
Financial assets									
Reverse repurchase agreements	40,160	-	40,160	40,160	-	-	-	-	40,160
Derivatives assets	29,344	-	29,344	-	-	153	29,191	983	30,327
Total financial assets	69,504	-	69,504	40,160	-	153	29,191	983	70,487
Financial liabilities									
Repurchase agreements	1,000	-	1,000	1,000	-	-	-	-	1,000
Derivatives liabilities	38,766	-	38,766	-	-	6,545	32,221	616	39,382
Total financial liabilities	39,766	-	39,766	1,000	-	6,545	32,221	616	40,382

As at 31 December 2024, collateral received from reverse repurchase agreements with fair value of Baht 1,010 million were used as collaterised to other parties under repurchase agreements.

6 Fair value of financial instruments

Fair values hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 - valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Branch can access at the measurement date.
- Level 2 - valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk-taker. For all financial instruments where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. In inactive markets, the Branch will source alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

For fair values determined using valuation models, the control framework includes development or validation by independent support functions of the models logic, inputs, model output and adjustments. Valuation models are subject to a process of due diligence before becoming operational and are calibrated against external market data on an ongoing basis.

Fair value adjustments

Fair value adjustments are adopted when the Branch takes into consideration additional factors not incorporated within the valuation model that would otherwise be considered by a market participant. The Branch classifies fair value adjustments as either 'risk-related' or 'model-related'. The majority of these adjustments relate to Global Banking and Markets.

Risk-related adjustments

Bid-offer

TFRS 13 requires the use of the price within the bid-offer spread that is most representative of fair value. Valuation models will typically generate mid-market values. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of, or unwinding the position.

Uncertainty

Certain model inputs may be less readily determinable from market data, and/or the choice of model itself may be more subjective. In these circumstances, an adjustment may be necessary to reflect the likelihood that market participants would adopt more conservative values for uncertain parameters and/or model assumptions than those used in the valuation model.

Model-related adjustments

Model limitation

Models used for portfolio valuation purposes may be based upon a simplified set of assumptions that do not capture all current and future material market characteristics. In these circumstances, model limitation adjustments are adopted.

Inception profit (Day 1 profit or loss reserves)

Inception profit adjustments are adopted when the fair value estimated by a valuation model is based on one or more significant unobservable inputs.

6.1 Fair values of financial instruments carried at fair value

The following table presents the Branch's financial assets and liabilities carried at fair value by fair values hierarchy at 31 December 2025.

	2025			
	Level 1 Million Baht	**Level 2 Million Baht**	**Level 3 Million Baht**	**Total Million Baht**
Financial assets				
Financial assets at fair value through profit or loss				
Trading investments	19,832	21,140	-	40,972
Derivatives	175	33,102	11	33,288
Financial assets at fair value through other comprehensive income				
Debt securities	17,078	19,764	-	36,842
Total financial assets	37,085	74,006	11	111,102
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	-	3,236	-	3,236
Derivatives	67	35,822	36	35,925
Total financial liabilities	67	39,058	36	39,161

Transfers between Level 1 and Level 2 fair values during the year 2025 can be summarised as follows:

	Assets	
	Fair value through profit or loss Million Baht	**Fair value through other comprehensive income Million Baht**
At 31 December 2025		
Transfers from Level 1 to Level 2	2,017	7,976
Transfers from Level 2 to Level 1	5	3,643

Transfers between levels of the fair values hierarchy are primarily attributable to observability of valuation inputs.

The following table presents the Branch's financial assets and liabilities carried at fair value by fair values hierarchy at 31 December 2024.

	2024			
	Level 1 Million Baht	**Level 2 Million Baht**	**Level 3 Million Baht**	**Total Million Baht**
Financial assets				
Financial assets at fair value through profit or loss				
Trading investments	24,737	4,484	-	29,221
Derivatives	15	30,114	198	30,327
Financial assets at fair value through other comprehensive income				
Debt securities	15,991	29,078	-	45,069
Total financial assets	40,743	63,676	198	104,617
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated at fair value through profit or loss	-	7,731	-	7,731
Derivatives	51	39,130	201	39,382
Total financial liabilities	51	46,861	201	47,113

Transfers between Level 1 and Level 2 fair values during the year 2024 can be summarised as follows:

	Assets	
	Fair value through profit or loss Million Baht	**Fair value through other comprehensive income Million Baht**
At 31 December 2024		
Transfers from Level 1 to Level 2	1,230	6,845
Transfers from Level 2 to Level 1	104	-

Transfers between levels of the fair values hierarchy are primarily attributable to observability of valuation inputs.

Fair value valuation of financial instruments carried at fair value

Financial investments

The fair value of the financial investment is determined as the quoted bid curve at the reporting date by reference to the Thai Bond Market Association.

Derivatives

OTC (i.e. non-exchange traded) derivatives are valued using valuation models. Valuation models calculate the present value of expected future cash flows, based upon 'no-arbitrage' principles. For many vanilla derivative products, the modelling approaches used are standard across the industry. For more complex derivative products, there may be some differences in market practice. Inputs to valuation models are determined from observable market data wherever possible, including prices available from exchanges, dealers, brokers or providers of consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Derivative products valued using valuation techniques with significant unobservable inputs included certain types of correlation products, such as foreign exchange basket options, equity basket options, foreign exchange interest rate hybrid transactions and long-dated option transactions. Examples of the latter are equity options, interest rate and foreign exchange options.

Structured notes

Structured notes, presented as debt issued and borrowings, are trading liabilities and are measured at fair value.

The fair value of structured notes valued using a valuation technique with significant unobservable inputs is derived from the fair value of the underlying debt security and the fair value of the embedded derivative is determined as described in the above paragraph on derivatives. The fair value includes the effect of applying the credit spread which is appropriate to the Branch's liabilities. The change in fair value of issued debt securities attributable to the Branch's own credit spread is computed as follows: for each security at each reporting date, an externally verifiable price is obtained or a price is derived using credit spreads for similar securities for the same issuer. Then, using discounted cash flow, each security is valued using a THOR or SOFR based discount curve. The difference in the valuations is attributable to the Branch's own credit spread.

Reconciliation of fair value measurements in Level 3 of the fair values hierarchy

The following table presents the movement between opening and closing balance of Level 3 financial instruments, measured at fair value using a valuation technique with significant unobservable inputs for the year ended 31 December 2025.

	Derivatives assets Million Baht	**Derivatives liabilities Million Baht**
At 1 January 2025	198	201
Transfers out	(184)	(174)
Settlements	5	-
Gains and losses recognised in profit and loss	(8)	9
At 31 December 2025	11	36
Unrealised losses for the year included in profit or loss for assets/liabilities held at 31 December 2025	(3)	(9)

As at 31 December 2025, the fair values hierarchy of derivative assets and derivative liabilities transfers from Level 3 to Level 2 principally certain model inputs become observable. The MYR cross currency unobservable tenor has been changed from 3 years to 5 years. Therefore, maturity of MYR cross currency derivatives between 3 and 5 years will be Level 2 instead of Level 3.

As at 31 December 2025, the fair values hierarchy of derivative liabilities Level 3 are included the GBP/THB and EUR/THB FX options which are unobservable due to no observable market data input.

The following table presents the movement between opening and closing balance of Level 3 financial instruments, measured at fair value using a valuation technique with significant unobservable inputs for the year ended 31 December 2024.

	Derivatives assets Million Baht	**Derivatives liabilities Million Baht**
At 1 January 2024	184	179
Transfers in	26	27
Settlements	(16)	(6)
Gains and losses recognised in profit and loss	4	1
At 31 December 2024	198	201
Unrealised gains and losses for the year included in profit or loss for assets/liabilities held at 31 December 2024	14	(22)

As at 31 December 2024, the fair values hierarchy of derivative assets and derivative liabilities transfers from Level 2 to Level 3 principally certain model inputs become unobservable. The THB cross currency observable tenor has been changed from 20 years to 15 years. Therefore, maturity of THB cross currency derivatives longer than 15 years will be Level 3.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The following table shows the sensitivity of Level 3 fair values to reasonably possible alternative assumptions for the year ended 31 December 2025:

	Reflected in profit or loss	
	Favorable change Million Baht	**Unfavorable change Million Baht**
Other derivatives		
Cross currency swap	0.63	(0.63)
FX Option	2.11	(2.11)
At 31 December 2025	2.74	(2.74)

The following table shows the sensitivity of Level 3 fair values to reasonably possible alternative assumptions for the year ended 31 December 2024:

	Reflected in profit or loss	
	Favorable change Million Baht	**Unfavorable change Million Baht**
Other derivatives		
Cross currency swap	0.44	(0.44)
At 31 December 2024	0.44	(0.44)

Favourable and unfavourable changes are determined on the basis of sensitivity analysis. The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data. When the available data is not amenable to statistical analysis, the quantification of uncertainty is judgemental, but remains guided by the 95% confidence interval.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

The table below lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs as at 31 December 2025. The core range of inputs is the estimated range within which 90% of the inputs fall. A further description of the categories of key unobservable inputs is given as follows:

Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements

	Fair value							
	Assets Million Baht	Liabilities Million Baht	Valuation technique	Key unobservable inputs	Full range of inputs		Core range of inputs	
					Lower	Higher	Lower	Higher
Other derivatives								
Cross currency swap	11	35	Price - Market comparable approach	IR Basis / THB	1.625%	1.865%	1.625%	1.865%
				FX volatility / EUR/THB	3.500%	15.718%	3.500%	15.718%
FX Option	-	1	Model - Option model	FX volatility / GBP/THB	4.559%	17.929%	4.559%	17.929%
At 31 December 2025	11	36						

Key unobservable inputs to Level 3 financial instruments

The table below lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs as at 31 December 2024. The core range of inputs is the estimated range within which 90% of the inputs fall. A further description of the categories of key unobservable inputs is given as follows:

Quantitative information about the significant unobservable inputs used in Level 3 fair value measurements

	Fair value				Full range of inputs		Core range of inputs	
	Assets Million Baht	Liabilities Million Baht	Valuation technique	Key unobservable inputs	Lower	Higher	Lower	Higher
Other derivatives								
Cross currency swap	198	201	Price - Market comparable approach	IR Basis / MYR	-1.648%	-0.598%	-1.648%	-0.598%
				IR Basis / THB	1.549%	1.889%	1.549%	1.889%
At 31 December 2024	198	201						

Volatility

Volatility is a measure of the anticipated future variability of a market price. It varies by underlying reference market price, and by strike and maturity of the option. Certain volatilities, typically those of a longer-dated nature, are unobservable and are estimated from observable data. The range of unobservable volatilities reflects the wide variation in volatility inputs by reference market price. The core range is significantly narrower than the full range because these examples with extreme volatilities occur relatively rarely within the Branch portfolio.

Correlation

Correlation is a measure of the inter-relationship between two market prices and is expressed as a number between minus one and plus one. It is used to value more complex instruments where the payout is dependent upon more than one market price. There is a wide range of instruments for which correlation is an input, and consequently a wide range of both same-asset correlations and cross-asset correlations used. In general, the range of same-asset correlations will be narrower than the range of cross-asset correlations.

Correlation may be unobservable. Unobservable correlations may be estimated based upon a range of evidence, including consensus pricing services, the Branch trade prices, proxy correlations and examination of historical price relationships. The range of unobservable correlations quoted in the table reflects the wide variation in correlation inputs by market price pair.

6.2 Fair values of financial instruments not carried at fair value

The following table presents the Branch's financial assets and liabilities not carried at fair value by fair values hierarchy at 31 December 2025.

	2025			
	Level 1 Million Baht	**Level 2 Million Baht**	**Level 3 Million Baht**	**Total Million Baht**
Financial assets				
Cash	40	-	-	40
Interbank and money market items, net	-	46,875	18,375	65,250
Investments measured at amortised cost	10,924	12,378	-	23,302
Loans to customers and accrued interest receivables	-	-	60,258	60,258
Total financial assets	10,964	59,253	78,633	148,850
Financial liabilities				
Deposits	-	160,855	-	160,855
Interbank and money market items	-	28,766	-	28,766
Total financial liabilities	-	189,621	-	189,621

The following table presents the Branch's financial assets and liabilities not carried at fair value by fair values hierarchy at 31 December 2024.

	2024			
	Level 1 Million Baht	**Level 2 Million Baht**	**Level 3 Million Baht**	**Total Million Baht**
Financial assets				
Cash	365	-	-	365
Interbank and money market items, net	-	47,499	11,199	58,698
Investments measured at amortised cost	13,402	9,683	-	23,085
Loans to customers and accrued interest receivables	-	-	61,262	61,262
Total financial assets	13,767	57,182	72,461	143,410
Financial liabilities				
Deposits	-	150,682	-	150,682
Interbank and money market items	-	20,377	-	20,377
Total financial liabilities	-	171,059	-	171,059

Fair value valuation of financial instruments not carried at fair value

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash, interbank and money market items (assets and liabilities), all of which are measured at amortised cost.

Investments measured at amortised cost

Investments in debt securities measured at amortised cost are calculated based on yield curve of the Thai Bond Market Association under discounted cash flow model.

Loans and advances to customers

Floating rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates its carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within one year of the reporting date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rated currently being offered for loans to customers with similar credit quality.

Deposits

Fair value of deposit repayable on demand and its carrying amount of deposit repricing within one year are approximated by their carrying value at the reporting date. The fair value of other fixed interest deposits is estimated using discounted cash flows, applying current rates being offered for deposits of similar remaining maturity.

7 Maintenance of capital fund

The Branch maintains its capital funds in accordance with Section 32 of the Financial Institution Business Act, B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand as at 31 December 2025 and 2024, can be summarised as follows:

	2025 Million Baht	2024 Million Baht
Assets maintained under Section 32	26,255	26,355
Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net fund brought in to maintenance assets under Section 32	25,700	25,700
Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches of the same juristic person, the parent company and subsidiaries of the head office	1,965	411
Total	27,665	26,111
Regulatory Capital *(in million Baht)*	25,697	25,700
Regulatory Capital after deducting capital add-on from Single Lending Limit *(in million Baht)*	25,697	25,700
Capital Adequacy Ratio *(%)*	21.45	21.82
Capital Adequacy Ratio after deducting capital add-on from Single Lending Limit *(%)*	21.45	21.82

The Branch has applied the Standardised Approach ('SA') for credit risk and operational risk and the Combined Approach between Standardised Approach and Internal Model for market risk as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification.

As at 31 December 2025 and 2024, the Branch met the minimum Capital Adequacy Ratio requirements set down by the Bank of Thailand, which is in compliance with the Basel III for Capital Adequacy Ratio at minimum of 8.5% plus capital conservation buffer of 2.5%.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor 4/2556 dated 2 May 2013, Re: 'The Public Disclosure of Capital Maintenance for Commercial Banks' and Sor Nor Sor 2/2561 dated 25 January 2018, Re: 'Liquidity Coverage Ratio Disclosure Standards', the Branch intends to disclose Capital Maintenance and Liquidity Coverage Ratio information as at 31 December 2025 within 4 months after the year end date as indicated in the notification through the Branch's website www.hsbc.co.th.

In 2025, the Branch remitted the profit to head office amounting to Baht 4,316 million (2024: Baht 5,940 million).

8 Interbank and money market items, net (assets)

	2025 Million Baht	2024 Million Baht
Domestic		
The Bank of Thailand and Financial Institutions Development Fund	380	805
Commercial banks	55,791	48,694
Other financial institutions	7,110	2,440
Add Accrued interest receivable and undue interest receivable	19	20
Total domestic	63,300	51,959
Foreign		
US Dollar	375	4,522
Euro	1,472	2,021
Other currencies	103	196
Total foreign	1,950	6,739
Total domestic and foreign	65,250	58,698

As at 31 December 2025, the Branch has no cash advance to be maintained according to the Bank of Thailand's Notification No. SorNorChor. 2/2562 dated 20 December 2019, Re: 'Guidelines for Electronic Funds Transfer Service Business'.

9 Financial assets measured at fair value through profit or loss

	2025 Fair value Million Baht	2024 Fair value Million Baht
Trading assets		
Government and state enterprise securities	40,972	28,317
Private debt instruments	-	904
Total	40,972	29,221

10 Derivatives

Derivatives held for trading

As at 31 December 2025 and 2024, fair value and notional amount of derivatives classified by type of risks are as follows:

	2025				
	Fair value		Notional amount		
Type of risk	**Assets Million Baht**	**Liabilities Million Baht**	**Up to 1 year Million Baht**	**Over 1 year Million Baht**	**Total Million Baht**
Exchange rate	14,389	17,027	491,528	240,376	731,904
Interest rate	18,885	16,511	491,293	1,199,743	1,691,036
Others					
- Bond	14	2,387	4,685	9,955	14,640
Total	33,288	35,925	987,506	1,450,074	2,437,580

	2024				
	Fair value		Notional amount		
Type of risk	**Assets Million Baht**	**Liabilities Million Baht**	**Up to 1 year Million Baht**	**Over 1 year Million Baht**	**Total Million Baht**
Exchange rate	15,235	19,262	453,203	228,576	681,779
Interest rate	15,090	18,320	628,504	1,027,997	1,656,501
Others					
- Bond	2	1,800	6,505	13,703	20,208
Total	30,327	39,382	1,088,212	1,270,276	2,358,488

11 Investments, net

11.1 Classification of investment in securities

	2025 Amortised cost Million Baht	2024 Amortised cost Million Baht
Investments in debt instruments measured at amortised cost		
Government and state enterprise securities	22,752	22,856
Total	22,752	22,856
Less Allowance for expected credit losses	(3)	(2)
Total	22,749	22,854

	2025 Fair value Million Baht	2024 Fair value Million Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	36,842	45,069
Total	36,842	45,069
Total investments, net	59,591	67,923
Allowance for expected credit losses for investments in debt instruments measured at fair value through other comprehensive income	4	3

As at 31 December 2025 and 2024, investments in debt instruments were pledged as follows:

	2025 Million Baht	2024 Million Baht
Maintained as capital fund under the Bank of Thailand's regulation	26,255	26,355
Pledged with the Bank of Thailand for intraday liquidity facilities and securities requirement for settlement	15,588	13,014

11.2 Gains on remeasurement of investments in debt instruments measured at fair value through other comprehensive income as follows:

	2025 Fair value Million Baht	2024 Fair value Million Baht
Gains from changes in value of investments in debt instruments measured at FVOCI	517	100
Total	517	100
Less Deferred tax	(103)	(20)
Net	414	80

12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	2025 Million Baht	2024 Million Baht
Overdrafts	411	525
Loans	58,228	56,182
Bills	1,665	4,557
Total loans to customers	60,304	61,264
Add Accrued interest receivables and undue interest receivable	160	247
Total loans to customers and accrued interest receivables	60,464	61,511
Less Allowance for expected credit losses	(239)	(234)
Total loans to customers and accrued interest receivables, net	60,225	61,277

12.2 Classified by currencies and residencies of debtors

	2025 Million Baht	2024 Million Baht
Domestic		
Baht	54,550	51,487
US Dollar	5,347	8,101
Other currencies	285	1,317
Total domestic	60,182	60,905
Foreign		
US Dollar	122	359
Total foreign	122	359
Total loans to customers	60,304	61,264

12.3 Classified by loan classification

Loan classification	2025 Million Baht	2024 Million Baht
Financial assets with an insignificant increase in credit risk ('Performing')	54,418	56,840
Financial assets with a significant increase in credit risk ('Under-performing')	5,861	4,448
Credit-impaired financial assets ('Non-performing')	185	223
Total loans to customers and accrued interest receivables	60,464	61,511

12.4 Non-performing loans

As at 31 December 2025 and 2024, the Branch had non-performing loans gross ('NPLs Gross') (including financial institutions) based on the BoT's notification as follows:

	2025	2024
NPLs, gross *(in million Baht)*	185	223
Loans used for NPLs ratio calculation [1] *(in million Baht)*	123,057	112,648
Percentage of total loans [2]	0.15%	0.20%

[1] Total loans used for NPLs ratio calculation are loans to customers as presented in the statement of financial position and loans to financial institutions as included in inter-bank and money market items.

[2] The ratio of NPLs Gross to total loans before allowance for doubtful accounts of non-performing loans.

As at 31 December 2025, allowance for expected credit losses of Baht 169 million have been provided against the Branch's non-performing loans being those classified credit-impaired financial assets (Stage 3).

As at 31 December 2024, allowance for expected credit losses of Baht 205 million have been provided against the Branch's non-performing loans being those classified credit-impaired financial assets (Stage 3).

13 Allowance for expected credit losses

The following tables show reconciliations from the opening to the closing balance of expected credit loss ('ECL') analysed by class of financial instruments at 31 December 2025.

	2025				
	Allowance for expected credit losses				
	Financial assets with an insignificant increase in credit risk (12-mth ECL) Million Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Million Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Million Baht	Surplus reserve Million Baht	Total Million Baht
Financial assets held at amortised cost [1]					
As at 1 January 2025	26	15	205	-	246
Transfer between stages	(1)	1	-	-	-
Remeasurement	22	31	3	-	56
Newly acquired or purchased financial assets	7	3	-	-	10
Assets derecognised (including final repayments)	(3)	(1)	(39)	-	(43)
As at 31 December 2025	51	49	169	-	269
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2025	3	-	-	-	3
Remeasurement	1	-	-	-	1
Newly acquired or purchased financial assets	1	-	-	-	1
Assets derecognised (including final repayments)	(1)	-	-	-	(1)
As at 31 December 2025	4	-	-	-	4

[1] Includes ECL on investments measured at amortised cost, financial guarantees and loan commitments

The following tables show reconciliations from the opening to the closing balance of expected credit loss ('ECL') analysed by class of financial instruments at 31 December 2024.

	2024				
	Allowance for expected credit losses				
	Financial assets with an insignificant increase in credit risk (12-mth ECL) Million Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Million Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Million Baht	Surplus reserve Million Baht	Total Million Baht
Financial assets held at amortised cost [1]					
As at 1 January 2024	27	16	176	180	399
Transfer between stages	(1)	1	-	-	-
Remeasurement	-	(2)	29	-	27
Newly acquired or purchased financial assets	2	1	-	-	3
Assets derecognised (including final repayments)	(2)	(1)	-	-	(3)
Amortisation of surplus reserve	-	-	-	(180)	(180)
As at 31 December 2024	26	15	205	-	246
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2024	3	-	-	-	3
Remeasurement	(1)	-	-	-	(1)
Newly acquired or purchased financial assets	3	-	-	-	3
Assets derecognised (including final repayments)	(2)	-	-	-	(2)
As at 31 December 2024	3	-	-	-	3

[1] Includes ECL on investments measured at amortised cost, financial guarantees and loan commitments

14 Right-of-use assets, net

	2025 Million Baht	2024 Million Baht
Cost	1,013	982
Less Accumulated amortisation	(693)	(662)
Less Losses on impairment	(269)	(269)
Total	51	51

Addition to Right-of-use assets during 2025 were Baht 17 million (2024: Baht 2 million).

For the year ended 31 December, amounts charged to profit or loss relating to leases are as follows:

	2025 Million Baht	2024 Million Baht
Amortisation charge of right-of-use assets	34	29

15 Deferred income taxes

Deferred tax assets and liabilities determined after netting off are appropriately included in the statements of financial position as follows:

	2025 Million Baht	2024 Million Baht
Deferred tax assets	205	200
Deferred tax liabilities	(616)	(415)
Deferred tax, net	(411)	(215)

Movements in deferred tax assets and liabilities during the year ended 31 December 2025 were as follows:

		(Charged)/ credited to		
	At 1 January 2025 Million Baht	Profit or loss (Note 35) Million Baht	Other comprehensive income (Note 35) Million Baht	At 31 December 2025 Million Baht
Deferred tax assets				
Allowance for expected credit losses	3	4	-	7
Provision for impairment	7	(4)	-	3
Others	190	4	1	195
Total	200	4	1	205
Deferred tax liabilities				
Financial assets measured at fair value through profit or loss	375	130	-	505
Investments	20	-	83	103
Borrowings and financial instruments	20	(13)	1	8
Total	415	117	84	616
Net	(215)	(113)	(83)	(411)

Movements in deferred tax assets and liabilities during the year ended 31 December 2024 were as follows:

		(Charged)/ credited to		
	At 1 January 2024 Million Baht	Profit or loss (Note 35) Million Baht	Other comprehensive income (Note 35) Million Baht	At 31 December 2024 Million Baht
Deferred tax assets				
Investments	18	-	(18)	-
Allowance for expected credit losses	3	-	-	3
Provision for impairment	11	(4)	-	7
Others	184	4	2	190
Total	216	-	(16)	200
Deferred tax liabilities				
Financial assets measured at fair value through profit or loss	4	371	-	375
Investments	-	-	20	20
Borrowings and financial instruments	48	(19)	(9)	20
Others	1	(1)	-	-
Total	53	351	11	415
Net	163	(351)	(27)	(215)

16 Other assets

	2025 Million Baht	2024 Million Baht
Accrued income receivables	331	346
Marginal deposit	8,771	6,916
Others	219	65
Total	9,321	7,327

17 Deposits

17.1 Classified by type of deposits

	2025 Million Baht	2024 Million Baht
Current	56,114	50,168
Saving	72,478	78,453
Term		
- Less than 6 months	32,027	21,750
- More than 6 months but less than 1 year	236	311
Total	160,855	150,682

17.2 Classified by currencies and residencies of depositors

	2025			2024		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	118,471	874	119,345	108,302	1,776	110,078
US Dollar	31,688	5,613	37,301	33,095	4,367	37,462
Other currencies	4,207	2	4,209	3,139	3	3,142
Total	154,366	6,489	160,855	144,536	6,146	150,682

18 Interbank and money market items (liabilities)

	2025 Million Baht	2024 Million Baht
Domestic		
Commercial banks	600	1,176
Finance, securities and credit foncier companies	14,033	8,332
Other financial institutions	9,823	6,794
Total domestic	24,456	16,302
Foreign		
Baht	4,124	4,053
US Dollar	163	-
Other currencies	23	22
Total foreign	4,310	4,075
Total domestic and foreign	28,766	20,377

19 Financial liabilities measured at fair value through profit or loss

	2025 Million Baht	2024 Million Baht
Financial liabilities designated at fair value through profit or loss		
- Bills of exchange	3,236	7,731
Total	3,236	7,731

As at 31 December 2025, borrowings were in interest rates between 0.49% - 1.54% per annum. (2024 : 0.49% - 2.61% per annum).

As at 31 December 2025, the carrying amount of financial liabilities designated at fair value through profit or loss was Baht 1,636 million more than the contractual amount at maturity. The cumulative amount of change in fair value attributable to changes in credit risk was a gain of Baht 39 million presented in other comprehensive income.

As at 31 December 2024, the carrying amount of financial liabilities designated at fair value through profit or loss was Baht 2,232 million more than the contractual amount at maturity. The cumulative amount of change in fair value attributable to changes in credit risk was a gain of Baht 36 million presented in other comprehensive income.

20 Employee benefit obligations

Statement of financial position obligations for

	2025 Million Baht	2024 Million Baht
Long term employment benefits		
- Long service award	12	15
Post employment benefits		
- Legal severance payment plan and gratuity plan	484	458
Total	496	473

	2025 Million Baht	2024 Million Baht
For the year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss		
Long term employment benefits		
- Long service award	1	2
Post employment benefits		
- Legal severance payment plan and gratuity plan	39	38
Recognised in other comprehensive income		
Actuarial losses recognised during the year	5	12
Total	45	52

The Branch operates the following unfunded defined benefit plans for eligible employees in Thailand in accordance with the requirements of the Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Legal severance payment plan

Under this plan, employees are entitled to legal severance payment benefits ranging from 30 days to 400 days of final salary upon retirement or involuntary separation before retirement.

Gratuity plan

Under this plan, employees who joined the Branch before 1 January 2024 are entitled to one-month final salary for every five years of completed service upon retirement.

Other long-term benefits

Employees who joined the Branch before 1 January 2021 are participated in the local long service award programme when completed their 10, 20, 30 years of service respectively.

The statement of financial position obligations were determined as follows:

	2025 Million Baht	2024 Million Baht
Present value of unfunded obligations		
Long service award	12	15
Legal severance payment plan and gratuity plan	484	458
Statement of financial position obligations	496	473

Movement in the present value of the defined benefit obligations:

Long service award

	2025 Million Baht	2024 Million Baht
At 1 January	15	15
Expense recognised in profit or loss		
Current service costs	1	1
Actuarial losses	-	1
Benefits paid during the year	(4)	(2)
At 31 December	12	15

Legal severance payment plan and gratuity plan

	2025 Million Baht	2024 Million Baht
At 1 January	458	425
Expense recognised in profit or loss		
Current service costs	30	29
Interest cost on obligation	9	9
Benefits paid during the year	(18)	(17)
Actuarial losses in other comprehensive income	5	12
At 31 December	484	458

The expense is recognised in profit or loss:

	2025 Million Baht	2024 Million Baht
Other operating expenses		
- Employee expenses	40	40
Total	40	40

Actuarial losses recognised in other comprehensive income, net of deferred tax.

	2025 Million Baht	2024 Million Baht
At 1 January	97	87
Recognised during the year	4	10
At 31 December	101	97

Principal actuarial assumptions at the reporting date:

	2025 (%)	2024 (%)
Discount rate	1.4	2.2
Future average salary increases	2.0	2.0
Pre-retirement mortality rate	Thai Mortality Ordinary Table 2017	Thai Mortality Ordinary Table 2017

As at 31 December 2025 and 2024, the impact on defined benefit obligations of key assumption changes are summarised as follows:

	2025 Million Baht	2024 Million Baht
Discount rate		
1.0% decrease	26	26
1.0% increase	(23)	(23)
Expected rate of salary increase		
1.0% decrease	(23)	(23)
1.0% increase	25	25
Turnover rate		
10% decrease in likelihood of turnover	10	9
10% increase in likelihood of turnover	(9)	(9)

Maturity analysis of benefits expected to be paid

	2025 Million Baht	2024 Million Baht
Benefits expected to be paid within 12 months	95	41
Benefits expected to be paid between 1 and 2 years	75	81
Benefits expected to be paid between 2 and 5 years	193	244
Benefits expected to be paid in more than 5 years	103	114

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

21 Provisions

	2025 Million Baht	2024 Million Baht
Provisions (excluding contractual commitments) [1]		
At 1 January	59	75
Addition	70	11
Provision used	(57)	(27)
At 31 December	72	59
Contractual commitments [2]		
At 1 January	10	13
Net change in expected credit loss provision	17	(3)
At 31 December	27	10
Total provisions	99	69

(1) The above provision consists of reinstated provision for leasehold right, termination provision and the restructuring provision relating to disposal of retail portfolio. During 2025, the Branch set termination provision by Baht 52 million (2024: Baht 11 million).

(2) Contractual commitments include the provision for contingent liabilities in respect of financial guarantees and the expected credit loss provision on off-balance sheet guarantees and loan commitments.

22 Other liabilities

	2025 Million Baht	2024 Million Baht
Accrued interest expenses	30	63
Accrued expenses	767	598
Income tax payable	763	116
Marginal deposit	550	420
Clearing suspense account	560	142
Cash received in advance from electronic funds transfer	-	-
Others	315	187
Total	2,985	1,526

As at 31 December 2025, the Branch has no cash received in advance from electronic funds transfer service according to the Bank of Thailand's Notification No. SorNorChor. 2/2562 dated 20 December 2019, Re: 'Guidelines for Electronic Funds Transfer Service Business'.

23 Commitments and contingent liabilities

	2025			2024		
	Baht Million Baht	Foreign currency Million Baht	Total Million Baht	Baht Million Baht	Foreign currency Million Baht	Total Million Baht
Guarantees of loans	506	307	813	82	385	467
Other guarantees	25,833	6,391	32,224	26,290	7,364	33,654
Liabilities under unmatured import bills	1,200	703	1,903	13	853	866
Letters of credit	-	306	306	198	538	736
Unused credit lines of overdrafts and credit facilities	62,495	29,519	92,014	68,681	31,624	100,305
Total	90,034	37,226	127,260	95,264	40,764	136,028

In 2019, the Branch received a claim by one corporate customer claiming that the Branch wrongfully and negligently paid the cheque which was not signed by the Company's authorised persons of approximately Baht 0.7 million. As at 31 December 2025 and 2024, no provision has been made in the financial statements as no formal legal action has been commenced against the Branch and the Branch's management does not currently expect that the Branch will incur significant loss from this lawsuit.

In June 2023, the new civil litigation case regarding custody service brought against the Branch as a sub-custodian was initiated by a group of shareholders of a Thai listed company. On 30 June 2025, the court rendered the judgment under which the Branch is not subject to any financial liability. The Branch's sole obligation is to return the shares currently in its possession to the relevant plaintiffs. The litigation is currently under the appeal stage, and the litigator views that the chance to be subject to any financial obligation should be remote.

24 Related parties

For the purposes of these financial statements, parties are considered to be related to the Branch if the Branch has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with significant key management personnel and related parties were as follows:

Name of entities/Personnel	Country of incorporation	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly including any directs (whether executive or otherwise) of the Branch. The Branch's key management personnel consisted of: - Chief Executive Officer and Head of Banking - Chief Financial Officer - Chief Operating Officer - Chief Risk Officer - Chief Compliance Officer and Head of Regulatory Compliance - Country General Counsel - Country Head of Global Private Banking - Head of Market and Securities Services - Head of Asset Management - Head of Communications - Market Head of People
HSBC Holdings plc	England	Ultimate parent company of the Head Office
The Hongkong and Shanghai Banking Corporation Limited ('HBAP')	Hong Kong	Head Office and other branches
Other HSBC Group entities		
HSBC Bank plc	England	HSBC Holdings plc's subsidiary
HSBC UK Bank plc	England	HSBC Holdings plc's subsidiary
HSBC Bank USA, N.A.	United States	HSBC Holdings plc's subsidiary
HSBC France	France	HSBC Holdings plc's subsidiary
HSBC Germany	Germany	HSBC Holdings plc's subsidiary
HSBC Bank Middle East Limited	United Arab Emirates	HSBC Holdings plc's subsidiary
HSBC Private Bank (Suisse) SA	Switzerland	HSBC Holdings plc's subsidiary
HSBC Bank Australia Limited	Australia	HBAP's subsidiary
HSBC Bank Malaysia Berhad	Malaysia	HBAP's subsidiary
HSBC Bank (Singapore) Limited	Singapore	HBAP's subsidiary
Hang Seng Bank Limited	Hong Kong	HBAP's subsidiary

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

Significant transactions for the years ended 31 December 2025 and 2024 with the related parties were as follows:

	2025 Million Baht	2024 Million Baht
HBAP		
Interest income on inter-office lending	-	1
Fee and service income	70	55
Other income	53	103
Interest expense on inter-office borrowing	2	3
Fee and service expenses	61	57
Head office expenses	857	934
Other expenses	91	73
Other HSBC Group entities		
Interest income	158	211
Fee and service income	81	85
Other income	12	10
Interest expense	10	12
Fee and service expenses	20	17
Other expenses	352	343

Significant balances with related parties as at 31 December 2025 and 2024 consisted of:

	2025 Million Baht	2024 Million Baht
Interbank and money market items (assets)		
HSBC Group entities		
HSBC Bank USA, N.A.	-	254
HSBC Bank plc	1,845	2,606
HSBC France	20	10
HSBC Bank Australia Limited	9	5
Others	3	3
Total	1,877	2,878
Interbank and money market items (liabilities)		
HSBC Group entities		
HSBC Bank plc	252	322
HSBC Bank USA, N.A.	198	48
HSBC Bank (Singapore) Limited	142	4
HSBC UK Bank plc	134	191
HSBC Germany	56	14
HSBC Bank Australia Limited	55	29
Hang Seng Bank Limited	64	92
HSBC Bank Malaysia Berhad	47	34
HSBC Bank Middle East Limited	2	75
HSBC Private Bank (Suisse) SA	5	59
Others	66	40
Total	1,021	908

	2025 Million Baht	2024 Million Baht
Net balance of inter-office accounts with head office and other branches of the same juristic person		
HBAP		
Nostro accounts	(56)	(63)
Vostro accounts	345	339
Borrowings	1,295	-
Accrued expenses	88	64
Other receivables	(51)	(91)
Other payables	16	5
Total	1,637	254

The Branch enters into certain treasury transactions, including swap, foreign exchange, and option contracts, with other HSBC Group entities for hedging purposes.

Significant agreements with related parties

(a) Service agreement

The Branch entered into a services agreement with the Head Office relating to the provision of certain management and other services to the Branch by the Head Office. The fees payable by the Branch to the Head Office under the services agreement are based on an allocation of relevant actual costs.

(b) Outsourcing services

The Branch entered into service agreements with related parties for certain banking operation, financial processing activities and information technology support.

25 Benefits paid to directors and executives

The Branch has no special benefits given to the directors and executives beyond the general benefits provided such as directors' remuneration, executives' salary and bonus (if any) included ESOP warrants.

	2025 Million Baht	2024 Million Baht
Short-term employee benefits	132	148
Post-employment benefits	6	18
Share-based payments	13	10
Total	151	176

26 Share-based payments

Income statement charge

	2025 Million Baht	2024 Million Baht
Equity-settled share-based payments		
Restricted share awards	21	24
ShareMatch	2	2
Total	23	26

HSBC Share Awards

Award	Policy	Purpose
Restricted share awards	• An assessment of performance over the relevant period ending on 31 December is used to determine the amount of the award to be granted. • Deferred awards generally require employees to remain in employment over the vesting period and are not subject to performance conditions after the grant date. • Deferred share awards generally vest over a period of three, five or seven years. • Vested shares may be subject to a retention requirement post-vesting. • Awards are subject to malus and clawback provisions	• To drive and reward performance consistent with strategy and align to shareholder interests. • Deferral provides an incentive for a longer term commitment and the ability to apply malus.
International Employee Share Purchase Plan (‘ShareMatch’)	• Employee monthly contributions are used to buy HSBC shares at the end of each quarter. The maximum amount each month is equivalent to GBP250 per month. • Matching awards are added at a ratio of one free share for every three purchased. • Matching awards vest subject to continued employment and the retention of the purchased shares for a maximum period of two years and nine months.	• To align the interests of all employees with the creation of shareholder value.

Calculation of fair values

The fair value of a share award is based on the share price at the date of the grant.

Movement on HSBC share awards

	2025 Number	2024 Number
Outstanding at 1 January	139,939	114,144
Additions during the year	46,107	112,077
Forfeited during the year	-	(14,599)
Released during the year	(87,632)	(71,683)
Outstanding at 31 December	98,414	139,939
Weighted average fair value of awards granted (Baht)	295.26	228.27

27 The financial position and results of operations classified by domestic and foreign business

The Branch does not present the financial position and results of operations classified by domestic and foreign business in the financial statements since the Branch is engaged in only one domestic business in Thailand.

28 Interest income

	2025 Million Baht	2024 Million Baht
Interbank and money market items	1,218	1,884
Investments and trading transactions	1,072	935
Investments in debt securities	1,383	1,398
Loans	2,134	2,646
Others	178	221
Total interest income	5,985	7,084

29 Interest expense

	2025 Million Baht	2024 Million Baht
Deposits	1,435	1,563
Interbank and money market items	264	164
Contributions to Financial Institution Development Fund and Deposit Protection Agency	615	639
Others	10	30
Total interest expense	2,324	2,396

30 Net fees and service income

	2025 Million Baht	2024 Million Baht
Fees and service income		
- Acceptances, aval and guarantees	152	145
- Remittances	446	440
- Underwriting, management and consulting	51	32
- Custody	364	402
- Others	162	152
Total	1,175	1,171
Fees and service expenses		
- Remittances	84	72
- Others	131	142
Total	215	214
Net	960	957

Revenue transactions classified by timing of revenue recognition for the year ended 31 December 2025 and 2024 are as follows:

	2025 Million Baht	2024 Million Baht
Timing of revenue recognition:		
At a point in time	644	600
Over time	531	571

31 Net gains on financial instruments measured at fair value through profit or loss

	2025 Million Baht	2024 Million Baht
Gains on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	2,493	1,080
- Interest rate related derivatives	333	1,587
- Debt instruments	257	181
- Others	307	275
Total gains on trading and foreign exchange transactions	3,390	3,123
Losses on financial instruments designated at fair value through profit or loss		
Changes in fair value of debt issued and borrowings	(182)	(188)
Net losses on derecognition including interest expenses	(106)	(154)
Total losses on financial instruments designated at fair value through profit or loss	(288)	(342)
Total	3,102	2,781

32 Expected credit losses

	2025 Million Baht	2024 Million Baht
Interbank and money market items	-	(1)
Investments	2	1
Loans to customers and accrued interest receivables	28	(150)
Loan commitments	14	-
Financial guarantees	3	(3)
Total	47	(153)

33 Employee expenses

	2025 Million Baht	2024 Million Baht
Wages, salaries and bonus	1,097	1,129
Post-employment benefits - defined benefit plans	40	40
Post-employment benefits - defined contribution plans	75	79
Others	156	149
Total	1,368	1,397

The Branch has established contributory provident funds for their employees. Memberships of the funds are on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Branch at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers, therefore, they are not included in the statements of financial position.

34 Other expenses

	2025 Million Baht	2024 Million Baht
Expenses allocated from Head Office	857	934
Others	728	684
Total	1,585	1,618

35 Income tax expense

Income tax expense recognised in profit or loss

	2025 Million Baht	2024 Million Baht
Current tax expense		
Current year	803	732
Over provided in the prior year	-	(4)
	803	728
Deferred tax expense		
Movements in temporary differences (Note 15)	113	351
Total income tax expense	916	1,079

Income tax expense recognised in other comprehensive income

	2025			2024		
	Before tax Million Baht	Tax (expense) benefit Million Baht	Net of tax Million Baht	Before tax Million Baht	Tax (expense) benefit Million Baht	Net of tax Million Baht
Investments	417	(83)	334	189	(38)	151
Changes in fair value attributable to changes in own credit risk	3	(1)	2	(42)	9	(33)
Defined benefit plans actuarial gains	(5)	1	(4)	(12)	2	(10)
Total	415	(83)	332	135	(27)	108

Reconciliation of effective tax rate

	2025		2024	
	Rate (%)	Million Baht	Rate (%)	Million Baht
Profit before income tax expense		4,530		5,395
Income tax using the Thai corporation tax rate	20.0	906	20.0	1,079
Expenses not deductible for tax purposes	0.2	10	0.1	4
Over provided in the prior year	-	-	(0.1)	(4)
Total	20.2	916	20.0	1,079

The Branch has effective tax rate above 15%. So, there is no current tax expense arising from the Pillar Two rules for the year ended 31 December 2025.