

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

HSBC Holdings plc

Consolidated Income Statement		
For the year ended 31 December	2015 US\$ m	2014 US\$ m
Interest income	47,189	50,955
Interest expense	(14,658)	(16,250)
Net interest income	32,531	34,705
Fee income	18,016	19,545
Fee expense	(3,311)	(3,588)
Net fee income	14,705	15,957
Trading income excluding net interest income	6,948	4,853
Net interest income on trading activities	1,775	1,907
Net trading income	8,723	6,760
Changes in fair value of long-term debt issued and related derivatives	863	508
Net income from other financial instruments designated at fair value	669	1,965
Net income from financial instruments designated at fair value	1,532	2,473
Gains less losses from financial investments	2,068	1,335
Dividend income	123	311
Net insurance premium income	10,355	11,921
Other operating income	1,055	1,131
Total operating income	71,092	74,593
Net insurance claims and benefits paid and movement in liabilities to policyholders	(11,292)	(13,345)
Net operating income before loan impairment charges and other credit risk provisions	59,800	61,248
Loan impairment charges and other credit risk provisions	(3,721)	(3,851)
Net operating income	56,079	57,397
Employee compensation and benefits	(19,900)	(20,366)
General and administrative expenses	(17,662)	(18,565)
Depreciation and impairment of property, plant and equipment	(1,269)	(1,382)
Amortization and impairment of intangible assets	(937)	(936)
Total operating expenses	(39,768)	(41,249)
Operating profit	16,311	16,148
Share of profit in associates and joint ventures	2,556	2,532
Profit before tax	18,867	18,680
Tax expense	(3,771)	(3,975)
Profit for the year	15,096	14,705
Profit attributable to shareholders of the parent company	13,522	13,688
Profit attributable to non-controlling interests	1,574	1,017
	US\$	US\$
Basic earnings per ordinary share	0.65	0.69
Diluted earnings per ordinary share	0.64	0.69

Consolidated Statement of Comprehensive Income		
For the year ended 31 December	2015 US\$m	2014 US\$m
Profit for the year	15,096	14,705
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Available-for-sale investments	(3,072)	2,972
– fair value gains/(losses)	(1,231)	4,794
– fair value gains reclassified to the income statement	(2,437)	(1,672)
– amounts reclassified to the income statement in respect of impairment losses	127	374
– income taxes	469	(524)
Cash flow hedges	(24)	188
– fair value gains	704	1,512
– fair value gains reclassified to the income statement	(705)	(1,244)
– income taxes	(23)	(80)
Share of other comprehensive income/(expense) of associates and joint ventures	(9)	80
– share for the year	(9)	78
– reclassified to income statement on disposal	–	2
Exchange differences	(10,945)	(8,903)
– foreign exchange gains reclassified to income statement on disposal of a foreign operation	–	(21)
– other exchange differences	(11,112)	(8,917)
– Income tax attributable to exchange differences	167	35
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit asset/liability	101	1,985
– before income taxes	130	2,419
– income taxes	(29)	(434)
Other comprehensive income for the year, net of tax	(13,949)	(3,678)
Total comprehensive income for the year	1,147	11,027
Attributable to:		
– shareholders of the parent company	460	9,245
– non-controlling interests	687	1,782
Total comprehensive income for the year	1,147	11,027

Loans and Receivables to Other Customers		
For the year ended 31 December	2015 US\$ m	2014 US\$ m
Gross Loan Receivables	934,009	986,997
(Less): Individual Impairment	(5,402)	(6,195)
Collective Impairment	(4,153)	(6,142)
Net loans and receivables including those designated at fair value through profit or loss	924,454	974,660
(Less) Loans and receivables designated at fair value through profit or loss	–	–
Net loans and receivables	924,454	974,660

Due to Other Customers - by Product		
For the year ended 31 December	2015 US\$ m	2014 US\$ m
Retail banking and wealth management	584,872	583,757
Commercial Banking	361,701	361,318
Global Banking and Markets	261,728	319,121
Global Private Banking	80,404	85,465
Other	881	981
Total	1,289,586	1,250,642

Group Performance Ratios (%)		
For the year ended 31 December	2016 As at 30 June	2015 As at 31 December
Common equity tier 1 ratio	12.1	11.9
Total transitional capital ratio	17.3	17.2
Pre-tax return on average risk-weighted assets	1.8 ^a	1.6
Return on average ordinary shareholder's equity	7.4 ^a	7.2

^aThe 2016 pre-tax return on average risk-weighted assets and return on average ordinary shareholder's equity are calculated on an annualized basis.

Consolidated Statement of Changes in Equity for the year ended 31 December 2015											
	Called-up share capital US\$m	Share premium US\$m	Other equity instruments US\$m	Retained earnings US\$m	Other Reserves				Total share- holders' equity US\$m	Non- controlling interests US\$m	Total equity US\$m
					Available- for-sale fair value US\$m	Cash flow hedging reserve US\$m	Foreign exchange reserve US\$m	Merger reserve US\$m			
At 1 January 2015	9,609	11,918	11,532	137,144	2,143	58	(9,265)	27,308	190,447	9,531	199,978
Profit for the year	–	–	–	13,522	–	–	–	–	1,574	15,096	15,096
Other comprehensive income (net of tax)	–	–	–	73	(2,332)	(24)	(10,779)	–	(13,062)	(887)	(13,949)
– available-for-sale investments	–	–	–	–	(2,332)	–	–	–	(2,332)	(740)	(3,072)
– cash flow hedges	–	–	–	–	–	(24)	–	–	(24)	–	(24)
– remeasurement of defined benefit asset/liability	–	–	–	82	–	–	–	–	82	19	101
– share of other comprehensive income of associates and joint ventures	–	–	–	(9)	–	–	–	(9)	–	(9)	(9)
– exchange differences	–	–	–	–	–	(10,779)	–	(10,779)	(166)	(10,945)	(10,945)
Total comprehensive income for the year	–	–	–	13,595	(2,332)	(24)	(10,779)	–	460	687	1,147
Shares issued under employee remuneration and share plans	45	691	–	(589)	–	–	–	–	147	–	147
Shares issued in lieu of dividends and amounts arising thereon	188	(188)	–	3,162	–	–	–	–	3,162	–	3,162
Capital securities issued	–	–	3,580	–	–	–	–	–	3,580	–	3,580
Dividends to shareholders	–	–	–	(10,660)	–	–	–	–	(10,660)	(697)	(11,357)
Cost of share-based payment arrangements	–	–	–	757	–	–	–	–	757	–	757
Other movements	–	–	–	567	–	–	–	–	567	(463)	104
At 31 December 2015	9,842	12,421	15,112	143,976	(189)	34	(20,044)	27,308	188,460	9,058	197,518

The financial information summarised above has been extracted from HSBC Holdings plc annual report for the year ended 31 December 2015.

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	FITCH RATING OUTLOOK	MOODY'S RATING OUTLOOK	STANDARD & POOR'S RATING OUTLOOK
Long Term/Senior	AA- Stable	A1 Stable	A Stable
Shorter Term	F1+	P-1	A-1

Consolidated Statement of Cash Flows		
For the year ended 31 December	2015 US \$ m	2014 US \$ m
Cash flows from operating activities		
Profit before tax	18,867	18,680
Adjustment for:		
- net gain from investing activities	(1,935)	(1,928)
- share of profits in associates and joint ventures	(2,556)	(2,532)
- (gain)/loss on disposal of associates, joint ventures, subsidiaries and businesses	–	9
- other non-cash items included in profit before tax	10,765	11,262
- change in operating assets	65,828	25,877
- change in operating liabilities	(106,762)	(93,814)
- elimination of exchange differences	18,208	24,571
- dividends received from associates	879	757
- contributions paid to defined benefit plans	(664)	(681)
- tax paid	(3,852)	(3,573)
Net cash generated from/(used in) operating activities	(1,122)	(21,372)
Cash flows from investing activities		
Purchase of financial investments	(438,376)	(384,199)
Proceeds from the sale and maturity of financial investments	399,636	382,837
Purchase of property, plant and equipment	(1,352)	(1,477)
Proceeds from the sale of property, plant and equipment	103	88
Net cash inflow/(outflow) from disposal of customer and loan portfolios	2,023	(1,035)
Net investment in intangible assets	(954)	(903)
Proceeds from disposal of Ping An	–	–
Net cash inflow/(outflow) from disposal of other subsidiaries, business, associates and joint ventures	8	(272)
Net cash generated from/(used in) investing activities	(38,912)	(4,961)
Cash flows from financing activities		
Issue of ordinary share capital	147	267
Net sales/(purchases) of own shares for market-making and investment purposes	331	(96)
Issue of other equity instruments	3,580	5,681
Redemption of preference shares	(463)	(234)
Subordinated loan capital issued	3,180	3,500
Subordinated loan capital repaid	(2,157)	(3,163)
Dividends paid to shareholders of the parent company	(6,548)	(6,611)
Dividends paid to non-controlling interests	(697)	(639)
Dividends paid to holders of other equity instruments	(950)	(573)
Net cash used in financing activities	(3,577)	(1,868)
Net increase/(decrease) in cash and cash equivalents	(43,611)	(28,201)
Cash and cash equivalents at 1 January	301,301	346,281
Exchange differences in respect of cash and cash equivalents	(13,827)	(16,779)
Cash and cash equivalents at 31 December	243,863	301,301

Movements in Individual and Collective Impairment during the period of Loans and Receivables to Other Customers		
For the year ended 31 December	2015 US\$ m	2014 US\$ m
Individual Impairment		
Opening Balance	6,195	7,072
Charge to income statement	1,516	1,776
Write-off during the year	(1,368)	(2,313)
Recoveries of loans and advances previously written off	86	114
Exchange and other movements	(1,027)	(454)
Closing Balance	5,402	6,195
Collective Impairment		
Opening Balance	6,142	8,071
Charge to income statement	2,087	2,275
Write-off during the year	(2,826)	(4,060)
Recoveries of loans and advances previously written off	722	841
Exchange and other movements	(1,972)	(985)
Closing Balance	4,153	6,142
Total Impairment	9,555	12,337

Loans and Receivables to Other Customers - by Product		
For the year ended 31 December	2015 US\$ m	2014 US\$ m
Personal	374,082	393,554
– first lien residential mortgages	274,511	286,524
– other personal	99,571	107,030
Corporate and commercial	499,513	542,625
– manufacturing	95,858	106,986
– international trade and services	159,019	180,791
– commercial real estate	67,926	73,293
– other property-related	53,464	52,387
– government	7,455	6,143
– other commercial	115,791	123,025
Financial	60,414	50,818
– non-banking financial institutions	60,414	50,818
Total gross loans and receivables to customers	934,009	986,997

Consolidated Balance Sheet		
As at 31 December	2015 US \$ m	2014 US \$ m
Assets		
Cash and balances at central banks	98,934	129,957
Items in the course of collection from other banks	5,768	4,927
Hong Kong Government certificates of indebtedness	28,410	27,674
Trading assets	224,837	304,193
Financial assets designated at fair value	23,852	29,037
Derivatives	288,476	345,008
Loans and advances to banks	90,401	112,149
Loans and advances to customers	924,454	974,660
Reverse repurchase agreements - non-trading	146,255	161,713
Financial investments	428,955	415,467
Assets held for sale	43,900	7,647
Prepayments, accrued income and other assets	54,398	67,529
Current tax assets	1,221	1,309
Interests in associates and joint ventures	19,139	18,181
Goodwill and intangible assets	24,605	27,577
Deferred tax assets	6,051	7,111
Total assets at 31 December	2,409,656	2,634,139
Liabilities and equity		
Liabilities		
Hong Kong currency notes in circulation	28,410	27,674
Deposits by banks	54,371	77,426
Customer accounts	1,289,586	1,350,642
Repurchase agreements - non-trading	80,400	107,432
Items in the course of transmission to other banks	5,638	5,990
Trading liabilities	141,614	190,572
Financial liabilities designated at fair value	66,408	76,153
Derivatives	281,071	340,669
Debt securities in issue	88,949	95,947
Liabilities of disposal groups held for sale	36,840	6,934
Accruals, deferred income and other liabilities	38,116	46,462
Current tax liabilities	783	1,213
Liabilities under insurance contracts	69,238	73,861
Provisions	5,552	4,998
Deferred tax liabilities	1,760	1,524
Subordinated liabilities	22,702	26,664
Total liabilities at 31 December	2,212,138	2,434,161
Equity		
Called up share capital	9,842	9,609
Share premium account	12,421	11,918
Other equity instruments	15,112	11,532
Other reserves	7,109	20,244
Retained earnings	143,976	137,144
Total shareholders' equity	188,460	190,447
Non-controlling interests	9,058	9,531
Total equity at 31 December	197,518	199,978
Total liabilities and equity at 31 December	2,409,656	2,634,139

Analysis of Financial Assets and Liabilities by Measurement Basis							
As at 31 December 2015							
	Held-for- trading- US\$m	Designated at fair value US\$m	Held-to- maturity securities US\$m	Available- for-sale securities US\$m	Financial assets and liabilities at amortised cost US\$m	Derivatives designated as hedging instruments US\$m	Total US\$m
Financial assets							
Cash and balances at central banks	–	–					