SUMMARY OF HSBC HOLDINGS PLC CORPORATE GOVERNANCE REPORT 2018

The information set out below and incorporated by reference is a summary of the Corporate Governance Report of HSBC Holdings PLC. It is set out on pages 10 to 16 of the Group's annual report for the year ended 31 December 2018 (the "Annual Report") for the Board of Directors, issued by The Hongkong and Shanghai Banking Corporation Limited - Sri Lanka.

The Board of Directors ("the Board")

The Board's role is to ensure the Group's long-term success, deliver sustainable value to shareholders and oversee the management of the Group. The Board's role is to ensure that the Group's objectives and values are delivered through its strategy and overall governance framework. The Board is accountable to shareholders and is responsible for setting the Group's strategic direction and reviewing its progress against its goals.

The Board consists of 13 non-executive directors, of whom 10 are independent and 3 are the Group's executive directors. The Board meets at least once a month to review the Group's performance, accountability and risk management. It also reviews the Group's financial statements and approves the annual report and accounts. The Board is responsible for ensuring that the Group has an effective risk management framework and for reviewing the effectiveness of the risk management system.

The Board is responsible for the overall management of the Group and the Group's senior management team is responsible for implementing the Board's strategy. The Group's executive directors are responsible for implementing the Board's strategy and ensuring that the Group's objectives are achieved.

The Board is supported by various committees, including the Audit Committee, the Remuneration Committee, the Risk Management Committee and the Nominating Committee. These committees provide advice to the Board on specific matters and are responsible for reviewing the Group's performance and risk management.

The Board is also responsible for ensuring that the Group complies with all relevant laws and regulations and for ensuring that the Group has an effective internal control system. The Board is also responsible for ensuring that the Group has an effective risk management framework and for reviewing the effectiveness of the risk management system.

The Group Risk Committee (GRC)

The Group Risk Committee ("GRC") is responsible for reviewing and approving the Group's risk management framework, including the Group's risk appetite, risk tolerance and risk tolerance. The GRC is also responsible for reviewing the effectiveness of the Group's risk management framework and for ensuring that the Group has an effective risk management framework.

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