The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

Consolidated Statement of Comprehensive Income

Retail banking and wealth management

Commercial Banking

Other

Total

Global Banking and Markets

HSBC Holdings plc

For the year ended 31 December	2020	20
,	US\$ m	US\$
Net interest income	27,578	30,4
- interest income	41,756	54,6
- interest expense	(14,178)	(24,23
Net fee income	11,874	12,0
- fee income	15,051	15,4
- fee expense	(3,177)	(3,41
Net income from financial instruments held for trading or managed		
on a fair value basis	9,582	10,2
Net income/(expense) from assets and liabilities of insurance		
businesses, including related dervatives, measured at fair value		
through profit or loss	2,081	3,4
Changes in fair value of long-term debt and related derivatives	231	
Changes in fair value of other financial instruments mandatorily		
measured at fair value through profit or loss	455	8
Gains less losses from financial investments	653	3
Net insurance premium income	10,093	10,6
Other operating income/(expense)	527	2,9
Total operating income	63,074	71,0
Net insurance claims and benefits paid and movement in		
liabilities to policyholders	(12,645)	(14,92
Net operating income before change in expected credit losses and		
other credit impairment charges	50,429	56,0
Change in expected credit losses and other credit impairment charges	(8,817)	(2,75
Net operating income	41,612	53,3
Employee compensation and benefits	(18,076)	(18,00
General and administrative expenses	(11,115)	(13,82
Depreciation and impairment of property, plant and equipment and right-of-use assets	(2,681)	(2,10
Amortization and impairment of intangible assets	(2,519)	(1,07
Goodwill impairment	(41)	(7,34
Total operating expenses	(34,432)	(42,34
Operating profit	7,180	10,9
Share of profit in associates and joint ventures	1,597	2,3
Profit before tax	8,777	13,3
Tax expense	(2,678)	(4,63
Profit for the year	6,099	8,7
Attributable to:		
- ordinary shareholders of the parent company	3,898	5,9
- preference shareholders of the parent company	90	
- other equity holders	1,241	1,3
- non-controlling interest	870	1,3
Profit for the year	6,099 \$	8,7
Basic earnings per ordinary share	0.19	0.
Diluted earnings per ordinary share	0.19	0.

For the year ended 31 December	2020 US\$ m	2019 US\$ m
Profit for the year	6,099	8,708
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Debt instruments at fair value through other comprehensive income - fair value losses - fair value gain transferred to the income statement on disposal - expected credit losses recognised in the income statement - income taxes	1,750 2,947 (668) 48 (577)	1,152 1,793 (365) 109 (385)
Cash flow hedges - fair value losses - fair value losses reclassified to the income statement - income taxes and other movements	471 (157) 769 (141)	206 551 (286) (59)
Share of other comprehensive income/(expense) of associates and joint ventures – share for the year	(73) (73)	21 21
Exchange differences	4,855	1,044
Items that will not be reclassified subsequently to profit or loss: Remeasurement of defined benefit asset/liability - before income taxes - income taxes	834 1,223 (389)	13 (17) 30
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk – before income taxes – income taxes Equity instruments designated at fair value through other comprehensive income – fair value losses – income taxes	167 190 (23) 212 212	(2,002) (2,639) 637 366 364 2
Effects of hyperinflation	193	217
Other comprehensive income/(expense) for the year, net of tax Total comprehensive income/(expense) for the year Attributable to:	8,409 14,508	1,017 9,725
ordinary shareholders of the parent company preference shareholders of the parent company other equity holders non-controlling interests	12,146 90 1,241 1,031	6,838 90 1,324 1,473
Total comprehensive income/(expenses) for the year	14,508	9,725
Loans and advances to customers (net) - By business		
Loans and advances to customers (net) - by business		
For the year ended 31 December	2020	2019
	US\$ m	US\$ m

Consolidated Statement of Cash Flows							
For the year ended 31 December				2020 S\$ m	201 US\$ i	-	
Profit before tax			8	3,777	13,34	17	
Adjustments for non-cash items:							
Depreciation and amortisation			5	5,241	10,51	19	
Net (gain)/loss from investing activities				(541)	(39	9)	
Share of profits in associates and joint ventures	hare of profits in associates and joint ventures						
(Gain)/loss on disposal of subsidiaries, businesses, associates and join	nt ventures	3		-	(92	9)	
Change in expected credit losses gross of recoveries and other credit impair	ment charg	es	9	,096	3,01	12	
Provisions including pensions		1	,164	2,42	23		
Share-based payment expense			433	47	78		
Other non-cash items included in profit before tax				(906)	(2,29	7)	
Elimination of exchange differences			(25	,749)	(3,74	2)	
Changes in operating assets and liabilities							
Change in net trading securities and derivatives			13	3,150	(18,91	0)	
Change in loans and advances to banks and customers			(14	,131)	(53,76)	0)	
Change in reverse repurchase agreements - non-trading			9	9,950	(7,39	0)	
Change in financial assets designated and otherwise mandatorily measured	at fair value	е	(1,	,962)	(2,30	8)	
Change in other assets			(19	,610)	(21,86	3)	
Change in deposits by banks and customer accounts			226	5,723	79,16	3	
Change in repurchase agreements - non-trading			(28	,443)	(25,54)	0)	
Change in debt securities in issue			(9	,075)	19,26	88	
Change in financial liabilities designated at fair value			(6	,630)	20,06	88	
Change in other liabilities			20),323	23,12	24	
Dividends received from associates				761	63		
Contributions paid to defined benefit plans				(495)	(53:		
Tax paid			(4,	,259)	(2,26	7)	
Net cash from operating activities			182	2,220	29,74	13	
Purchase of financial investments			(496	,669)	(445,90	7)	
Proceeds from the sale and maturity of financial investments	S		476	6,990	413,18	36	
Net cash flows from the purchase and sale of property, plant and	equiptme	nt	(1,	,446)	(1,34	3)	
Net cash inflow from disposal of customer and loan portfolio	os		1	,362	1,11	18	
Net investment in intangible assets			(2,	,064)	(2,28	9)	
Net cash flow on disposal of subsidiaries, businesses, associates and jo	oint venture	es		(603)	(8:	3)	
Net cash from investing activities			(22	,430)	(35,31	8)	
Issue of ordinary share capital and other equity instruments			1	,497		-	
Cancellation of shares				-	(1,00	0)	
Net sales/(purchases) of own shares for market-making and investment	ent purpos	es		(181)	14	11	
Redemption of preference shares and other equity instrume	nts			(398)		-	
Subordinated Ioan capital repaid			(3	,538)	(4,21	0)	
Dividends paid to shareholders of the parent company and non-control	lling interes	sts	(2	,023)	(9,77	3)	
Net cash from financing activities			(4,	,643)	(14,84	2)	
Net increase/(decrease) in cash and cash equivalents			155	5,147	(20,41	7)	
Cash and cash equivalents at 1 Jan			293	3,742	312,91	11	
Exchange differences in respect of cash and cash equivalent	s		19	,434	1,24	18	
Cash and cash equivalents at 31 Dec			468	3,323	293,74	12	
Cash and cash equivalents comprise:							
– Cash and balances at central banks				,481	154,09		
– items in the course of collection from other banks			1,094	4,95			
– loans and advances to banks of one month or less				,788	41,62		
– reverse repurchase agreements with banks of one month o				5,086	65,37		
- treasury bills, other bills and certificates of deposit less than t	ths		,023	20,13			
- cash collateral and net settlement accounts			,194	12,37			
– less: items in the course of transmission to other banks	L		,343)	(4,81			
Cash and cash equivalents at 31 Dec			468	3,323	293,74	12	
Summary of financial instruments to which the impairme	ent requi	rmen	ts in II	FRS 9 ar	e applied		
-	31 Dec 2020 At 31 Dec 2019						
	iross carrying/ minal amount US\$ m	Allov	wance for ECL US\$ m	Gross carry nominal am	ount Allowance	for E0	

	31 Dec	2020	At 31 [Dec 2019
	Gross carrying/ nominal amount USS m	Allowance for ECL US\$ m	Gross carrying/ nominal amount US\$ m	Allowance for ECL US\$ m
Loans and advances to customers at amortised cost	1,052,477	(14,490)	1,045,475	(8,732)
– personal	460,809	(4,731)	434,271	(3,134)
- coporate and commercial	527,088	(9,494)	540,499	(5,438)
– non-bank financial institutions	64,580	(265)	70,705	(160)
Loans and advances to banks at amortised cost	81,658	(42)	69,219	(16)
Other financial assets measured at amortised cost	772,408	(175)	615,179	(118)
– cash and balances at central banks	304,486	(5)	154,101	(2)
items in the course of collection from other banks	4,094	_	4,956	_
- Hong Kong Government certificates of indebtedness	40,420	_	38,380	_
– reverse repurchase agreements – non-trading	230,628	_	240,862	_
– financial investments	88,719	(80)	85,788	(53)
– prepayments, accrued income and other assets	104,061	(90)	91,092	(63)
Total gross carrying amount on-balance sheet	1,906,543	(14,707)	1,729,873	(8,866)
Loans and other credit-related commitments	659,783	(734)	600,029	(329)
– personal	236,170	(40)	223,314	(15)
- corporate and commercial	299,802	(650)	278,524	(307)
– non-bank financial institutions	123,811	(44)	98,191	(7)
Financial guarantees	18,384	(125)	20,214	(48)
– personal	900	(1)	804	(1)
- corporate and commercial	12,946	(114)	14,804	(44)
– non-bank financial institutions	4,538	(10)	4,606	(3)
Total nominal amount off-balance sheet	678,167	(859)	620,243	(377)
	2,584,710	(15.566)	2.350.116	(9.243)

Assets Cash and balances at central banks 304,481 154,094 4,994 3,93,33,33,33,33,33,33,33,33,33,33,33,33	As at 31 December	2020	201
Cash and balances at central banks 304,481 154,094 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 4,994 33,33 33,33 33,33 33,33 33,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 35,33 37,265 24,29 25,24 24,29 25,24 24,29 25,24 24,29 25,24		US\$ m	US\$ i
Items in the course of collection from other banks 4,094 4,99 Hong Kong Government certificates of indebtedness 40,420 38,3 Trading assets 231,990 254,2 Financial assets designated and otherwise mandatorily measured at fair value through profit or loss 45,553 43,6 Derivatives 307,726 224,29 Loans and advances to banks 1,037,987 1,037,987 1,037,987 1,037,987 1,037,987 1,037,987 1,036,983 445,38 240,88 240,88 59,69 240,88 240,88 59,69 240,88 240,88 59,69 240,88 240,88 36,69 240,88 240,88 36,69 240,88 240,88 36,69 36,61 21,88,68 240,88 36,69 240,88 36,69 240,88 26,688 424,88 36,68 26,688 424,88 36,68 26,688 424,88 36,68 26,688 26,688 26,688 26,044 20,11 36,11 36,11 36,11 36,11 36,11 36,11 36,11 36,11 36,11	Assets		
Hong Kong Government certificates of indebtedness 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 254,257 231,990 231,990 230,623 242,980 230,623 242,980 230,623 240,980 240,980 24		304,481	154,09
Training assets 231,990 254,2 Financial assets designated and otherwise mandatorily measured at fair value through profit or loss 45,553 43,6 Derivatives 307,765 69,2 Loans and advances to banks 81,616 69,2 Loans and advances to customers 1,037,987 1,036,7 Reverse repurchase agreements - non-trading 230,628 240,8 Financial investments 490,693 443,3 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities 40,420 2,715,1 Liabilities and equity 40,420 40,420 Liabilities and equity 40,420 40,420 Liabilities and equity 11,642,780 1,439,1 Liabilities and equity 11,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3	Items in the course of collection from other banks	4,094	4,95
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss 45,553 43,6 Derivatives 307,726 242,9 Loans and advances to banks 1,037,987 1,036,78 Loans and advances to customers 1,037,987 1,036,78 Reverse repurchase agreements - non-trading 230,628 20,88 Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,83 4,6 Total assets 2,984,164 2,715,1 Liabilities 2,984,164 2,715,1 Liabilities and equity 40,420 38,3 Liabilities and equity 40,420 38,3 Liabilities 82,080 59,0 Customer accounts 4,424 4,34 4,8 Repurchase agreements - non-trading 111,901 140,3 1,8 1,8 1,8 1,8 1,8	Hong Kong Government certificates of indebtedness	40,420	38,38
value through profit or loss 45,553 43,6 Derivatives 307,726 242,9 Loans and advances to banks 81,616 69,2 Loans and advances to customers 1,037,987 1,036,28 Reverse repurchase agreements - non-trading 230,628 240,8 Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,11 Liabilities 2,984,164 2,715,11 Liabilities and equity 40,420 38,3 Liabilities and equity 40,420 38,3 Customer accounts 1,642,780 14,439,1 Repurchase agreements - non-trading 111,991 140,3 Items in the course of transmission to other banks 4,34 4,8 Trading liabilitie	Trading assets	231,990	254,27
Derivatives 307,726 242,9 Loans and advances to banks 81,616 69,2 Loans and advances to customers 1,037,987 1,036,628 Reverse repurchase agreements - non-trading 230,628 240,89 Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities 2,984,164 2,715,1 Hong Kong currency notes in circulation 40,420 38,3 Deposits by banks 82,080 1,432,9 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,991 140,3 Items in the course of transmission to other banks 4,343 4,8 Tradial liabilities 75,266 33,1 Financial li	Financial assets designated and otherwise mandatorily measured at fair		
Loans and advances to banks 81,616 69,2 Loans and advances to customers 1,037,987 1,036,78 Reverse repurchase agreements - non-trading 230,628 240,8 Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 156,412 136,6 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,883 4,6 Total assets 2,984,164 2,715,1 Liabilities 2,984,164 2,715,1 Liabilities and equity 40,420 38,3 Liabilities 32,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8	value through profit or loss	45,553	43,62
Loans and advances to customers 1,037,967 1,036,78	Derivatives	307,726	242,99
Reverse repurchase agreements - non-trading 230,628 240,88 Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 954 7 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,11 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,11 Liabilities and equity Liabilities and equity Liabilities Hong Kong currency notes in circulation 40,420 38,3 Deposits by banks 2,984,164 2,715,11 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4 Curren	Loans and advances to banks	81,616	69,20
Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities 2,984,164 2,715,1 Hong Kong currency notes in circulation 40,420 38,3 Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4 Debt securities in issue 95,492 104,5 Accruals, deferred income and other liabilities 128,624 118,1 Curre	Loans and advances to customers	1,037,987	1,036,74
Financial investments 490,693 443,3 Prepayments, accrued income and other assets 156,412 136,6 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities 2,984,164 2,715,1 Hong Kong currency notes in circulation 40,420 38,3 Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1* Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4* Debt securities in issue 95,492 104,5* Accruals, deferred income and other liabilities 128,624 118,1* C	Reverse repurchase agreements - non-trading	230,628	240,86
Prepayments, accrued income and other assets 156,412 136,66 Current tax assets 954 77 Interests in associates and joint ventures 26,684 24,4 Goodwill and intangible assets 20,443 20,11 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities 40,420 38,3 Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 75,266 83,1 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4 Debt securities in issue 95,492 104,5 Accruals, deferred income and other liabilities 128,624 118,1 Current tax liabilities 690 2,1 Liabilities under insurance contracts 107,191 97,4 Provisions </td <td></td> <td></td> <td></td>			
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Interests in associates and joint ventures 26,684 24,4 20,000 20,443 20,11			75
Goodwill and intangible assets 20,443 20,1 Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities and equity Liabilities Hong Kong currency notes in circulation 40,420 38,3 Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4 Debt securities in issue 95,492 104,5 Accruals, deferred income and other liabilities 128,624 118,1 Current tax liabilities 690 2,1 Liabilities under insurance contracts 107,191 97,4 Provisions 3,678 3,3 Deferred tax liabilities 21,951 24,6 Total liabilities 21,95		26,684	24,47
Deferred tax assets 4,483 4,6 Total assets 2,984,164 2,715,1 Liabilities Hong Kong currency notes in circulation Boposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1* Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4* Debt securities in issue 95,492 104,5* Accruals, deferred income and other liabilities 128,624 118,1* Current tax liabilities 690 2,1* Liabilities under insurance contracts 107,191 97,4* Provisions 3,678 3,3* Deferred tax liabilities 4,313 3,3* Subordinated liabilities 21,951 24,6* Total liabilities 2,779,169 2,522,4* Equity 2,729,169 <td></td> <td></td> <td>20,16</td>			20,16
Total assets 2,984,164 2,715,11 Liabilities and equity 2 2,884,164 2,715,11 Liabilities 40,420 38,31 Deposits by banks 82,080 59,00 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 33,1* Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4* Detrivatives in issue 95,492 104,5* Accruals, deferred income and other liabilities 128,624 118,1* Current tax liabilities 690 2,1* Liabilities under insurance contracts 107,191 97,4* Provisions 3,678 3,3* Deferred tax liabilities 21,951 24,6* Total liabilities 21,951 24,6* Total liabilities 2,779,169 2,522,4* Equity 2,241	-		
Liabilities Hong Kong currency notes in circulation 40,420 38,33 Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4 Debt securities in issue 95,492 104,5 Accruals, deferred income and other liabilities 128,624 118,11 Current tax liabilities 690 2,11 Liabilities under insurance contracts 107,191 97,44 Provisions 3,678 3,3 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,6 Total liabilities 2,779,169 2,522,4 Equity 10,347 10,3 Share premium account 11,277 13,9 Other reserves 8,833 2,1 <td< td=""><td></td><td>-</td><td></td></td<>		-	
Liabilities Hong Kong currency notes in circulation 40,420 38,33 Deposits by banks 82,080 59,00 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,33 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1 Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4* Debt securities in issue 95,492 104,5 Accruals, deferred income and other liabilities 128,624 118,1* Current tax liabilities 690 2,1* Liabilities under insurance contracts 107,191 97,4* Provisions 3,678 3,3* Deferred tax liabilities 21,951 24,6* Total liabilities 21,951 24,6* Total liabilities 2,779,169 2,522,4* Equity 10,347 10,3 Share premium account 11,277 13,9* Other reserves 8,833 2,1* Retained earnings		2,364,104	2,715,15
Hong Kong currency notes in circulation			
Deposits by banks 82,080 59,0 Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1° Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4° Debt securities in issue 95,492 104,5° Accruals, deferred income and other liabilities 128,624 118,1° Current tax liabilities 690 2,1° Liabilities under insurance contracts 107,191 97,4° Provisions 3,678 3,3° Deferred tax liabilities 4,313 3,3° Subordinated liabilities 21,951 24,6° Total liabilities 2,779,169 2,522,4° Equity 2,779,169 2,522,4° Equity 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 1			
Customer accounts 1,642,780 1,439,1 Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1' Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4' Debt securities in issue 95,492 104,5' Accruals, deferred income and other liabilities 128,624 118,1' Current tax liabilities 690 2,1' Liabilities under insurance contracts 107,191 97,4' Provisions 3,678 3,3' Deferred tax liabilities 4,313 3,3' Subordinated liabilities 21,951 24,6' Total liabilities 2,779,169 2,522,4' Equity 10,347 10,3 Cher requity instruments 22,414 20,8 Other reserves 8,833 2,1' Retained earnings 140,572 136,6' Total shareholders' equity 196,443 183,9' Non-controlling interests 8,552	Hong Kong currency notes in circulation	40,420	38,38
Repurchase agreements - non-trading 111,901 140,3 Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1' Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4' Debt securities in issue 95,492 104,5' Accruals, deferred income and other liabilities 128,624 118,1' Current tax liabilities 690 2,1' Liabilities under insurance contracts 107,191 97,4' Provisions 3,678 3,3' Deferred tax liabilities 4,313 3,3' Subordinated liabilities 21,951 24,6' Total liabilities 2,779,169 2,522,4' Equity 10,347 10,3 Cher reserves 8,833 2,1' Cher equity instruments 22,414 20,8 Other reserves 8,833 2,1' Retained earnings 140,572 136,6' Total shareholders' equity 196,443 183,9' Non-controlling interests 8,552 8,7<	Deposits by banks	82,080	59,02
Items in the course of transmission to other banks 4,343 4,8 Trading liabilities 75,266 83,1° Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4° Debt securities in issue 95,492 104,5° Accruals, deferred income and other liabilities 128,624 118,1° Current tax liabilities 690 2,1° Liabilities under insurance contracts 107,191 97,4° Provisions 3,678 3,3° Deferred tax liabilities 4,313 3,3° Subordinated liabilities 21,951 24,60° Total liabilities 2,779,169 2,522,4° Equity 2,779,169 2,522,4° Current equity instruments 22,414 20,8° Other equity instruments 22,414 20,8° Other reserves 8,833 2,1° Retained earnings 140,572 136,6° Total shareholders' equity 196,443 183,9° Non-controlling interests 8,552 8,7 Total equity 204,995 192,	Customer accounts	1,642,780	1,439,1
Trading liabilities 75,266 83,1° Financial liabilities designated at fair value 157,439 164,4 Derivatives 303,001 239,4° Debt securities in issue 95,492 104,5° Accruals, deferred income and other liabilities 128,624 118,1° Current tax liabilities 690 2,1° Liabilities under insurance contracts 107,191 97,4° Provisions 3,678 3,3° Deferred tax liabilities 4,313 3,3° Subordinated liabilities 21,951 24,60° Total liabilities 2,779,169 2,522,4° Equity 2 2,779,169 2,522,4° Equity 10,347 10,3 Share premium account 14,277 13,9° Other reserves 8,833 2,1° Retained earnings 140,572 136,6° Total shareholders' equity 196,443 183,9° Non-controlling interests 8,552 8,7 Total equity 204,995 192,6°	Repurchase agreements - non-trading	111,901	140,34
Financial liabilities designated at fair value 157,439 164,44 Derivatives 303,001 239,44 Debt securities in issue 95,492 104,51 Accruals, deferred income and other liabilities 128,624 118,19 Current tax liabilities 690 2,19 Liabilities under insurance contracts 107,191 97,44 Provisions 3,678 3,33 Deferred tax liabilities 4,313 3,33 Subordinated liabilities 21,951 24,60 Total liabilities 2,779,169 2,522,44 Equity 10,347 10,3 Share premium account 14,277 13,99 Other equity instruments 22,414 20,8 Other reserves 8,833 2,11 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,91 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Items in the course of transmission to other banks	4,343	4,81
Derivatives 303,001 239,41 Debt securities in issue 95,492 104,55 Accruals, deferred income and other liabilities 128,624 118,19 Current tax liabilities 690 2,19 Liabilities under insurance contracts 107,191 97,44 Provisions 3,678 3,33 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,60 Total liabilities 2,779,169 2,522,40 Equity 2,779,169 2,522,40 Called up share capital 10,347 10,3 Share premium account 14,277 13,90 Other equity instruments 22,414 20,8 Other reserves 8,833 2,11 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,90 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Trading liabilities	75,266	83,17
Debt securities in issue 95,492 104,55 Accruals, deferred income and other liabilities 128,624 118,19 Current tax liabilities 690 2,19 Liabilities under insurance contracts 107,191 97,44 Provisions 3,678 3,33 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,60 Total liabilities 2,779,169 2,522,40 Equity 10,347 10,3 Share premium account 14,277 13,90 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Financial liabilities designated at fair value	157,439	164,46
Accruals, deferred income and other liabilities 128,624 118,19 Current tax liabilities 690 2,19 Liabilities under insurance contracts 107,191 97,43 Provisions 3,678 3,33 Deferred tax liabilities 4,313 3,33 Subordinated liabilities 21,951 24,60 Total liabilities 2,779,169 2,522,40 Equity 2 10,347 10,3 Share premium account 14,277 13,90 Other equity instruments 22,414 20,8 Other reserves 8,833 2,11 Retained earnings 140,572 136,61 Total shareholders' equity 196,443 183,91 Non-controlling interests 8,552 8,7 Total equity 204,995 192,61	Derivatives	303,001	239,49
Current tax liabilities 690 2,1 Liabilities under insurance contracts 107,191 97,4 Provisions 3,678 3,3 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,6 Total liabilities 2,779,169 2,522,4 Equity 2 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Debt securities in issue	95,492	104,55
Liabilities under insurance contracts 107,191 97,43 Provisions 3,678 3,33 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,66 Total liabilities 2,779,169 2,522,44 Equity 2 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 13,99 Other equity instruments 22,414 20,8 Other reserves 8,833 2,11 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,99 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Accruals, deferred income and other liabilities	128,624	118,15
Provisions 3,678 3,3 Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,6 Total liabilities 2,779,169 2,522,4 Equity Equity 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Current tax liabilities	690	2,15
Deferred tax liabilities 4,313 3,3 Subordinated liabilities 21,951 24,6 Total liabilities 2,779,169 2,522,4 Equity Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Liabilities under insurance contracts	107,191	97,43
Subordinated liabilities 21,951 24,68 Total liabilities 2,779,169 2,522,44 Equity 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Provisions	3,678	3,39
Total liabilities 2,779,169 2,522,44 Equity 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Deferred tax liabilities	4,313	3,37
Equity 10,347 10,3 Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Subordinated liabilities	21,951	24,60
Called up share capital 10,347 10,3 Share premium account 14,277 13,9 Other equity instruments 22,414 20,8 Other reserves 8,833 2,1 Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Total liabilities	2,779,169	2,522,48
Share premium account 14,277 13,91 Other equity instruments 22,414 20,81 Other reserves 8,833 2,11 Retained earnings 140,572 136,61 Total shareholders' equity 196,443 183,91 Non-controlling interests 8,552 8,7 Total equity 204,995 192,61	Equity		
Other equity instruments 22,414 20,8 Other reserves 8,833 2,1: Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Called up share capital	10,347	10,31
Other reserves 8,833 2,1: Retained earnings 140,572 136,6* Total shareholders' equity 196,443 183,9* Non-controlling interests 8,552 8,7 Total equity 204,995 192,6*	Share premium account	14,277	13,95
Retained earnings 140,572 136,6 Total shareholders' equity 196,443 183,9 Non-controlling interests 8,552 8,7 Total equity 204,995 192,6	Other equity instruments	22,414	20,87
Total shareholders' equity 196,443 183,99 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Other reserves	8,833	2,12
Total shareholders' equity 196,443 183,99 Non-controlling interests 8,552 8,7 Total equity 204,995 192,60	Retained earnings	140,572	136,67
Total equity 204,995 192,60	-	-	183,95
	Non-controlling interests	8,552	8,71
Total liabilities and equity 2 004 164 2 745 1	Total equity	204,995	192,66
		2004 404	

Customers Accounts - by Business		
For the year ended 31 December	2020	2019
	US\$ m	US\$ n
Retail banking and wealth management	834,759	753,769
Commercial Banking	470,428	388,72
Global Banking and Markets	336,983	295,88
Other	610	74
Total	1,642,780	1,439,11

Group Performance Ratios (%)							
As at 31 December	2020	2019					
Common equity tier 1 ratio	15.9	14.7					
Tier 1 ratio	18.7	17.6					
Total capital ratio	21.5	20.4					
Leverage ratio	5.5	5.3					
Liquidity Coverage Ratio	139.1	150.2					
Return on average ordinary shareholder's equity	2.3	3.6					
Return on average tangible equity	3.1	8.4					

	Other Reserves									
	Called up share capital and share premium US\$ m	Other equity instruments US\$ m	Retained earnings US\$ m	Financial assets at FVOCI reserve US\$ m	Cash flow hedging reserve US\$ m	Foreign exchange reserve US\$ m	Merger and other reserve US\$ m	Total share- holders' equity US\$ m	Non- controlling interests US\$ m	Tota equit US\$ n
At 1 Jan 2020	24,278	20,871	136,679	(108)	(2)	(25,133)	27,370	183,955	8,713	192,66
Profit for the year	_	_	5,229	_	_	_	_	5,229	870	6,09
Other comprehensive income (net of tax)	_		1,118	1,913	459	4,758	_	8,248	161	8,40
- debt instruments at fair value through other comprehensive income - equity instruments designated at fair value through	_	_	_	1,746	_	_	_	1,746	4	1,75
other comprehensive income	_	_	_	167		_		167	45	2
- cash flow hedges	_	_	_	107	459	_		459	12	47
- changes in fair value of financial liabilities designated at fair value upon initial recognition arising from										
changes in own credit risk	_	_	167	_	-	_		167		10
 remeasurement of defined benefit asset/liability 	_	_	831	_	-	_		831	3	83
 share of other comprehensive income of associates and 										
joint ventures	_	_	(73)	_	-	_		(73)	-	(7
- effects of hyperinflation	_	_	193	_		_	_	193		1
– exchange differences	_	_		_		4,758		4,758	97	4,8
Total comprehensive income for the year	_	_	6,347	1,913	459	4,758	_	13,477	1,031	14,50
Shares issued under employee remuneration and share plans	346		(339)					7		
Capital securities issued	_	1,500	(3)	_			_	1,497		(1,49
Dividends to shareholders	_	_	(1,331)	_	_	_	_	(1,331)	(692)	(2,02
Redemption of securities	_	_	(1,450)	_	_	_	_	(1,450)	_	(1,45
Transfers	_	_	435	_	_	_	(435)	_	_	
Cost of share-based payment arrangements	_	_	434	_	_	_	_	434	_	4:
Other movements	_	43	(200)	11	_	_	_	(146)	(500)	(64
At 31 December 2020	24,624	22,414	140,572	1,816	457	(20,375)	26,935	196,443	8,552	204,9

469,186

343,182

224,364

1,037,987

1,255

443,025 346,105

246,492

1,036,743

1,121

	Analysis of Financial Assets and Liabilities by Measurement Basis As at 31 December 2020								
	Amortised cost US\$ m	Fair value through profit or loss US\$ m	Fair value through other comphrehensive income US\$ m	Total US\$ m					
Financial assets Cash and balances at central banks Items in the course of collection from other banks Hong Kong Government certificates of indebtedness Trading assets Financial assets designated and otherwise mandatorily measured at fair value through profit or loss Derivatives Loans and advances to banks	304,481 4,094 40,420 231,990 81,616	45,553 307,726		304,481 4,094 40,420 231,990 45,553 307,726 81,616					
Loans and advances to customers Reverse repurchase agreements - non-trading Financial investments Prepayments, accrued income and other assets Current tax assets Interests in associates and joint ventures Goodwill and intangible assets Deferred tax assets	1,037,987 230,628 88,639 156,412 954 26,684 20,443 4,483		402,054	1,037,987 230,628 490,693 156,412 954 26,684 20,443 4,483					
	2,228,831	353,279	402,054	2,984,164					
Financial liabilities Hong Kong currency notes in circulation Deposits by banks Customer accounts Repurchase agreements-non-trading Items in the course of transmission to other banks Trading liabilities Financial liabilities designated at fair value Derivatives Debt securities in issue Accruals, deferred income and other liabilities Current tax liabilities Liabilities under insurance contracts Provisions Deferred tax liabilities Subordinated liabilities	40,420 82,080 1,642,780 111,901 4,343 303,001 95,492 128,624 690 107,191 3,678 4,313 21,951	75,266 75,266	157,439 157,439	40,420 82,080 1,642,780 111,901 4,343 75,266 157,439 303,001 95,492 128,624 690 107,191 3,678 4,313 21,951					
	2,546,464	75,266	157,439	2,779,169					

At 31 December 2020 24,624 22,414 140,572 1,816 457 (20,375) effinancial information summarised above has been extracted from HSBC Holdings plc annual report for the year ended 31 December 2020.

SUMMARY OF HSBC HOLDINGS PLC CORPORATE GOVERNANCE REPORT 2020

The information set out below and information incorporated by reference is a summary of the Corporate Governance Report of HSBC Holdings plc ('HSBC') contained on pages 196 to 265 of the Annual Report and Accounts 2020 (the 'Annual Report').

The Board, its role, Director's responsibilities, attendance and power

The Board aims to promote the Group's long-term success and deliver sustainable value to shareholders and promote a culture of oneness and debate. The Board, led by the Group Chairman, is responsible among other matters for promoting the Group's long term success and delivering sustainable value to shareholders; establishing and approving the Group's strategy and objectives and monitoring the alignment of the Group's purpose, strategy and values with the desired culture; setting the Group's risk appetite and monitoring the Group's risk profile; approving and monitoring capital and operating plans for achieving strategic objectives; and approving material transactions. The Board's powers are subject to relevant laws, regulations and HSBC's articles of association.

Chairman's Committee

the Chairman's Committee is convened to provide flexibility for the Board to consider ad hoc Board and routine matters between scheduled Board meetings. It meets with attendees determined by the nature of the proposed business to be discussed.

Relationship between Board and senior management

The Board delegates day-to-day management of the business and implementation of strategy to the Group Chief Executive. The Group Chief Executive is supported in his day-to-day management of the Group by recommendations and advice from the Group Executive Committee ('GEC'), an executive forum that he chairs comprising members of senior management.

Nomination and Corporate Governance Committee

The composition of both the Board and its Committee continued to be a key focus during 2020, with progress made in ensuring that the Board possesses the necessary expertise to oversee, support and monitor management performance based on the longer-term strategy and developments in the external environment.

external environment.

The Committee's priorities in 2021 will continue to be composition, succession and development of

the Board, as well as efforts to enhance the Group's diversity, talent and bench strength for key executive positions. In developing our talent, the Committee will continue to focus on the promotion of diverse candidates to ensure that the Group Executive Committee and other senior management are representative of the customers, communities and markets in which we operate. As our strategy develops, we know that the skills and capabilities we require will evolve and the Committee has a key

Group Audit Committee (GAC)

The Committee's key responsibilities are to monitor and assesse the integrity of the financial statements, formal announcements and regulatory information in relation to the Group's financial performance as well as significant accounting judgements. Reviews the effectiveness of, and ensures that management has appropriate internal controls over, financial reporting. Reviews and monitor the relationship with the external auditor and oversees its appointment, tenure, rotation, remuneration, independence and engagement for Non-Audit services. Oversees the work of Global Internal Audit and monitors and assesses the effectiveness, performance, resourcing, independence and standing of the function.

Group Risk Committee (GRC)

The GRC has overall non-executive responsibility for oversight of risk-related matters and the risks impacting the Group. The GRC's key responsibilities includes: Advise the Board on risk appetite-related matters, including the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), as well as recovery and resolution planning. Oversee and advise the Board on all risk-related matters, including financial risks, non-financial risks and the effectiveness of the Group's conduct framework; undertaking a review and challenge of the Group's stress testing exercises; and review the effectiveness of the Group's enterprise risk management framework and internal controls systems (other than internal financial controls overseen by the GAC). Undertake review and challenge of the Group's stress testing exercises.

Group Remuneration Committee

The Committee is responsible for setting the over-arching principles, parameters and governance framework of the Group's remuneration policy, and the remuneration of executive Directors and other senior Group employees. The Committee regularly reviews the Group's remuneration policy in the

context of consistent and effective risk management and the regulatory requirements of multiple jurisdictions. No Directors are involved in deciding their own remuneration. All members of the Committee are independent non-executive Directors of HSBC Holdings.

nternal Control

The Board is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks the Group is willing to take in achieving its strategic objectives. To meet this requirement and to discharge its obligations under the FCA Handbook and the PRA Handbook, procedures have been designed for safeguarding assets against unauthorized use or disposal; for maintaining proper accounting records; and for ensuring the reliability and usefulness of financial information used within the business or for publication. These procedures can only provide reasonable assurance against material mis-statement, errors, losses or fraud.

Financial Reporting

The Group's financial reporting process is controlled using documented accounting policies and reporting formats, supported by detailed instructions and guidance on reporting requirements, issued to all reporting entities within HSBC in advance of each reporting period end. The submission of financial information from each reporting entity is subject to certification by the responsible financial officer, and analytical review procedures at reporting entity and Group levels.

Disclosure Committee

Chaired by the Group Chief Financial Officer, the Disclosure Committee supports the discharge of the Group's obligations under relevant legislation and regulation including the UK and Hong Kong listing rules, the Market Abuse Regulation and US Securities and Exchange Commission rules. In so doing, the Disclosure Committee is empowered to determine whether a new event or circumstance should be disclosed, including the form and timing of such disclosure, and review all material disclosures made or to be made by the Group.



		FITCH		MOOD	/'S		D & POOR'S
		RATING	OUTLOOK	RATING	OUTLOOK	RATING	OUTLOOK
The Hongkong and Shanghai Banking	Long Term/Senior	AA-	Negative	Aa3	Negative	AA-	Stable
Corporation Ltd							