The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

HSBC Holdings plc

For the year ended 31 December	2021	2020
	US\$ m	US\$ m
Net interest income	26,489	27,578
- interest income	36,188	41,756
- interest expense	(9,699)	(14,178
Net fee income	13,097	11,874
- fee income	16,788	15,051
- fee expense	(3,691)	(3,177
Net income from financial instruments held for trading or managed		
on a fair value basis	7,744	9,582
Net income/(expense) from assets and liabilities of insurance		
businesses, including related dervatives, measured at fair value		
through profit or loss	4,053	2,081
Changes in fair value of long-term debt and related derivatives	(182)	231
Changes in fair value of other financial instruments mandatorily		
measured at fair value through profit or loss	798	455
Gains less losses from financial investments	569	653
Net insurance premium income	10,870	10,093
Other operating income/(expense)	502	527
Total operating income	63,940	63,074
Net insurance claims and benefits paid and movement in		
liabilities to policyholders	(14,388)	(12,645
Net operating income before change in expected credit losses and	, , ,	, ,
other credit impairment charges	49,552	50,429
Change in expected credit losses and other credit impairment charges	928	(8,817
Net operating income	50,480	41,612
Employee compensation and benefits	(18,742)	(18,076
General and administrative expenses	(11,592)	(11,115
Depreciation and impairment of property, plant and equipment and right-of-use assets	(2,261)	(2,681
Amortization and impairment of intangible assets	(1,438)	(2,519
Goodwill impairment	(587)	(41
Total operating expenses	(34,620)	(34,432
Operating profit	15,860	7,180
Share of profit in associates and joint ventures	3,046	1,597
Profit before tax	18,906	8,777
Tax expense	(4,213)	(2,678
Profit for the year	14,693	6,099
Attributable to:	,	-,
- ordinary shareholders of the parent company	12,607	3,898
- preference shareholders of the parent company	7	90
- other equity holders	1,303	1,24
- non-controlling interest	776	870
Profit for the year	14,693	6,099
	s	9,000
Basic earnings per ordinary share	0.62	0.19

Consolidated Statement of Comprehensive Income		
For the year ended 31 December	2021 US\$ m	2020
		US\$ m
Profit for the year	14,693	6,099
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	(2,139)	1,750
- fair value losses	(2,270)	2,947
- fair value gain transferred to the income statement on disposal	(464)	(668)
expected credit losses recognised in the income statement	(49)	48
- income taxes	644	(577)
Cash flow hedges	664)	471
- fair value losses - fair value losses reclassified to the income statement	595 (1,514)	(157) 769
- fair value losses reclassified to the income statement - income taxes and other movements	255	(141)
Share of other comprehensive income/(expense) of associates and joint ventures	103	(73)
- share for the year		
Exchange differences	(2,393)	4,855
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit asset/liability	(274)	834
– before income taxes – income taxes	(107) (167)	1,223 (389)
	(107)	(303)
Changes in fair value of financial liabilities designated at fair value upon		
initial recognition arising from changes in own credit risk	531	167
- before income taxes	512	190
- income taxes	19	(23)
Equity instruments designated at fair value through other comprehensive income	(446)	212
- fair value losses	(443)	212
- income taxes	(3)	
Effects of hyperinflation	315	193
Other comprehensive income/(expense) for the year, net of tax	(4,967)	8,409
Total comprehensive income/(expense) for the year	9,726	14,508
Attributable to:		
- ordinary shareholders of the parent company	7,765	12,146
- preference shareholders of the parent company	7	90
- other equity holders	1,303	1,241
- non-controlling interests	651	1,031
Total comprehensive income/(expenses) for the year	9.726	14,508

Consolidated Statement of Cash Flows							1	Consolidated Balance SI	neet
For the year ended 31 December				2021 S\$ m		2020 US\$ m		As at 31 December	
Profit before tax			18	3,906		8,777	1		
Adjustments for non-cash items:								Assets	
Depreciation and amortisation			4	,286		5,241		Cash and balances at centr	al bar
Net (gain)/loss from investing activities				(647)		(541)		Items in the course of colle	ction
Share of profits in associates and joint ventures			(3)	,046)		(1,597)		Hong Kong Government ce	ertifica
(Gain)/loss on disposal of subsidiaries, businesses, associates and				-		- 000		Trading assets	
Change in expected credit losses gross of recoveries and other credit imp Provisions including pensions	pairment charg	es		(519) 1,063		9,096			and c
Share-based payment expense			'	467		1,164 433		Financial assets designated	
Other non-cash items included in profit before tax				510		(906)		value through profit or loss	S
Elimination of exchange differences			18	3,937		(25,749)		Derivatives	
Changes in operating assets and liabilities				,,00,		(20), 10)		Loans and advances to bar	nks
Change in net trading securities and derivatives			(9	,226)		13,150		Loans and advances to cus	tome
Change in loans and advances to banks and customers				,014)		(14,131)		Reverse repurchase agreer	ments
Change in reverse repurchase agreements - non-trading				552		9,950			1101110
Change in financial assets designated and otherwise mandatorily measure	red at fair value	9	(4	,254)		(1,962)		Financial investments	
Change in other assets			19	,899		(19,610)		Prepayments, accrued inco	me a
Change in deposits by banks and customer accounts			95	,703		226,723		Current tax assets	
Change in repurchase agreements - non-trading			14	,769		(28,443)		Interests in associates and	joint
Change in debt securities in issue			(16	,936)		(9,075)		Goodwill and intangible as	sets
Change in financial liabilities designated at fair value			(11,	,425)		(6,630)		Deferred tax assets	
Change in other liabilities			(10	,935)		20,323		Deletted tax assets	
Dividends received from associates				808		761		Total assets	
Contributions paid to defined benefit plans				(509)		(495)		Liabilities and equity	
Tax paid				,077)		(4,259)			
Net cash from operating activities			104	l,312		182,220		Liabilities	
Purchase of financial investments				,042)	(496,669)		Hong Kong currency notes	in cir
Proceeds from the sale and maturity of financial investme				,190		476,990		Deposits by banks	
Net cash flows from the purchase and sale of property, plant at		nt		,086)		(1,446)		Customer accounts	
Net cash inflow from disposal of customer and loan portfo	olios			3,059		1,362		Repurchase agreements - r	non-tr
Net investment in intangible assets	4 ! - ! - 4 4			,479)		(2,064)		Items in the course of trans	smissi
Net cash flow on disposal of subsidiaries, businesses, associates and	d joint venture	s		(106) 7,536		(603) (22,430)		Trading liabilities	
Net cash from investing activities Issue of ordinary share capital and other equity instrumen	ite			,996		1,497			
Cancellation of shares	113			(707)		1,437		Financial liabilities designa	ited at
Net sales/(purchases) of own shares for market-making and invest	tment purpos	es		,386)		(181)		Derivatives	
Redemption of preference shares and other equity instrum		00		,450)		(398)		Debt securities in issue	
Subordinated loan capital repaid				(864)		(3,538)		Accruals, deferred income	and o
Dividends paid to shareholders of the parent company and non-conf	trolling interes	ts		,383)		(2,023)		Current tax liabilities	
Net cash from financing activities	-		(10	,794)		(4,643)		Liabilities under insurance	contr
Net increase/(decrease) in cash and cash equivalents			121	,054		155,147			COIICI
Cash and cash equivalents at 1 Jan			468	3,323		293,742		Provisions	
Exchange differences in respect of cash and cash equivale	ents		(15	,345)		19,434		Deferred tax liabilities	
Cash and cash equivalents at 31 Dec			574	,032		468,323		Subordinated liabilities	
Cash and cash equivalents comprise:								W-4-1 P-1-1994	
 Cash and balances at central banks 			403	3,018		304,481		Total liabilities	
– items in the course of collection from other banks				1,136		4,094		Equity	
 loans and advances to banks of one month or less 				,705		51,788		Called up share capital	
- reverse repurchase agreements with banks of one mont				6,658		65,086			
- treasury bills, other bills and certificates of deposit less tha	n three mon	ths		3,488		30,023		Share premium account	
- cash collateral and net settlement accounts				1,241		17,194		Other equity instruments	
- less: items in the course of transmission to other banks				,214)		(4,343)	+	Other reserves	
Cash and cash equivalents at 31 Dec			5/4	1,032		468,323	-	Retained earnings	
Summary of financial instruments to which the impair	ment requi	rme	nts in II	FRS 9	are ap	plied		Total shareholders' equity	
	31 Dec	2021			At 31 E	Dec 2020		Non-controlling interests	
	Gross carrying/	А	llowance for		carrying/	Alleman 1 EC		Total equity	
	nominal amount US\$ m		ECL US\$ m	nominal	l amount US\$ m	Allowance for ECL US\$ m		Total liabilities and equity	
Loans and advances to customers at amortised cost	1,057,231	- 1	11,417)	1,052	2.477	(14,490)	1 -	,	
and advanced to education at amortised cost	.,007,201	- 1	, ,	.,002	-,-,,	(1-7,400)	1 -		

	31 Dec	2021	At 31 [Dec 2020
	Gross carrying/ nominal amount US\$ 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	1,057,231	(11,417)	1,052,477	(14,490)
– personal	478,337	(3,103)	460,809	(4,731)
– coporate and commercial	513,539	(8,204)	527,088	(9,494)
 non-bank financial institutions 	65,355	(110)	64,580	(265)
Loans and advances to banks at amortised cost	83,153	(17)	81,658	(42)
Other financial assets measured at amortised cost	880,351	(193)	772,408	(175)
– cash and balances at central banks	403,022	(4)	304,486	(5)
– items in the course of collection from other banks	4,136	_	4,094	_
 Hong Kong Government certificates of indebtedness 	42,578	_	40,420	_
 reverse repurchase agreements – non-trading 	241,648	_	230,628	_
– financial investments	97,364	(62)	88,719	(80)
– prepayments, accrued income and other assets	91,603	(127)	104,061	(90)
Total gross carrying amount on-balance sheet	2,020,735	(11,627)	1,906,543	(14,707)
Loans and other credit-related commitments	627,637	(379)	659,783	(734)
– personal	239,685	(39)	236,170	(40)
– corporate and commercial	283,625	(325)	299,802	(650)
 non-bank financial institutions 	104,327	(15)	123,811	(44)
Financial guarantees	27,795	(62)	18,384	(125)
– personal	1,130	_	900	(1)
– corporate and commercial	22,355	(58)	12,946	(114)
 non-bank financial institutions 	4,310	(4)	4,538	(10)
Total nominal amount off-balance sheet	655,432	(441)	678,167	(859)
	2,676,167	(12,068)	2,584,710	(15,566)

As at 31 December	2021	20:
	US\$ m	US\$
Assets		
Cash and balances at central banks	403,018	304,4
Items in the course of collection from other banks	4,136	4,0
Hong Kong Government certificates of indebtedness	42,578	40,4
Trading assets	248,842	231,9
Financial assets designated and otherwise mandatorily measured at fair		
value through profit or loss	49,804	45,5
Derivatives	196,882	307,7
Loans and advances to banks	83,136	81,6
Loans and advances to customers	1,045,814	1,037,9
Reverse repurchase agreements - non-trading	241,648	230,6
Financial investments	446,274	490,6
Prepayments, accrued income and other assets	139,982	156,4
Current tax assets	970	9
Interests in associates and joint ventures	29,609	26,6
Goodwill and intangible assets	20,622	20,4
Deferred tax assets	4,624	4,4
Total assets	2.957.939	2,984,1
	2,007,000	2,304,1
Liabilities and equity		
Liabilities		
Hong Kong currency notes in circulation	42,578	40,4
Deposits by banks	101,152	82,0
Customer accounts	1,710,574	1,642,7
Repurchase agreements - non-trading	126,670	111,9
Items in the course of transmission to other banks	5,214	4,3
Trading liabilities	84,904	75,2
Financial liabilities designated at fair value	145,502	157,4
Derivatives	191,064	303,0
Debt securities in issue	78,557	95,4
Accruals, deferred income and other liabilities	123,778	128,6
Current tax liabilities	698	6
Liabilities under insurance contracts	112,745	107,1
Provisions	2,566	3,6
Deferred tax liabilities	4,673	4,3
Subordinated liabilities	20,487	21,9
Total liabilities	2,751,162	2,779,1
Equity		
Called up share capital	10,316	10,3
Share premium account	14,602	14,2
Other equity instruments	22,414	22,4
Other reserves	6,460	8,8
Retained earnings	144,458	140,5
Total shareholders' equity	198,250	196,4
Non-controlling interests	8,527	8,5
Total equity	206,777	204,9

Customers Accounts - by Business		
For the year ended 31 December	2021	2020
	US\$ m	US\$ n
Retail banking and wealth management	859,029	834,75
Commercial Banking	506,688	470,42
Global Banking and Markets	344,205	336,98
Other	652	61
Total	1,710,574	1,642,78

Group Performance Ratios (%)							
	2022 As at 30 June	2021 As at 31 December	2020 As at 31 December				
Common equity tier 1 ratio	13.6	15.8	15.9				
Tier 1 ratio	16.1	18.6	18.7				
Total capital ratio	18.6	21.2	21.5				
Leverage ratio	5.5	5.2	5.5				
Liquidity Coverage Ratio	134	138	139				
Return on average ordinary shareholder's equity*	9.7	7.1	2.3				
Return on average tangible equity*	9.9	8.3	3.1				
The 2022 return on average ordinary shareholder's equity and return on average tangible equity are calculated							

				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	Total equity US\$ m
At 1 Jan 2021	24,624	22,414	140,572	1,816	457	(20,375)	26,935	196,443	8,552	204,99
Profit for the year			13,917					13,917	776	14,69
Other comprehensive income (net of tax)	_	_	661	(2,455)	(654)	(2,394)	_	(4,842)	(125)	(4,967
– debt instruments at fair value through other comprehensive income – equity instruments designated at fair value through	-	-	-	(2,105)	_	_	-	(2,105)	(34)	(2,139
other comprehensive income	_	_	_	(350)		_	_	(350)	(96)	(446
- cash flow hedges - changes in fair value of financial liabilities designated at fair value upon initial recognition arising from	_	-	_	_	(654)	_	-	(654)	(10)	(664
changes in own credit risk	_	_	531	_	_	_	_	531	_	53
remeasurement of defined benefit asset/liability	_	_	(288)	_	_	_	_	(288)	14	(274
– share of other comprehensive income of associates and joint ventures	_	_	103	_	_	_	_	103	_	10
- effects of hyperinflation	_	_	315	_		_	_	315	_	31
exchange differences	_	_	_	_	_	(2,394)	_	(2,394)	1	(2,393
Total comprehensive income for the year	_	_	14,578	(2,455)	(654)	(2,394)	_	9,075	651	9,72
Shares issued under employee remuneration and share plans	354	_	(336)					18		1
Capital securities issued	_	2,000	(4)	_	_	_	_	1,996	_	1,99
Dividends to shareholders	_	_	(5,790)	_	_	_	_	(5,790)	(593)	(6,383
Redemption of securities	_	(2,000)	_	_	_	_	_	(2,000)	_	(2,000
Transfers			(3,065)				3,065			
Cost of share-based payment arrangements	_	_	467	_	_	_	_	467	_	46
Cancellation of shares	(60)	_	(2,004)	_			60	(2,004)		(2,00
Other movements		_	40	5				45	(83)	(38
At 31 December 2021	24,918	22,414	144,458	(634)	(197)	(22,769)	30,060	198,250	8,527	206,7

2020

US\$ m

469,186

343,182

224,364

1,037,987

1,255

2021

US\$ m

488,786

349,126

207,162

1,045,814

740

Analysis of Financial	Assets and Liabilities As at 31 December 2		t Basis	
	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	403,018			403,018
Items in the course of collection from other banks	4,136			4,136
Hong Kong Government certificates of indebtedness	42,578			42,578
Trading assets		248,842		248,842
Financial assets designated and otherwise				
mandatorily measured at fair value through profit or loss		49,804		49,804
Derivatives		196,882		196,882
Loans and advances to banks	83,136			83,136
Loans and advances to customers	1,045,814			1,045,814
Reverse repurchase agreements - non-trading	241,648			241,648
Financial investments	97,302		348,972	446,274
	1,917,632	495,528	348,972	2,762,132
Financial liabilities				
Hong Kong currency notes in circulation	42,578			42,578
Deposits by banks	101,152			101,152
Customer accounts	1,710,574			1,710,574
Repurchase agreements-non-trading	126,670			126,670
Items in the course of transmission to other banks	5,214			5,214
Trading liabilities		84,904		84,904
Financial liabilities designated at fair value		145,502		145,502
Derivatives		191,064		191,064
Debt securities in issue	78,557			78,557
Liabilities under insurance contract	112,745			112,745
Subordinated liabilities	20,487			20,487
	2,197,977	421,470		2,619,447

The financial information summarised above has been extracted from HSBC Holdings plc annual report for the year ended 31 December 2021. SUMMARY OF HSBC HOLDINGS PLC CORPORATE GOVERNANCE REPORT 2021

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 218 to 296 of the Annual Report and Accounts 2021 (the 'Annual Report').

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. Further, approving the appointment of Directors, including Board roles; and reviewing the Group's overall corporate governance arrangements. The Board's powers are subject to relevant laws, regulations and HSBC's articles of association.

Chairman's Committee

For the year ended 31 December

Commercial Banking

Other

Total

Global Banking and Markets

Retail banking and wealth management

The Chairman's Committee is convened to provide flexibility for the Board to consider ad hoc Board and routine matters between scheduled Board meetings. All Board members are invited to attend all

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 management of the Group by recommendations and advice from the Group Executive Committee ('GEC'), an executive forum comprising members of senior management that include chief executive officers of the global businesses, regional chief executive officers and functional heads.

The Committee's key responsibilities include; leading the process for identifying and nominating candidates for appointment to the Board and its committees, overseeing succession planning and

development for the Group Executive Committee and other senior executives and overseeing and monitoring the corporate governance framework of the Group and ensuring that this is consistent with best practice.

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 Group's policies, procedures and arrangements for capturing and responding to whistleblower concerns and ensuring they are operating effectively and 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 and key regulatory submissions, 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, review the effectiveness of the Group's enterprise risk management framework and internal controls systems (other than internal financial controls overseen by the GAC) and 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 of the Group's remuneration framework for our colleagues, and the remuneration of executive Directors, the Group Chairman and other senior Group colleagues. The Committee regularly reviews the framework to ensure it supports the Group's purpose, values, culture and strategy, as well as promoting sound risk management. The Committee also reviews the framework to satisfy itself that it complies with the regulatory requirements of multiple jurisdictions.

Internal Control

The Board is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the 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 provide reasonable assurance against material mis-statement, errors, losses or fraud.

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 the Group in advance of each reporting period end. The submission of financial information from each reporting entity is supported by a certification by the responsible financial officer, and analytical review procedures at reporting entity and Group levels.

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 UK 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 certain material disclosures made or to be made by the Group.



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