

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hong Kong SAR with limited liability

HSBC Holdings plc

Consolidated Income Statement		
For the year ended 31 December		
	2022 US\$ m	2021 US\$ m
Net interest income	32,610	26,489
- interest income	55,059	36,188
- interest expense	(22,449)	(9,699)
Net fee income	11,451	13,097
- fee income	15,213	16,788
- fee expense	(3,762)	(3,691)
Net income from financial instruments held for trading or managed on a fair value basis	10,469	7,744
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	(3,394)	4,053
Changes in fair value of designated debt and related derivatives	(77)	(182)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	226	798
Gains less losses from financial investments	(3)	569
Net insurance premium income	12,825	10,870
Impairment loss relating to the planned sale of our retail banking operations in France	(2,378)	-
Other operating income/(loss)	(133)	502
Total operating income	61,596	63,940
Net insurance claims and benefits paid and movement in liabilities to policyholders	(9,869)	(14,388)
Net operating income before change in expected credit losses and other credit impairment charges	51,727	49,552
Change in expected credit losses and other credit impairment charges	(3,592)	928
Net operating income	48,135	50,480
Employee compensation and benefits	(18,366)	(18,742)
General and administrative expenses	(11,091)	(11,592)
Depreciation and impairment of property, plant and equipment and right-of-use assets	(2,157)	(2,261)
Amortization and impairment of intangible assets	(1,716)	(1,438)
Goodwill impairment	-	(587)
Total operating expenses	(33,330)	(34,620)
Operating profit	14,805	15,860
Share of profit in associates and joint ventures	2,723	3,046
Profit before tax	17,528	18,906
Tax expense	(858)	(4,213)
Profit for the year	16,670	14,693
Attributable to:		
- ordinary shareholders of the parent company	14,822	12,607
- preference shareholders of the parent company	-	7
- other equity holders	1,213	1,303
- non-controlling interests	635	776
Profit for the year	16,670	14,693
Basic earnings per ordinary share	0.75	0.62
Diluted earnings per ordinary share	0.74	0.62

Consolidated Statement of Cash Flows		
For the year ended 31 December		
	2022 US\$ m	2021 US\$ m
Profit before tax	17,528	18,906
Adjustments for non-cash items:		
Depreciation and amortisation and impairment	3,873	4,286
Net loss/(gain) from investing activities	11	(647)
Share of profits in associates and joint ventures	(2,723)	(3,046)
Loss on disposal of subsidiaries, businesses, associates and joint ventures	2,639	-
Change in expected credit losses gross of recoveries and other credit impairment charges	3,907	(519)
Provisions including pensions	635	1,063
Share-based payment expense	400	467
Other non-cash items included in profit before tax	(1,084)	510
Elimination of exchange differences	49,127	18,937
Changes in operating assets and liabilities		
Change in net trading securities and derivatives	20,181	(9,226)
Change in loans and advances to banks and customers	31,799	(11,014)
Change in reverse repurchase agreements - non-trading	(23,405)	552
Change in financial assets designated and otherwise mandatorily measured at fair value	8,344	(4,254)
Change in other assets	(10,771)	19,899
Change in deposits by banks and customer accounts	(91,194)	95,703
Change in repurchase agreements - non-trading	4,344	14,769
Change in debt securities in issue	12,518	(16,936)
Change in financial liabilities designated at fair value	(13,647)	(11,425)
Change in other liabilities	15,978	(10,935)
Dividends received from associates	944	808
Contributions paid to defined benefit plans	(194)	(509)
Tax paid	(2,776)	(3,077)
Net cash from operating activities	26,434	104,312
Purchase of financial investments	(520,600)	(493,042)
Proceeds from the sale and maturity of financial investments	495,049	521,190
Net cash flows from the purchase and sale of property, plant and equipment	(1,285)	(1,086)
Net cash flows from purchase/(disposal) of customer and loan portfolios	(3,530)	3,059
Net investment in intangible assets	(3,125)	(2,479)
Net cash flow on disposal of subsidiaries, businesses, associates and joint ventures	(989)	(106)
Net cash from investing activities	(34,480)	27,536
Issue of ordinary share capital and other equity instruments	-	1,996
Cancellation of shares	(2,285)	(707)
Net purchases of own shares for market-making and investment purposes	(91)	(1,386)
Net cash flow from change in stake of subsidiaries	(197)	-
Redemption of preference shares and other equity instruments	(2,266)	(3,450)
Subordinated loan capital issues	7,300	-
Subordinated loan capital repaid	(1,777)	(864)
Dividends paid to shareholders of the parent company and non-controlling interests	(6,970)	(6,383)
Net cash from financing activities	(6,286)	(10,794)
Net increase/(decrease) in cash and cash equivalents	(14,332)	121,054
Cash and cash equivalents at 1 Jan	574,032	468,323
Exchange differences in respect of cash and cash equivalents	(38,029)	(15,345)
Cash and cash equivalents at 31st Dec	521,671	574,032
Cash and cash equivalents comprise:		
- Cash and balances at central banks	327,002	403,018
- items in the course of collection from other banks	7,297	4,136
- loans and advances to banks of one month or less	72,295	55,705
- reverse repurchase agreements with banks of one month or less	68,682	76,658
- treasury bills, other bills and certificates of deposit less than three months	26,727	28,488
- cash collateral and net settlement accounts	19,445	11,241
- Cash and cash equivalents held for sale	8,087	-
- less: items in the course of transmission to other banks	(7,864)	(5,214)
Cash and cash equivalents at 31 Dec	521,671	574,032

Consolidated Balance Sheet		
As at 31 December		
	31 Dec 2022 US\$ m	31 Dec 2021 US\$ m
Assets		
Cash and balances at central banks	327,002	403,018
Items in the course of collection from other banks	7,297	4,136
Hong Kong Government certificates of indebtedness	43,787	42,578
Trading assets	218,093	248,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	45,063	49,804
Derivatives	284,146	196,882
Loans and advances to banks	104,882	83,136
Loans and advances to customers	924,854	1,045,814
Reverse repurchase agreements - non-trading	253,754	241,648
Financial investments	425,564	446,274
Assets held for sale	115,919	3,411
Prepayments, accrued income and other assets	156,866	136,571
Current tax assets	1,230	970
Interests in associates and joint ventures	29,254	29,609
Goodwill and intangible assets	21,321	20,622
Deferred tax assets	7,498	4,624
Total assets	2,966,530	2,957,939
Liabilities and equity		
Liabilities		
Hong Kong currency notes in circulation	43,787	42,578
Deposits by banks	66,722	101,152
Customer accounts	1,570,303	1,710,574
Repurchase agreements - non-trading	127,747	126,670
Items in the course of transmission to other banks	7,864	5,214
Trading liabilities	72,353	84,904
Financial liabilities designated at fair value	127,327	145,502
Derivatives	285,764	191,064
Debt securities in issue	78,149	78,557
Liabilities of disposal groups held for sale	114,597	9,005
Accruals, deferred income and other liabilities	133,240	114,773
Current tax liabilities	1,135	698
Liabilities under insurance contracts	114,844	112,745
Provisions	1,958	2,566
Deferred tax liabilities	2,422	4,673
Subordinated liabilities	22,290	20,487
Total liabilities	2,770,502	2,751,162
Equity		
Called up share capital	10,147	10,316
Share premium account	14,664	14,602
Other equity instruments	19,746	22,414
Other reserves	(9,141)	6,460
Retained earnings	152,068	144,458
Total shareholders' equity	187,484	198,250
Non-controlling interests	8,544	8,527
Total equity	196,028	206,777
Total liabilities and equity	2,966,530	2,957,939

Customers Accounts - by Business		
For the year ended 31 December		
	2022 US\$ m	2021 US\$ m
Wealth and personal banking	779,310	859,029
Commercial Banking	458,714	506,688
Global Banking and Markets	331,844	344,205
Other	435	652
Total	1,570,303	1,710,574

Group Performance Ratios (%)		
As at 31 December		
	2022	2021
Common equity tier 1 ratio	14.2	15.8
Tier 1 ratio	16.6	18.6
Total capital ratio	19.3	21.2
Leverage ratio	5.8	5.2
Liquidity Coverage Ratio	132	139
Return on average ordinary shareholder's equity	8.7	7.1
Return on average tangible equity	9.9	8.3

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied				
	31 Dec 2022		At 31 Dec 2021	
	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	936,307	(11,453)	1,057,231	(11,417)
- personal	415,012	(2,872)	478,337	(3,103)
- corporate and commercial	454,356	(8,324)	513,539	(8,204)
- non-bank financial institutions	66,939	(257)	65,355	(110)
Loans and advances to banks at amortised cost	104,951	(69)	83,153	(17)
Other financial assets measured at amortised cost	1,014,498	(553)	880,351	(193)
- cash and balances at central banks	327,005	(3)	403,022	(4)
- items in the course of collection from other banks	7,297	-	4,136	-
- Hong Kong Government certificates of indebtedness	43,787	-	42,578	-
- reverse repurchase agreements - non-trading	253,754	-	241,648	-
- financial investments	168,827	(80)	97,364	(62)
- assets held for sale	102,556	(415)	2,859	(43)
- prepayments, accrued income and other assets	111,272	(55)	88,744	(84)
Total gross carrying amount on-balance sheet	2,055,756	(12,075)	2,020,735	(11,627)
Loans and other credit-related commitments	618,788	(386)	627,637	(379)
- personal	244,006	(27)	239,685	(39)
- corporate and commercial	269,187	(340)	283,625	(325)
- financial	105,595	(19)	104,327	(15)
Financial guarantees	18,783	(52)	27,795	(62)
- personal	1,135	-	1,130	-
- corporate and commercial	13,587	(50)	22,355	(58)
- financial	4,061	(2)	4,310	(4)
Total nominal amount off-balance sheet	637,571	(438)	655,432	(441)
Total gross carrying amount off-balance sheet	2,693,327	(12,513)	2,676,167	(12,068)

Consolidated Statement of Comprehensive Income		
For the year ended 31 December		
	2022 US\$ m	2021 US\$ m
Profit for the year	16,670	14,693
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	(5,468)	(2,139)
- fair value losses	(7,261)	(2,270)
- fair value gain transferred to the income statement on disposal	(20)	(464)
- expected credit losses recognised in the income statement	67	(49)
- income taxes	1,746	644
Cash flow hedges	(3,655)	(664)
- fair value losses	(4,207)	595
- fair value losses reclassified to the income statement	(758)	(1,514)
- income taxes	1,310	255
Share of other comprehensive income/(expense) of associates and joint ventures	(367)	103
- share for the year	(367)	103
Exchange differences	(9,931)	(2,393)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gains on property revaluation	280	-
Remeasurement of defined benefit asset/liability	(1,031)	(274)
- before income taxes	(1,723)	(107)
- income taxes	692	(167)
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	1,922	531
- before income taxes	2,573	512
- income taxes	(651)	19
Equity instruments designated at fair value through other comprehensive income	107	(446)
- fair value (gains/losses)	107	(443)
- income taxes	-	(3)
Effects of hyperinflation	842	315
Other comprehensive income/(expense) for the year, net of tax	(17,301)	(4,967)
Total comprehensive income/(expense) for the year	(631)	9,726
Attributable to:		
- ordinary shareholders of the parent company	(2,393)	7,765
- preference shareholders of the parent company	-	7
- other equity holders	1,213	1,303
- non-controlling interests	549	851
Total comprehensive income/(expenses) for the year	(631)	9,726

Loans and advances to customers (net) - By business		
For the year ended 31 December		
	2022 US\$ m	2021 US\$ m
Wealth and Personal banking	423,553	488,786
Commercial Banking	308,094	349,126
Global Banking and Markets	192,852	207,162
Other	355	740
Total	924,854	1,045,814

Consolidated Statement of Changes in Equity										
	Called up share capital and 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
				Financial assets at FVOCI reserve US\$ m	Cash flow hedging reserve US\$ m	Foreign exchange reserve US\$ m	Merger and other reserve US\$ m			
At 1 Jan 2022	24,918	22,414	144,458	(634)	(197)	(22,769)	30,060	198,250	8,527	206,777
Profit for the year	-	-	16,035	-	-	-	-	16,035	635	16,670
Other comprehensive income (net of tax)	-	-	1,368	(5,325)	(3,613)	(9,819)	174	(17,215)	(86)	(17,301)
- debt instruments at fair value through other comprehensive income	-	-	-	(5,417)	-	-	-	(5,417)	(51)	(5,468)
- equity instruments designated at fair value through other comprehensive income	-	-	-	92	-	-	-	92	15	107
- cash flow hedges	-	-	-	-	(3,613)	-	-	(3,613)	(42)	(3,655)
- changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	-	-	1,922	-	-	-	-	1,922	-	1,922
- Property revaluation	-	-	-	-	-	-	174	174	106	280
- Remeasurement of defined benefit asset/Liability	-	-	(1,029)	-	-	-	-	(1,029)	(2)	(1,031)
- Share of other comprehensive income of associates and joint ventures	-	-	(367)	-	-	-	-	(367)	-	(367)
- effects of hyperinflation	-	-	842	-	-	(9,819)	-	842	-	842