Incorporated in the Hong Kong SAR with limited liability

HSBC Holdings plc

Consolidated Income Statement		
For the year ended 31 December	2022	2021
	US\$ m	US\$ m
Vet interest income	32,610	26,489
- interest income	55,059	36,188
- interest expense	(22,449)	(9,699
let fee income	11,451	13,097
– fee income	15,213	16,788
- fee expense	(3,762)	(3,691
let income from financial instruments held for trading or managed		
n a fair value basis	10,469	7,744
let income/(expense) from assets and liabilities of insurance		
usinesses, including related dervatives, measured at fair value		
hrough profit or loss	(3,394)	4,053
hanges 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
let insurance premium income	12,825	10,870
nparement loss relating to the planned sale of our retail banking operations in France	(2,378)	
Other operating income/(loss)	(133)	502
otal operating income	61,596	63,940
Net insurance claims and benefits paid and movement in		
iabilities to policyholders	(9,869)	(14,388
let 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
otal operating expenses	(33,330)	(34,620
Operating profit	14,805	15,860
hare of profit in associates and joint ventures	2,723	3,046
rofit before tax	17,528	18,906
ax expense	(858)	(4,213
rofit 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 interest	635	776
Profit for the year	16,670	14,693
	\$	14,000
Basic earnings per ordinary share	0.75	0.62
Diluted earnings per ordinary share	0.74	0.62

Consolidated Statement of Comprehensive Income

For the year ended 31 December

Consolidated Statement of Cash Flows		
For the year ended 31 December	2022	2021
	US\$ m	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	(54,400)	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)	, 55557
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 at 51 Bec	52.767.	J. 4/00E
- 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	. 1/2-71
Leave to the contract of the c	(7,004)	(5.04.4)

etained earnings Interest state shareholders' equity Interest state equity Interest stat		
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	202
	US\$ m	US\$ n
Wealth and personal banking	779,310	859,02
Commercial Banking	458,714	506,68
Global Banking and Markets	331,844	344,20
Other	435	65
Total	1,570,303	1,710,57
Group Performance Ratios (%)		
As at 31 December	2022	2021

Consolidated Balance Sheet

Cash and balances at central banks

fair value through profit or loss

Loans and advances to banks

Financial investments Assests held for sale

Current tax assets

Deferred tax assets

Liabilities and equity

Deposits by banks

Customer accounts

Trading liabilities

Debt securities in issue

Deferred tax liabilities

Subordinated liabilities

Called up share capital

Share premium account

Other equity instruments

Common equity tier 1 ratio

Return on average ordinary shareholder's equity

Tier 1 ratio

Total capital ratio

Leverage ratio Liquidity Coverage Ratio

Derivatives

Provisions

Total liabilities

Equity

(7,864)

521,671

(5,214)

574,032

Total assets

Liabilities

Items in the course of collection from other banks

Reverse repurchase agreements - non-trading

Prepayments, accrued income and other assets

Interests in associates and joint ventures

Hong Kong currency notes in circulation

Repurchase agreements - non-trading

Financial liabilities designated at fair value

Liabilities of disposal groups held for sale

Liabilities under insurance contracts

Accruals, deferred income and other liabilities

Items in the course of transmission to other banks

Goodwill and intangible assets

Hong Kong Government certificates of indebtedness

Financial assets designated and otherwise mandatorily measured at

As at 31 December

Trading assets

Derivatives

31 Dec 2022

US\$ m

327,002

7,297

43,787

218.093

45,063

284,146

104,882

924,854

253,754

425,564

115,919

156,866

1,230

29,254

21,321

2,966,530

7,498

43.787 66,722

1,570,303

127,747

7,864

72,353

127,327

285,764

78,149

114,597

133,240

1,135

1,958

2,422

22,290

10,147

14.664

19,746

14.2

16.6

19.3

132

8.7

15.8

18.6

21.2

139

2,770,502

114,844

31 Dec 2021

US\$ n

403,018

4,136

42,578 248.842

49,804

196,882

83,136

1,045,814

241,648

446,274

3,411

136,571

29,609

20,622

4,624

42.578

101,152

1,710,574

126,670

5,214

84,904

145,502

191,064

78,557

9,005

114,773

112,745

2,566

4,673

20,487

10,316

14.602

22,414

2,751,162

2,957,939

970

	033 111	039 111
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 fair value gain transferred to the income statement on disposal 	(7,261) (20)	(2,270) (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 – fair value losses reclassified to the income statement	(4,207) (758)	595 (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 – before income taxes	(1,031)	(274) (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) - income taxes	107	(443)
Effects of hyperinflation	842	315
Other comprehensive income/(expense) for the year, net of tax	(17,301)	(4,967)
Ottel comprehensive income/(expense) for the year Attributable to:	(631)	9,726
– ordinary shareholders of the parent company	(2,393)	7,765
- preference shareholders of the parent company	-	1 202
- other equity holders - non-controlling interests	1,213 549	1,303 651
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	2021
	US\$ m	US\$ m
	400 550	488,786
Wealth and Personal banking	423,553	
Wealth and Personal banking Commercial Banking	308,094	349,126
Commercial Banking	308,094	349,126

	31 Dec	2022	At 31 [31 Dec 2021		
	Gross carrying/ nominal amount US\$ m	nominal amount ECL		Allowance for ECL US\$ n		
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)		
- coporate 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)		
	2,693,327	(12,513)	2,676,167	(12,068)		

less: items in the course of transmission to other banks

Cash and cash equivalents at 31 Dec

27	(12,513)	2,676,167	(12,068)	Det	to a sible coult			0.0	
	1.2,5.07	_,0.0,.0,	, , , , , , , , , , , , , , , , , , , ,	Return on average	tangible equity			9.9	8.3
_									
			Ana	llysis of Financial As As	sets and Liabilities at 31 December 2		t Basis		
					Amortised cost US\$ m	Fair value through profit or loss US\$ m	other com	alue through phrehensive come US\$ m	Total US\$ m
	Financial as	sets							
	Cash and ba	alances at ce	entral banks		327,002				327,002
	Items in the	course of c	ollection from	other banks	7,297				7,297
	Hong Kong	Governmen	nt certificates	of indebtedness	43,787				43,787
	Trading ass					218,093			218,093
			ated and othe						
			at fair value t	rough profit or loss		45,063			45,063
	Derivatives					284,146			284,146
		advances to			104,882				104,882
		advances to			924,854				924,854
			reements - no	n-trading	253,754				253,754
	Financial investments			168,746			256,817	425,563	
					1,830,322	547,302		256,817	2,634,441
	Financial lia	bilities							
			otes in circulat	ion	43,787				43,787
	Deposits by				66,722				66,722
	Customer a				1,570,303				1,570,303
	Repurchase	agreement	s-non-trading		127,747				127,747
	Items in the	course of tr	ransmission t	o other banks	7,864				7,864
	Trading liab	oilities				72,353			72,353
	Financial lia	abilities desi	gnated at fair	value		127,327			127,327
	Derivatives					285,764			285,764
	Debt securi	ties in issue			78,149				78,149
		nder insurar			114,844				114,844
	Subordinate	ed liabilities			22,290				22,290
L					2,031,706	485,444		0	2,517,150

					C	ther Reserve				
	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 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	16,67
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 - equity instruments designated at fair value through	-	-	_	(5,417)	_	_	_	(5,417)	(51)	(5,46
other comprehensive income	_	_	_	92	_	_		92	15	10
- cash flow hedges	_	_	_	_	(3,613)	_		(3,613)	(42)	(3,65
– 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		1,92
- Property revaluation	-	_		_	_	_	174	174	106	28
Remeasurement of defined benefit asset/Liability Share of other comprehensive income of associates and	_	_	(1,029)	_	_	_	_	(1,029)	(2)	(1,03
joint ventures	-	_	(367)	_	_	_	-	(367)		(36
- effects of hyperinflation	_	_	842	_	_	_	-	842	_	84
– exchange differences	-	_	_	_	_	(9,819)	-	(9,819)	(112)	(9,93
Total comprehensive income for the year		_	17,403	(5,325)	(3,613)	(9,819)	174	(1,180)	549	(63
Shares issued under employee remuneration and share plans	67		(67)							-
Dividends to shareholders			(6,544)	_				(6,544)	(426)	(6,97
Redemption of securities		(2,668)	402					(2,266)		(2,26
Transfers			(2,499)	_			2,499			
Cost of share-based payment arrangements		_	400	_	_			400		40
Cancellation of shares	(174)	_	(1,000)	_	_		174	(1,000)	_	(1,00
Other movements	_	_	(485)	3	2	_	304	(176)	(106)	(28
At 31 December 2022	24,811	19,746	152,068	(5,956)	(3,808)	(32,588)	33,211	187,484	8,544	196,02

US\$ m

US\$ m

SUMMARY OF HSBC HOLDINGS PLC CORPORATE GOVERNANCE REPORT 2022

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 240 to 311 of the Annual Report and Accounts 2022 (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; including material transactions & considering and approving the Group's technology and environmental, social and governance strategies 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.

Operation of the Board

Consolidated Statement of Changes in Equity

The Board is ordinarily scheduled to meet at least seven times a year. In 2022, the Board held 15 meetings. For further details, on attendance at those meetings, see page 250 of the Annual Report. In addition to formal Board meetings, the Board Oversight Sub-Group met in advance of each Board meeting during 2022. Such meetings were established following the appointment of Noel Quinn as Group Chief Executive and changes to the senior management team as an informal mechanism for a smaller group of Board members and management to discuss emerging issues and upcoming Board

Board committees and working groups

The Board delegates oversight of certain audit, risk, remuneration, nomination and governance matters to its committees. 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 Chairman's Committees. In addition to the Board committees, working groups are established to enhance Board governance

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 that include chief executive officers of the global businesses, regional chief executive officers and functional heads

Nomination and Corporate Governance Committee

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 consistence

Group Audit Committee (GAC)

The Committee's key responsibilities include: monitoring and assessing 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; reviewing the effectiveness of, and ensuring that management has appropriate internal controls over, financial reporting; reviewing management's arrangements for compliance with prudential regulatory financial reporting; reviewing and monitoring the relationship with the external auditor and overseeing its appointment, tenure, rotation, remuneration, independence and engagement for non-audit services; overseeing the Group's policies, procedures and arrangements for capturing and responding to whistleblower concerns and ensuring they are operating effectively; and overseeing the work of Global Internal Audit and monitoring and assessing the effectiveness, performance, resourcing, independence and standing of the function.

Group Risk Committee (GRC)

The Committee's key responsibilities include: overseeing and advising the Board on all risk-related matters, including financial and non-financial risks; advising the Board on risk appetite-related matters, and key regulatory submissions; reviewing the effectiveness of the Group's risk management framework and internal controls systems (other than internal financial controls overseen by the GAC): reviewing and challenging the Group's stress testing exercises; and overseeing the Group's approach to conduct, fairness and preventing financial crime

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.

Internal 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.

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			RD & POOR'S
			OUTLOOK		OUTLOOK		OUTLOOK
Hongkong and Shanghai Banking	Long Term/Senior	AA-	Stable	Aa3	Stable	AA-	Stable
orporation Ltd	Short Term	F1+	-	P-1	-	A-1+	-

