

# 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	2023 US\$ m	2022 US\$ m Restated
Net interest income	35,796	30,377
- interest expense	(100,868)	(52,826)
- interest expense	(65,072)	(22,449)
Net fee income	11,845	11,770
- fee income	15,616	15,124
- fee expense	(3,771)	(3,354)
Net income from financial instruments held for trading or managed on a fair value basis	16,661	10,278
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	7,887	(13,831)
Net insurance premium income	-	-
insurance finance (expense) / income	(7,809)	13,799
Insurance service result	1,078	809
Insurance revenue	2,259	1,377
Insurance service expense	(1,181)	(1,168)
Gain on acquisition	1,591	-
(Impairment)/reversal of impairment relating sale of over retail banking operation in France	150	(2,316)
Other operating (expense)/income	(1,141)	(266)
<b>Total operating income</b>	<b>66,058</b>	<b>50,620</b>
Net insurance claims and benefits paid and movement in liabilities to policyholders	-	-
<b>Net operating income before change in expected credit losses and other credit impairment charges</b>	<b>66,058</b>	<b>50,620</b>
Change in expected credit losses and other credit impairment charges	(3,447)	(3,584)
<b>Net operating income</b>	<b>62,611</b>	<b>47,036</b>
Employee compensation and benefits	(18,220)	(18,003)
General and administrative expenses	(10,383)	(10,848)
Depreciation and impairment of property, plant and equipment and right-of-use assets	(1,640)	(2,149)
Amortization and impairment of intangible assets	(1,827)	(1,701)
Goodwill impairment	-	-
<b>Total operating expenses</b>	<b>(32,070)</b>	<b>(32,701)</b>
<b>Operating profit</b>	<b>30,541</b>	<b>14,335</b>
Share of profit in associates and joint ventures	2,807	2,723
Impairment of interest in associate	(3,000)	-
<b>Profit before tax</b>	<b>30,348</b>	<b>17,058</b>
Tax expense	(5,789)	(809)
<b>Profit for the year</b>	<b>24,559</b>	<b>16,249</b>
Attributable to:		
- ordinary shareholders of the parent company	22,432	14,346
- preference shareholders of the parent company	-	-
- other equity holders	1,101	1,213
- non-controlling interest	1,026	690
<b>Profit for the year</b>	<b>24,559</b>	<b>16,249</b>
\$	\$	\$
Basic earnings per ordinary share	1.15	0.72
Diluted earnings per ordinary share	1.14	0.72

Consolidated Statement of Comprehensive Income		
For the year ended 31 December	2023 US\$ m	2022 US\$ m
Profit for the year	24,559	16,249
<b>Other comprehensive income/(expense)</b>		
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>		
Debt instruments at fair value through other comprehensive income	2,599	(7,232)
- fair value gains/(losses)	2,381	(9,618)
- fair value losses/(gains) transferred to the income statement on disposal	905	(18)
- expected credit recoveries / losses recognised in the income statement	59	56
- income taxes	(746)	2,348
Cash flow hedges	2,953	(3,655)
- fair value gains/(losses)	2,534	(4,207)
- fair value (gain)/losses reclassified to the income statement	1,463	(758)
- income taxes	(1,044)	1,310
Share of other comprehensive income/(expense) of associates and joint ventures - share for the year	(47)	(367)
Net finance income/(expense) from insurance contracts	(364)	1,775
- before income taxes	(491)	2,393
- income taxes	127	(618)
Exchange differences	(204)	(9,918)
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Fair value gains on property revaluation	1	280
Remeasurement of defined benefit asset/liability	(314)	(1,031)
- before income taxes	(413)	(1,723)
- income taxes	99	692
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	(1,219)	1,922
- before income taxes	(1,617)	2,573
- income taxes	398	(651)
Equity instruments designated at fair value through other comprehensive income	(120)	107
- fair value (gains)/losses	(120)	107
- income taxes	-	-
Effects of hyperinflation	1,604	877
<b>Other comprehensive income/(expense) for the year, net of tax</b>	<b>4,983</b>	<b>(17,242)</b>
<b>Total comprehensive income/(expense) for the year</b>	<b>29,542</b>	<b>(993)</b>
Attributable to:		
- ordinary shareholders of the parent company	27,397	(2,810)
- preference shareholders of the parent company	-	-
- other equity holders	1,101	1,213
- non-controlling interests	1,044	604
<b>Total comprehensive income/(expenses) for the year</b>	<b>29,542</b>	<b>(993)</b>

Loans and advances to customers (net) - By business		
For the year ended 31 December	2023 US\$ m	2022 US\$ m
Health and Personal Banking	454,878	423,553
Commercial Banking	309,422	308,094
Global Banking and Markets	173,966	192,855
Other	269	352
<b>Total</b>	<b>938,535</b>	<b>924,854</b>

Consolidated Statement of Cash Flows		
For the year ended 31 December	2023 US\$ m	2022 US\$ m Restated
<b>Profit before tax</b>	<b>30,348</b>	<b>17,058</b>
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation and impairment	3,466	3,850
Net loss/(gain) from investing activities	1,213	11
Share of profits in associates and joint ventures	(2,807)	(2,723)
Impairment of interest in associate	3,000	-
(Gain) - loss on acquisition/disposal of subsidiaries, businesses, associates and joint ventures	(1,775)	2,554
Change in expected credit losses gross of recoveries and other credit impairment charges	3,717	3,898
Provisions including pensions	266	638
Share-based payment expense	482	400
Other non-cash items included in profit before tax	(4,299)	(774)
Elimination of exchange differences	(10,678)	48,718
<b>Changes in operating assets and liabilities</b>		
Change in net trading securities and derivatives	(63,247)	20,166
Change in loans and advances to banks and customers	(14,145)	31,649
Change in reverse repurchase agreements - non-trading	(2,095)	(23,405)
Change in financial assets designated and otherwise mandatorily measured at fair value	(9,994)	14,164
Change in other assets	(10,254)	(12,158)
Change in deposits by banks and customer accounts	45,021	(91,194)
Change in repurchase agreements - non-trading	43,366	4,344
Change in debt securities in issue	11,945	12,518
Change in financial liabilities designated at fair value	10,097	(13,654)
Change in other liabilities	8,742	6,021
Dividends received from associates	1,067	944
Contributions paid to defined benefit plans	(208)	(194)
Tax paid	(4,117)	(2,776)
<b>Net cash from operating activities</b>	<b>39,111</b>	<b>19,355</b>
Purchase of financial investments	(563,561)	(511,097)
Proceeds from the sale and maturity of financial investments	504,174	492,624
Net cash flows from the purchase and sale of property, plant and equipment	(1,145)	(1,284)
Net cash flows from disposal of loan portfolios and customer accounts	623	(3,530)
Net investment in intangible assets	(2,550)	(3,125)
Net cash flow from (acquisition)/disposal of subsidiaries, businesses, associates and joint ventures	(453)	(989)
<b>Net cash from investing activities</b>	<b>(62,912)</b>	<b>(27,401)</b>
Issue of ordinary share capital and other equity instruments	1,996	-
Cancellation of shares	(5,812)	(2,285)
Net sales (purchases) of own shares for market-making and investment purposes	(614)	(91)
Net cash flow from change in stake of subsidiaries	(19)	(197)
Redemption of preference shares and other equity instruments	(4,003)	(2,266)
Subordinated loan capital issues	5,237	7,300
Subordinated loan capital repaid	(2,147)	(1,777)
Dividends paid to shareholders of the parent company and non-controlling interests	(12,196)	(6,970)
<b>Net cash from financing activities</b>	<b>(17,558)</b>	<b>(6,286)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(41,359)</b>	<b>(14,332)</b>
Cash and cash equivalents at 1 Jan	521,671	574,032
Exchange differences in respect of cash and cash equivalents	10,621	(38,029)
<b>Cash and cash equivalents at 31 Dec</b>	<b>490,933</b>	<b>521,671</b>

Customers Accounts - by Business		
For the year ended 31 December	2023 US\$ m	2022 US\$ m
Wealth and personal banking	779,310	779,310
Commercial Banking	458,714	458,714
Global Banking and Markets	331,844	331,844
Other	435	435
<b>Total</b>	<b>1,570,303</b>	<b>1,570,303</b>

Group Performance Ratios (%)			
	2023 As at 31st December	2022 As at 31st December	2021 As at 31st December
Common equity tier 1 ratio	14.8	14.2	15.8
Tier 1 ratio	16.9	16.6	18.6
Total capital ratio	20	19.3	21.2
Leverage ratio	5.6	5.8	5.2
Liquidity coverage ratio	136	132	139
Return on average ordinary shareholder's equity	13.6	8.7	7.1
Return on average tangible equity	14.6	9.9	8.3

Consolidated Balance Sheet		
As at 31 December	31 Dec 2023 US\$ m	31 Dec 2022 US\$ m Restated
<b>Assets</b>		
Cash and balances at central banks	285,868	327,002
Items in the course of collection from other banks	6,342	7,297
Hong Kong Government certificates of indebtedness	42,024	43,787
Trading assets	289,159	218,093
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	110,643	100,101
Derivatives	229,714	284,159
Loans and advances to banks	112,902	104,475
Loans and advances to customers	938,535	923,561
Reverse repurchase agreements - non-trading	252,217	253,754
Financial investments	442,763	364,726
Assets held for sale	114,134	115,919
Prepayments, accrued income and other assets	165,255	156,149
Current tax assets	1,536	1,230
Interests in associates and joint ventures	27,344	29,254
Goodwill and intangible assets	12,487	11,411
Deferred tax assets	7,754	8,360
<b>Total assets</b>	<b>3,038,677</b>	<b>2,949,286</b>
<b>Liabilities</b>		
Hong Kong currency notes in circulation	42,024	43,787
Deposits by banks	73,163	66,722
Customer accounts	1,611,647	1,570,303
Repurchase agreements - non-trading	172,100	127,747
Items in the course of transmission to other banks	7,295	7,864
Trading liabilities	73,150	72,353
Financial liabilities designated at fair value	141,426	127,321
Derivatives	234,772	285,762
Debt securities in issue	93,917	78,149
Liabilities of disposal groups held for sale	108,406	114,597
Accruals, deferred income and other liabilities	136,606	134,313
Current tax liabilities	2,777	1,135
Insurance contracts liabilities	120,851	108,816
Provisions	1,741	1,958
Deferred tax liabilities	1,238	972
Subordinated liabilities	24,954	22,290
<b>Total liabilities</b>	<b>2,846,067</b>	<b>2,764,089</b>
<b>Equity</b>		
Called up share capital	9,631	10,147
Share premium account	14,738	14,664
Other equity instruments	17,719	19,746
Other reserves	(8,907)	(9,133)
Retained earnings	152,148	142,409
<b>Total shareholders' equity</b>	<b>185,329</b>	<b>177,833</b>
Non-controlling interests	7,281	7,364
<b>Total equity</b>	<b>192,610</b>	<b>185,197</b>
<b>Total liabilities and equity</b>	<b>3,038,677</b>	<b>2,949,286</b>

Summary of financial instruments to which the impairment requirements in IFRS 9 are applied	31 Dec 2023		At 31 Dec 2022	
	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	949,609	(11,074)	935,008
- personal	447,522	(2,867)	414,882	(2,870)
- corporate and commercial	427,655	(7,803)	453,202	(8,320)
- non-bank financial institutions	74,432	(404)	66,924	(257)
Loans and advances to banks at amortised cost	112,917	(15)	104,544	(69)
Other financial assets measured at amortised cost	960,271	(422)	954,934	(493)
Loans and other credit-related commitments	661,015	(367)	618,788	(386)
- personal	256,997	(25)	244,006	(27)
- corporate and commercial	267,878	(322)	269,187	(340)
- financial guarantees	136,140	(20)	105,595	(19)
- personal	1,119	-	1,135	-
- corporate and commercial	11,777	(36)	13,587	(50)
- financial	4,113	(3)	4,061	(2)
<b>At 31 December 2023</b>	<b>2,700,821</b>	<b>(11,917)</b>	<b>2,632,057</b>	<b>(12,447)</b>

Consolidated Statement of Changes in Equity											
	Called up share capital and share premium US\$ m	Other equity instruments 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	Insurance finance reserve US\$ m	Retained earnings US\$ m	Total shareholders' equity US\$ m	Non-controlling interests US\$ m	Total equity US\$ m
At 1 Jan 2023	24,811	19,746	(7,038)	(3,808)	(32,575)	33,209	1,079	142,409	177,833	7,364	185,197
Profit for the year	-	-	-	-	-	-	-	23,533	23,533	1,026	24,559
Other comprehensive income (net of tax)	-	-	2,402	3,030	(211)	1	(371)	114	4,965	18	4,983
- debt instruments at fair value through other comprehensive income	-	-	2,574	-	-	-	-	2,574	25	2,599	
- equity instruments designated at fair value through other comprehensive income	-	-	(93)	-	-	-	-	(93)	(27)	(120)	
- cash flow hedges	-	-	-	2,919	-	-	-	2,919	34	2,953	
- changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	-	-	-	-	-	-	(1,220)	(1,220)	1	(1,219)	
- Property revaluation	-	-	-	-	-	1	-	(317)	(317)	3	(314)
- Remeasurement of defined benefit asset/liability	-	-	-	-	-	-	-	47	47	-	47
- Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	1,604	1,604	-	1,604
- effects of hyperinflation	-	-	-	-	-	-	-	-	-	-	-
- insurance finance income/(expense) recognised in other comprehensive income	-	-	-	-	-	-	(364)	(364)	-	(364)	
- exchange differences	-	-	(79)	111	(211)	-	(7)	(196)	(18)	(204)	
<b>Total comprehensive income for the year</b>	-	-	2,402	3,030	(211)	1	(371)	23,647	28,498	1,044	29,542
Shares issued under employee remuneration and share plans	79	-	-	-	-	-	-	(79)	-	-	-
Capital securities issued	-	1,996	-	-	-	-	-	1,996	-	-	1,996
Dividends to shareholders	-	-	-	-	-	-	(11,593)	(11,593)	(603)	(12,196)	
Redemption of securities	-	(4,023)	-	-	-	-	20	(4,003)	-	(4,003)	
Transfers	-	-	-	-	-	(5,130)</					