#### 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	2022
,	US\$ m	<b>US</b> \$ m
		Restated
Net interest income	35,796	30,377
- interest income	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	10 270
Net income/(expense) from assets and liabilities of insurance	10,001	10,278
ousinesses, including related dervatives, measured at fair value		
through profit or loss	7.887	(13,831)
amough profit of 1033	7,007	(10,001)
Net insurance premium income	-	-
insurance finance (expense) / income	(7,809)	13,799
Insurance service result	1,078	809
Insurance revenue	2,259	1,977
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)
Total operating income	66,058	50,620
Net insurance claims and benefits paid and movement in		
liabilities to policyholders	-	-
Net operating income before change in expected credit losses and		
other credit impairment charges	66,058	50,620
Change in expected credit losses and other credit impairment charges	(3,447)	(3,584)
Net operating income	62,611	47,036
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 Total operating expenses	(22.070)	(22.701)
Total operating expenses Operating profit	(32,070) 30,541	(32,701) 14,335
Share of profit in associates and joint ventures	2,807	2,723
Impairment of interest in associate	(3,000)	2,720
Profit before tax	30,348	17,058
Tax expense	(5,789)	(809)
Profit for the year	24,559	16,249
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
Profit for the year	24,559	16,249
Nanta a sunta sa sunta s	\$	\$
Basic earnings per ordinary share	1.15 1.14	0.72
Diluted earnings per ordinary share	1.14	0.72

Consolidated Statement of Comprehensive Income

For the year ended 31 Decembe

	Consolidated Statement of Cash Flows
022 \$\$ m ated ,377 ,826	For the year ended 31 December
,449)	Profit before tax
,770 ,124	Adjustments for non-cash items:
,354)	Depreciation and amortisation and impairment
,278	Net loss/(gain) from investing activities
	Share of profits in associates and joint ventures
,831)	Impairment of interest in associate
	(Gain) - loss on acquisition/disposal of subsidiaries, businesses, associates and
3,799 809	joint ventures
,977	Change in expected credit losses gross of recoveries and other credit impairment charges
,168)	Provisions including pensions
,316)	Share-based payment expense
(266)	Other non-cash items included in profit before tax
,620	Elimination of exchange differences
-	Changes in operating assets and liabilities
,620	Change in net trading securities and derivatives
,584)	Change in loans and advances to banks and customers
,036 .003)	Change in reverse repurchase agreements - non-trading
848)	Change in financial assets designated and otherwise mandatorily measured at fair value
149) 701)	Change in other assets
.701)	Change in deposits by banks and customer accounts
,335	Change in repurchase agreements - non-trading
723	Change in debt securities in issue
058	Change in financial liabilities designated at fair value
809) 249	Change in other liabilities
346	Dividends received from associates
-	Contributions paid to defined benefit plans
,213 690	Tax paid
249	Net cash from operating activities
).72 ).72	Purchase of financial investments
	Proceeds from the sale and maturity of financial investments
	Net cash flows from the purchase and sale of property, plant and equipment
2022	Net cash flows from disposal of loan portfolios and customer accounts
\$ m	Net investment in intangible assets
249	Net cash flow from (acquisition)/disposal of subsidiaries,

businesses, associates and joint ventures Net cash from investing activities

Cancellation of shares

Subordinated loan capital repaid

924,854

Cash and cash equivalents at 1 Jan

Cash and cash equivalents at 31st Dec

Issue of ordinary share capital and other equity instruments

Redemption of preference shares and other equity instruments

Net cash flow from change in stake of subsidiaries

Net increase/(decrease) in cash and cash equivalents

Exchange differences in respect of cash and cash equivalents

Net sales (purchases) of own shares for market-making and investment purposes

Dividends paid to shareholders of the parent company and non-controlling interests

2023	2022	As at 31 D
US\$ m	US\$ m Restated	
		Assets
30,348	17,058	Cash and I
3,466	3,850	Items in th
1,213	11	Hong Kon
(2,807)	(2,723)	Trading as
3,000	-	Financial a
		fair value t
(1,775)	2,554	Derivative
3,717	3,898	Loans and
266	638	
482	400	Loans and
(4,299)	(774)	Reverse re
(10,678)	48,718	Financial i
		Assests he
(63,247)	20,166	Prepayme
(14,145)	31,649	Current tax
(2,095)	(23,405)	Interests in
(9,994)	14,164	Goodwill a
(10,254)	(12,158)	Deferred to
45,021	(91,194)	Total asset
43,366	4,344	
11,945 10,097	12,518 (13,654)	Liabilities
8,742	6,021	Hong Kong
1,067	944	Deposits b
(208)	(194)	Customer
(4,117)	(2,776)	Repurchas
00.444		Items in th
39,111	19,355	Trading lia
(563,561)	(511,097)	Financial I
504,174	492,624	Derivative
(1,145)	(1,284)	Debt secui
623	(3,530)	Liabilities
(2,550)	(3,125)	Accruals, o
(453)	(989)	Current tax
(62,912)	(27,401)	Insurance
1,996	-	Provisions
(5,812)	(2,285)	Deferred to
(614)	(91)	Subordina
(19)	(197)	Total liabil
(4,003)	(2,266)	Equity
5,237	7,300	Called up
(2,147)	(1,777)	Share prer
(12,196)	(6,970)	Other equi
(17,558)	(6,286)	Other rese
(41,359)	(14,332)	Retained e
521,671	574,032	Total share
10,621 490,933	(38,029) 521,671	Non-contr
490,933	521,071	Non-conti

Consolidated Balance Sheet		
As at 31 December	31 Dec 2023	31 Dec 2022
	US\$ m	US\$ m
		Restated
Assets		
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
Assests 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
Total assets	3,038,677	2,949,286
Liabilities		
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
Total liabilities	2,846,067	2,764,089
Equity		
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
Total shareholders' equity	185,329	177,833
Non-controlling interests	7,281	7,364
Total equity	192,610	185,197
Total liabilities and equity	3,038,677	2,949,286

Profit for the year	24,559	16,249
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 gains/ (losses) - fair value losses/(gains) transferred to the income statement on disposal - expected readit (recoveries / losses recognised in the income statement - income taxes Cash flow hedges - fair value gains/(losses) - fair value (gain)/losses reclassified to the income statement - income taxes Share of other comprehensive income/(expense) of associates and joint ventures - share for the year - share for the year Net finance income/(expenses) form insurance contracts - before income taxes - income taxes - Exchange differences	2,599 2,381 905 59 [746] 2,953 2,534 1,463 (1,044) (47) 47 (3664) (491) 127 (204)	(7,232) (9,618) (18) 56 2,348 (3,655) (4,207) (758) 1,310 (367) 1,775 2,393 (618) (9,918)
Items that will not be reclassified subsequently to profit or loss: Fair value gains on property revaluation Remeasurement of defined benefit asset/liability – before income taxes – income taxes	1 (314) (413) 99	280 (1,031) (1,723) 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
Other comprehensive income/(expense) for the year, net of tax	4,983	(17,242)
Total comprehensive income/(expense) for the year	29,542	(993)
Attributable to:  - ordinary shareholders of the parent company	27,397	(2,810)
<ul> <li>preference shareholders of the parent company</li> </ul>	_	_
- other equity holders - non-controlling interests	1,101 1,044	1,213 604
Total comprehensive income/(expenses) for the year	29,542	(993)
Loans and advances to customers (net) - By business		
For the year ended 31 December	2023	2022
	US\$ m	US\$ m
Worldboard Barranal barling	454.070	400 550
Wealth and Personal banking	454,878	423,553
Commercial Banking	309,422	308,094
Global Banking and Markets	173,966	192,852
Other	269	355

Customers Accounts - by Business									
2023	2022								
US\$ m	US\$ m								
779,310	779,310								
458,714	458,714								
331,844	331,844								
435	435								
1,570,303	1,570,303								
	US\$ m 779,310 458,714 331,844 435								

Group Performance Ratios (%)									
	2023 As at 31 <sup>st</sup> 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						
Liqudity 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						

	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	(11,447)	
– personal	447,522	(2,867)	414,882	(2,870)	
– coporate 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	136,140	(20)	105,595	(19)	
Financial guarantees	17,009	(39)	18,783	(52)	
– personal	1,119	_	1,135	_	
– corporate and commercial	11,777	(36)	13,587	(50)	
– financial	4,113	(3)	4,061	(2)	
At 31 December 2023	2,700,821	(11,917)	2,632,057	(12,447)	

	Called up					Oth	er Reserves				
	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 rererve US\$ m	Retained earnings US\$ m	Total share- holders' equity US\$ m	Non- controlling interests US\$ m	Tot equi US\$
At 1 Jan 2023	24,811	19,746	(7,038)	(3,808)	(32,575)	33,209	1,079	142,409	177,833	7,364	185,19
Profit for the year								23,533	23,533	1,026	24,55
Other comprehensive income (net of tax)	_	_	2,402	3,030	(211)	1	(371)	114	4,965	18	4,98
- debt instruments at fair value through other comprehensive income  - equity instruments designated at fair value through	_	-	2,574	-	_	_	-	-	2,574	25	2,59
other comprehensive income  - cash flow hedges	_	_	(93)	2,919	_	_	_	_	(93) 2,919	(27) 34	(12 2,95
– 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	(1,21
- Property revaluation	_	-	-	-	_	1	-		1	-	
– Remeasurement of defined benefit asset/Liability	_	-	-	-	_		-	(317)	(317)	3	(31
- Share of other comprehensive income of associates and											1
joint ventures	_	-	-	-	_		-	47	47	-	4
- effects of hyperinflation	_	-	-	-	_		-	1,604	1,604	-	1,60
- insurance finance incom/(expense) recognised in other											
comprehensive income	_	-			-		(364)	-	(364)		(36
- exchange differences			(79)	111	(211)		(7)		(186)	(18)	(20
Total comprehensive income for the year			2,402	3,030	(211)	1	(371)	23,647	28,498	1,044	29,5
Shares issued under employee remuneration and share plans	79							(79)	<del></del>		
Capital securities issued		1,996							1,996		1,99
Dividends to shareholders								(11,593)	(11,593)	(603)	(12,19
Redemption of securities		(4,023)						20	(4,003)		(4,00
Tranfers						(5,130)		5,130			
Cost of share based payment arrangements								482	482		48
Share buy-back	-	_	_	_	_		_	(7,025)	(7,025)	_	(7,02
Cancellation of shares	(521)	_			-	521					
Other movements			1,129	(255)	(967)		77	(843)	(859)	(524)	(1,38
At 31 December 2023	24,369	17,719	(3,507)	(1,033)	(33,753)	28,601	785	152,148	185,329	7,281	192,6

938,535

	Amortised cost US\$ m	Fair value through profit or loss US\$ m	Fair value through other comphrehensive income US\$ m	Tota US\$ n
Financial assets				
Cash and balances at central banks	285,868			285,868
Items in the course of collection from other banks	6,342			6,342
Hong Kong Government certificates of indebtedness	42,024			42,024
Trading assets Financial assets designated and otherwise		289,159		289,159
mandatorily measured at fair value through profit or loss		110,643		110,643
Derivatives		229,714		229,714
Loans and advances to banks	112,902			112,902
Loans and advances to customers	938,535			938,535
Reverse repurchase agreements - non-trading	252,217			252,217
inancial investments	148,326		294,437	442,763
	1,786,214	629,516	294,437	2,710,167
Financial liabilities				
Hong Kong currency notes in circulation	42,024			42,024
Deposits by banks	73,163			73,163
Customer accounts	1,611,647			1,611,647
Repurchase agreements-non-trading	172,100			172,100
Items in the course of transmission to other banks	7,295			7,295
Trading liabilities		73,150		73,150
Financial liabilities designated at fair value		141,426		141,426
Derivatives		234,772		234,772
Debt securities in issue	93,917			93,917
Insurance contract liabilities	120,851			120,851
Subordinated liabilities	24,954			24,954
	2,145,951	449,348	-	2,295,299

# **SUMMARY OF HSBC HOLDINGS PLC CORPORATE GOVERNANCE REPORT - 2023**

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 239 to 316 of the Annual Report and Accounts 2023 (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; reviewing the Group's overall corporate governance arrangements and providing entrepreneurial leadership of the Group within a framework of prudent and effective controls. The Board's powers are subject to relevant laws, regulations and HSBC's articles of association.

Total

The Board is ordinarily scheduled to meet nine times a year. In 2023, the Board held 11 meetings. For further details, on attendance at those meetings, see page 249 of the Annual Report. In addition to formal Board meetings, the Board Oversight Sub-Group is called on an ad hoc basis where necessary. Such meetings are informal mechanism for a smaller group of Board members and management to discuss emerging issues and upcoming Board matters. The Board Oversight Sub-Group was not convened in 2023.

**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.

The Committee's key responsibilities include: overseeing and monitoring the corporate governance framework of the Group and ensuring that this is consistent with best practice; overseeing succession planning and leading the process for identifying and nominating candidates for appointment to the Board and its committees; and overseeing succession planning and development for the Group Executive Committee and other senior executives.

## 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

## **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 making recommendations to the Board, for approval by shareholders, on the Group's remuneration policy; setting the over-arching principles, parameters and governance framework of the Group's remuneration policy, approving the remuneration of executive Directors and other senior Group employees; and regularly reviewing the effectiveness of the remuneration policy of the Group and its subsidiaries in the context of consistent and effective risk management. 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 Rulebook, 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 certain material disclosures made or to be made by the Group.



		FITCH		MOODY'S			D & POOR'S
			OUTLOOK		OUTLOOK		OUTLOOK
The Hongkong and Shanghai Banking	Long Term/Senior	AA-	Stable	Aa3	Negative	AA-	Stable
Corporation Ltd	Short Term	F1+		P-1		A_1+	