

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 | US\$ m |
| 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 | 10,278 |
| 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) |
| 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 | (32,070) | (32,701) |
| Operating profit | 30,541 | 14,335 |
| Share of profit in associates and joint ventures | 2,807 | 2,723 |
| Impairment of interest in associate | (3,000) | - |
| 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 interests | 1,026 | 690 |
| Profit for the year | 24,559 | 16,249 |
| | \$ | \$ |
| 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 | 2022 |
| | US\$ m | US\$ m |
| 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 | 2,599 | (7,232) |
| – fair value gains/(losses) | 2,381 | (9,618) |
| – fair value losses/(gains) transferred to the income statement on disposal | 906 | (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) |
| – other equity holders | 47 | (367) |
| Net finance income/(expenses) from insurance contracts | (364) | 1,775 |
| – before income taxes | (491) | 2,393 |
| – income taxes | 127 | (618) |
| Exchange differences | (204) | (9,918) |
| Items that will not be reclassified subsequently to profit or loss: | | |
| 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 |
| 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) |
| – preference shareholders of the parent company | - | - |
| – other equity holders | 1,101 | 1,213 |
| – non-controlling interests | 1,044 | 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 |
| 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 |
| Total | 938,535 | 924,854 |

| Consolidated Statement of Changes in Equity | | | | | | | | | | | |
|--|---|--------------------------|-----------------------------------|---------------------------|--------------------------|--------------------------|---------------------------|-------------------|----------------------------|---------------------------|----------------|
| | Called up share capital and share premium | Other equity instruments | Financial assets at FVOCI reserve | Cash flow hedging reserve | Foreign exchange reserve | Merger and other reserve | Insurance finance reserve | Retained earnings | Total shareholders' equity | Non-controlling interests | Total equity |
| | | | | | | | | | | | |
| 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 | 4,983 | 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 | - | 1 | (317) | 3 | (314) |
| – Remeasurement of defined benefit asset/liability | - | - | - | - | - | - | - | - | 1,604 | - | 1,604 |
| – Share of other comprehensive income of associates and joint ventures | - | - | - | - | - | - | - | 47 | 47 | - | 47 |
| – effects of hyperinflation | - | - | - | - | - | - | - | 1,604 | 1,604 | - | 1,604 |
| – insurance finance income/(expense) recognised in other comprehensive income | - | - | - | - | - | - | (364) | - | (364) | - | (364) |
| – exchange differences | - | - | (79) | 111 | (211) | - | (7) | (196) | (18) | (204) | |
| Total comprehensive income for the year | - | - | 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 | - | - | - | - | - | - | 482 | 482 | - | - | 482 |
| Cost of share based payment arrangements | - | - | - | - | (5,130) | - | 5,130 | - | - | - | - |
| Share buy-back | - | - | - | - | - | - | - | 482 | - | - | 482 |
| Cancellation of shares | (521) | - | - | - | - | 521 | - | - | - | - | - |
| Other movements | - | - | 1,129 | (255) | (967) | - | 77 | (843) | (859) | (524) | (1,383) |
| At 31 December 2023 | 24,369 | 17,719 | (3,507) | (1,033) | (33,753) | 28,601 | 785 | 152,148 | 185,329 | 7,281 | 192,610 |

The financial information summarised above has been extracted from HSBC Holdings plc annual report for the year ended 31 December 2023.

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 openness 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.

Operation of the Board

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.

| Consolidated Statement of Cash Flows | | | |
|--|-----------------|-----------------|----------|
| For the year ended 31 December | | | |
| | 2023 | 2022 | |
| | US\$ m | US\$ m | |
| | | | Restated |
| Profit before tax | 30,348 | 17,058 | |
| Adjustments for non-cash items: | | | |
| 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 | |
| Changes in operating assets and liabilities | | | |
| 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) | |
| Net cash from operating activities | 39,111 | 19,355 | |
| 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) | |
| Net cash from investing activities | (62,912) | (27,401) | |
| 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) | (6,370) | |
| Net cash from financing activities | (17,558) | (6,286) | |
| Net increase/(decrease) in cash and cash equivalents | (41,359) | (14,332) | |
| Cash and cash equivalents at 1 Jan | 521,671 | 574,032 | |
| Exchange differences in respect of cash and cash equivalents | 10,621 | (38,029) | |
| Cash and cash equivalents at 31st Dec | 490,933 | 521,671 | |

| Customers Accounts - by Business | | | |
|----------------------------------|------------------|------------------|--|
| For the year ended 31 December | | | |
| | 2023 | 2022 | |
| | US\$ m | US\$ m | |
| Wealth and personal banking | 804,863 | 773,310 | |
| Commercial Banking | 475,666 | 472,424 | |
| Global Banking and Markets | 330,522 | 332,303 | |
| Other | 596 | 458 | |
| Total | 1,611,647 | 1,578,495 | |

| Group Performance Ratios (%) | | | |
|---|----------------------------|---------------------------------|---------------------------------|
| | 2024 | 2023 | 2022 |
| | As at 31 st Mar | As at 31 st December | As at 31 st December |
| Common equity tier 1 ratio | 15.00 | 14.8 | 14.2 |
| Tier 1 ratio | 17.3 | 16.9 | 16.6 |
| Total capital ratio | 20.6 | 20 | 19.3 |
| Leverage ratio | 5.7 | 5.6 | 5.8 |
| Return on average ordinary shareholder's equity | 19.8 | 13.6 | 9 |
| Return on average tangible equity | 21.4 | 14.6 | 10 |

| 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 | |
| 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 | 11,419 | |
| 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 | |

| 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 | (11,447) |
| – 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 | 136,140 | | | |