Incorporated in the Hong Kong SAR with limited liability

HSBC Holdings plc

For the year ended 31 December	2023	2022
	US\$ m	US \$ m Restated
death-arms at the constraint of the constraint o	05 700	
Net interest income	35,796	30,377
- interest income	100,868 (65,072)	52,826
– interest expense Vet fee income		(22,449)
– fee income	11,845	15,124
- fee expense	15,616 (3,771)	(3,354)
Net income from financial instruments held for trading or managed	(3,771)	(3,334)
on a fair value basis	16,661	10,278
Net income/(expense) from assets and liabilities of insurance	10,001	10,270
pusinesses, including related derivatives, measured at fair value		
hrough profit or loss	7.887	(13,831)
mough profit of loss	7,007	(10,001)
Net insurance premium income	-	-
nsurance finance (expense) / income	(7,809)	13,799
nsurance service result	1,078	(809)
nsurance revenue	2,259	1,977
nsurance service expense	(1,181)	(1,168)
Gain on acquisition	1,591	-
Impairment)/reversal of impairment relating sale of over retail banking		
pperation 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		
iabilities 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
mpairment of interest in associate	(3,000)	-
Profit before tax	30,348	17,058
Γax 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
Pania carninga par ardinary chara	\$ 1.15	0.72
Basic earnings per ordinary share	1.15	0.72

Consolidated Statement of Comprehensive Income

Other

Total

For the year ended 31 December	2023	202
	US\$ m	US\$ n Restate
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)	14,16
Change in other assets	(10,254)	(12,15
Change in deposits by banks and customer accounts	45,021	(91,194
Change in repurchase agreements - non-trading	43,366	4,34
Change in debt securities in issue	11.945	12,51
Change in financial liabilities designated at fair value	10,097	(13,65
Change in other liabilities	8,742	6,02
Dividends received from associates	1,067	94
Contributions paid to defined benefit plans	(208)	(194
Tax paid	(4,117)	(2,776
Net cash from operating activities	39,111	19,35
•		
Purchase of financial investments	(563,561)	(511,097
Proceeds from the sale and maturity of financial investments	504,174	492,62
Net cash flows from the purchase and sale of property, plant and equipment	(1,145)	(1,28
Net cash flows from disposal of loan portfolios and customer accounts	623	(3,530
Net investment in intangible assets	(2,550)	(3,12
Net cash flow from (acquisition)/disposal of subsidiaries,		
businesses, associates and joint ventures	(453)	(989
Net cash from investing activities	(62,912)	(27,40
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	7,30
Subordinated Ioan capital repaid	(2,147)	(1,777
Dividends paid to shareholders of the parent company and non-controlling interests	(12,196)	(6,970

As at 31 December	31 Dec 2023 US\$ m	31 Dec 202 US\$
Assets		Restate
Cash and balances at central banks	285,868	327,00
Items in the course of collection from other banks	6,342	7,29
Hong Kong Government certificates of indebtedness	42,024	43,78
Trading assets	289,159	218,09
Financial assets designated and otherwise mandatorily measured at		
fair value through profit or loss	110,643	100,10
Derivatives	229,714	284,1
Loans and advances to banks	112,902	104,4
Loans and advances to customers	938,535	923,5
Reverse repurchase agreements - non-trading	252,217	253,7
Financial investments	442,763	364,7
Assests held for sale	114,134	115,9
Prepayments, accrued income and other assets	165,255	156,1
Current tax assets	1,536	1,2
Interests in associates and joint ventures	27,344	29,2
Goodwill and intangible assets	12,487	11,4
Deferred tax assets	7,754	8,3
Total assets	3,038,677	2,949,2
Total assets	3,030,077	2,343,2
Liabilities		
Hong Kong currency notes in circulation	42,024	43,7
Deposits by banks	73,163	66,7
Customer accounts	1,611,647	1,570,3
Repurchase agreements - non-trading	172,100	127,7
Items in the course of transmission to other banks	7,295	7,8
Trading liabilities	73,150	72,3
Financial liabilities designated at fair value	141,426	127,3
Derivatives	234,772	285,7
Debt securities in issue	93,917	78,1
Liabilities of disposal groups held for sale	108,406	114,5
Accruals, deferred income and other liabilities	136,606	134,3
Current tax liabilities	2,777	1,1
Insurance contracts liabilities	120,851	108,8
Provisions	1,741	1,9
Deferred tax liabilities	1,238	9
Subordinated liabilities	24,954	22,2
Total liabilities	2,846,067	2,764,0
Equity		
Called up share capital	9,631	10,1
Share premium account	14,738	14,6
Other equity instruments	17,719	19,7
Other reserves	(8,907)	(9,13
Retained earnings	152,148	142,4
Total shareholders' equity	185,329	177,8
Non-controlling interests	7,281	7,3
Total equity	192,610	185,1
Total liabilities and equity	3,038,677	2,949,2

Consolidated Balance Sheet

- 1				- 1
	For the year ended 31 December	2023 US\$ m	2022 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 - fair value gains/ (losses) - fair value losses/(gains) transferred to the income statement on disposal - expected credit (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 Net finance income/(expenses) from 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 [364] [491) 127 [204]	(7,232) (9,618) (18) 56 2,348 (3,655) (4,227) (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	(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	Г
	– before income taxes	(1,617)	2,573	\vdash
	- 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 - preference shareholders of the parent company	27,397 -	(2,810)	
	- other equity holders - non-controlling interests	1,101 1,044	1,213 604	Г
	Total comprehensive income/(expenses) for the year	29,542	(993)	L
Į	· · · · ·			
	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	
	a i	,	,	

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							

2024

15.20

17.40

20.30

5.70

17.90

19.30

Net increase/(decrease) in cash and cash equivalents

Exchange differences in respect of cash and cash equivalents

Cash and cash equivalents at 1 Jan

Group Performance Ratios (%)

Common equity tier 1 ratio

Return on average tangible equity

Return on average ordinary shareholder's equity

Tier 1 ratio

Total capital ratio

1,578,495	– persona
	- coporat
	– non-bai
	Loans an
2022 As at	Other fina
31 December	Loans an
	- persona
14.2	- corpora
16.6	– financia
19.3	Financi
5.8	- persona
	- corpora
9	– financia
10	A+ 21 Do

(41,359)

521,671

2023 As at

14.8

16.9

20

5.6

13.6

14.6

10,621

(14,332)

574,032

(38,029)

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)					
- 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				2,010					2,010		_,,,,
changes in own credit risk	_	_	-	-	_	-	-	(1,220)	(1,220)	1	(1,21
– Property revaluation	_	_	-	-	_	1	-	-	1	-	i
– Remeasurement of defined benefit asset/Liability	_	_	-	-	_	-	-	(317)	(317)	3	(31
Share of other comprehensive income of associates and joint ventures	_	_	_	_	_	_	_	47	47	_	4
– effects of hyperinflation	_	-	-	-	-	-	-	1,604	1,604	-	1,60
- insurance finance income/(expense) recognised in other											
comprehensive income	_	_				-	(364)	-	(364)		(30
- 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)			
Capital securities issued	_	1,996				_		_	1,996	_	1,9
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		4
Share buy-back		_	_	_	_		_	(7,025)	(7,025)	_	(7,0
Cancellation of shares	(521)	_				521			_		
Other movements			1,129	(255)	(967)		77	(843)	(859)	(524)	(1,3
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

269

938,535

355

924,854

Analysis of Financial A As	ssets and Liabilities at 31 December 2		Basis	
	Amortised cost US\$ m	Fair value through profit or loss US\$ m	Fair value through other comphrehensive income US\$ m	Tota US\$ m
Financial assets				
Cash and balances at central banks	285,868			285,86
Items in the course of collection from other banks	6,342			6,34
Hong Kong Government certificates of indebtedness	42,024			42,02
Trading assets		289,159		289,15
Financial assets designated and otherwise				
mandatorily measured at fair value through profit or loss		110,643		110,64
Derivatives		229,714		229,71
Loans and advances to banks	112,902			112,90
Loans and advances to customers	938,535			938,53
Reverse repurchase agreements - non-trading	252,217			252,21
Financial investments	148,326		294,437	442,76
	1,786,214	629,516	294,437	2,710,16
Financial liabilities				
Hong Kong currency notes in circulation	42,024			42,02
Deposits by banks	73,163			73,16
Customer accounts	1,611,647			1,611,64
Repurchase agreements-non-trading	172,100			172,10
Items in the course of transmission to other banks	7,295			7,29
Trading liabilities		73,150		73,15
Financial liabilities designated at fair value		141,426		141,42
Derivatives		234,772		234,77
Debt securities in issue	93,917			93,91
Insurance contract liabilities	120,851			120,85
Subordinated liabilities	24,954			24,95
	2,145,951	449,348	-	2,295,29

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 $\frac{1}{2}$ 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

Operation of the Board

HSBC's articles of association.

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 standing of

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 unauthorised 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		FITCH		ITCH MOODY'S		FITCH MOODY'S STAND		FITCH MOODY'S		STANDAR	D & POOR'S
		RATING	OUTLOOK	RATING	OUTLOOK	RATING	OUTLOOK					
The Hongkong and Shanghai Banking	Long Term/Senior	AA-	Stable	Aa3	Negative	AA-	Stable					
Corporation Ltd	Short Term	F1+		P-1		Δ_1_						