HSBC Holdings plc
Strategic Report 2024














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HSBC | Opening up a world of opportunity

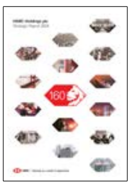
Opening up a world of opportunity

Our ambition is to be the preferred international financial partner for our clients.

Our purpose, ambition and values reflect our strategy and support our focus on execution.

Read more on our values and strategy on pages 5 and 11.

Contents



Cover image: Opening up a world of opportunity
This year's annual report marks 160 years since our founding and celebrates our rich history of shaping finance around the world. To mark this occasion, our special anniversary cover encapsulates the depth and the breadth of our services, and our commitment to connecting people and businesses through our global network – creating opportunities, driving progress and pioneering new ideas.

This Strategic Report was approved by the Board on 19 February 2025.

Sir Mark E Tucker
Group Chairman

A reminder
The currency we report in is US dollars.

Use of alternative performance measures
We supplement our IFRS Accounting Standards figures with non-IFRS Accounting Standards measures used by management internally that constitute alternative performance measures under European Securities and Markets Authority guidance and non-GAAP financial measures defined in and presented in accordance with US Securities and Exchange Commission rules and regulations. These measures are highlighted with the following symbol:

Further explanation may be found on page 29.

Targets and forward guidance
We do not reconcile our forward guidance on RoTE excluding the impact of notable items, target basis operating expenses, dividend payout ratio target basis or banking net interest income ('banking NII') to their equivalent reported measures.

For our financial targets, medium-term is defined as between three to five years, and long term as five to six years, from 1 January 2025.

See page 2 for details on our forward guidance and outlook.

None of the websites referred to in this Annual Report and Accounts 2024 for the year ended 31 December 2024 (including where a link is provided), and none of the information contained on such websites, are incorporated by reference in this report.

References to the Annual Report and Accounts 2024
All page references in this Strategic Report 2024 refer to their location in our Annual Report and Accounts 2024, which can be found at www.hsbc.com/investors/results-and-announcements/annual-report.

linkedin.com/company/hsbc

Performance in 2024

HSBC is one of the largest banking and financial services organisations in the world.

We have a clear strategy to deliver revenue and profit growth, enhance customer service and create long-term shareholder value.

Financial performance indicators

Our financial performance indicators demonstrate our continued focus on the delivery of sustainable returns for our shareholders. They also provide insight into the performance that has driven the outcomes of our financial targets.

- Read more on our financial performance in 2024 on pages 2 and 27.
- For an explanation of performance against our key Group financial targets, see page 25.
- For a reconciliation of alternative performance measures to their reported equivalents, see page 124.

Return on average tangible equity

14.6%

(2023: 14.6%)
Return on average tangible equity excluding notable items of 16.0% (2023: 16.2%)

Profit before tax

$32.3bn

(2023: $30.3bn)

Net interest income

$32.7bn

(2023: $35.8bn)
Banking net interest income of $43.7bn (2023: $44.1bn)

Operating expenses

$33.0bn

(2023: $32.1bn)
Target basis operating expenses up 5% to $32.6bn

Common equity tier 1 capital ratio

14.9%

(2023: 14.8%)

Dividend per share in respect of 2024

$0.87

Inclusive of a special dividend of $0.21 per share.
(2023 dividend per share: $0.61)

Strategic performance indicators

Our strategy supports our ambition of being the preferred international financial partner for our clients.

We are committed to building a business for the long term, developing relationships that last.

- Read more on our strategy on pages 11 to 13.
- Read more on multi-jurisdictional client revenue on page 125.
- Read more on how we set and define our ESG metrics on page 17.
- Read more on our definition of sustainable finance and investment on page 45.

Grow our Wealth business

$64bn

Net new invested assets generated in 2024, of which $47bn were in Asia.
(2023: $84bn generated, of which $47bn were in Asia)

Serve our clients internationally

62%

Wholesale multi-jurisdictional client revenue is generated by clients banking with us across multiple markets.
(2023: 61%)

Gender representation

34.6%

Senior leadership roles held by women.
(2023: 34.1%)

Sustainable finance and investment

$393.6bn

Cumulative total provided and facilitated since 1 January 2020.
(2023: $294.4bn)

Highlights

Financial performance reflected business growth, particularly in Wealth. We continued to make progress in reshaping the Group and we have announced a simplification of our organisation structure to accelerate strategic delivery.

Financial performance (vs 2023)

- **Profit before tax rose by $2.0bn to $32.3bn,** including a $1.0bn net favourable impact from notable items. In 2024, these included a gain of $4.8bn on the disposal of our banking business in Canada, the impacts of the disposal of our business in Argentina, comprising a $1.0bn loss on disposal, and the recycling of foreign currency reserve losses and other reserves of $5.2bn. In 2023, notable items included an impairment of $3.0bn on our associate, Bank of Communications Co., Limited ('BoCom'), disposal losses of $1.0bn on Treasury repositioning and risk management and a $1.6bn gain recognised on the acquisition of Silicon Valley Bank UK Limited ('SVB UK'). **Profit after tax increased by $0.4bn to $25.0bn.**
- **Constant currency profit before tax excluding notable items increased by $1.4bn to $34.1bn,** primarily reflecting revenue growth in Wealth and Personal Banking ('WPB') and Global Banking and Markets ('GBM'), partly offset by a rise in operating expenses, in line with our cost growth targets.
- **Revenue of $65.9bn was stable.** There was growth in revenue from higher customer activity in Wealth in WPB, and in Equities and Securities Financing in GBM. In addition, 2023 included disposal losses of $1.0bn related to Treasury repositioning and risk management. This was offset by the net adverse impact of certain strategic transactions described above, as well as a $0.2bn loss on the early redemption of legacy securities.
- **Constant currency revenue excluding notable items rose by $2.9bn to $67.4bn. Net interest income ('NII') decreased by $3.1bn,** reflecting the impact of business disposals and higher funding costs associated with the redeployment of our commercial surplus to the trading book, where the related revenue is recognised in 'net income from financial instruments held for trading or managed on a fair value basis', partly offset by higher NII in HSBC UK, reflecting the benefit of our structural hedge. **Banking NII of $43.7bn fell by $0.4bn or 1% compared with 2023,** as increased deployment of our commercial surplus to the trading book only partly mitigated the reductions in NII.
- **Net interest margin ('NIM') of 1.56% decreased by 10 basis points ('bps'),** mainly due to increased deployment of our commercial surplus to the trading book.
- **Expected credit losses and other credit impairment charges ('ECL') of $3.4bn were stable.** ECL were $1.8bn in Commercial Banking ('CMB') and $0.2bn in GBM. This included stage 3 charges relating to the commercial real estate sector in mainland China ($0.4bn), the onshore Hong Kong real estate sector ($0.1bn), and a charge related to a single CMB customer in the UK. ECL in WPB were $1.3bn and primarily related to our legal entities in Mexico, Hong Kong and the UK. **ECL were 36bps of average gross loans, including loans and advances classified as held for sale** (2023: 32bps).
- **Operating expenses grew by $1.0bn or 3% to $33.0bn,** mainly due to higher spend and investment in technology and the impacts of inflation, partly offset by reductions related to our business disposals in Canada and France, and from lower levies in the UK and the US.
- **Target basis operating expenses rose by 5%, in line with our cost growth target.** This increase primarily reflected higher spend and investment in technology, and the impact of inflation. This is measured on a constant currency basis, excluding notable items, the impact of retranslating the prior year results of hyperinflationary economies at constant currency, and the direct costs from the sales of our French retail banking operations and our banking business in Canada.
- **Customer lending balances fell by $8bn on a reported basis but rose by $14bn on a constant currency basis.** Growth included lending balance growth in CMB and higher mortgage balances in WPB.
- **Customer accounts rose by $43bn on a reported basis, and $75bn on a constant currency basis,** with growth across all of our global businesses, primarily in Asia.
- **Common equity tier 1 ('CET1') capital ratio of 14.9% rose by 0.1 of a percentage point,** mainly due to capital generation and a reduction in RWAs through strategic transactions, offset by dividends, share buy-backs and organic balance sheet growth.
- The Board has approved a **fourth interim dividend of $0.36 per share, resulting in a total of $0.87 per share in respect of 2024,** inclusive of a special dividend of $0.21 per share. **We also intend to initiate a share buy-back of up to $2bn,** which we expect to complete by our first quarter 2025 results announcement.

Outlook

- We have announced measures to simplify the Group and we are focused on opportunities that build on our strong platform for growth.
- **We are now targeting a mid-teens return on average tangible equity ('RoTE') in each of the three years from 2025 to 2027** excluding notable items, while acknowledging the outlook for interest rates remains volatile and uncertain, particularly in the medium term.
- **We expect banking NII of around $42bn in 2025.** Our current expectation reflects modelling of a number of market-dependent factors. If changes in these factors impact the output of our modelling, we would update our expectation for 2025 Banking NII in future quarterly results announcements.
- We retain a Group-wide focus on cost discipline. **We are targeting growth in target basis operating expenses of approximately 3% in 2025 compared with 2024.**
- Our target basis operating expenses for 2025 excludes the direct cost impact of the business disposals in Canada and Argentina, notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency.
- Our cost target includes the impact of simplification-related saves associated with our announced reorganisation, which aims to generate approximately **$0.3bn of cost reductions in 2025,** with a commitment to an **annualised reduction of $1.5bn in our cost base expected by the end of 2026.** To deliver these reductions, we plan to incur severance and other up-front costs of $1.8bn over 2025 and 2026, which will be classified as notable items. We are focused on opportunities where we have a clear competitive advantage and accretive returns, and we aim to redeploy around $1.5bn of additional costs from non-strategic activities into these areas, over the medium term.
- **We expect ECL charges as a percentage of average gross loans to continue to be within our medium-term planning range of 30bps to 40bps in 2025** (including lending held for sale balances).

- Over the medium to long term, we continue to expect **mid-single digit percentage growth for year-on-year customer lending balances.**
- We expect **double-digit percentage average annual growth in fee and other income in Wealth** over the medium-term.
- **We intend to continue to manage the CET1 capital ratio within our medium-term target range of 14% to 14.5%, with a dividend payout ratio target basis of 50% for 2025,** excluding material notable items and related impacts.

Our targets and expectations reflect our current outlook for the global macroeconomic environment and market-dependent factors, such as market-implied interest rates (as of mid-January 2025) and rates of foreign exchange, as well as customer behaviour and activity levels.

We do not reconcile our forward guidance on RoTE excluding the impact of notable items, target basis operating expenses, dividend payout ratio target basis or banking NII to their equivalent reported measures.

Reshaping the Group for growth

- **We continue to make progress on reshaping the Group.** In 2024, we completed the sales of our retail banking operations in France, and exited our businesses in Canada and Argentina. We have also enhanced the efficiency of the Group through smaller inorganic actions.
- **In 2024, we served our customers through three global businesses, Wealth and Personal Banking, Commercial Banking and Global Banking and Markets.** In October 2024, we announced that we are simplifying our organisational structure to accelerate delivery against our strategic priorities. Effective 1 January 2025, the Group operates through four new businesses: Hong Kong, UK, Corporate and Institutional Banking, and International Wealth and Premier Banking.
- **In January 2024, we completed the sale of our retail banking operations in France.** In accordance with the terms of the sale, we retained a €7.1bn ($7.4bn) portfolio of home and other loans. During the fourth quarter of 2024 we began to actively market this retained portfolio for sale. On 1 January 2025 we reclassified this portfolio as hold-to-collect-and-sell and expect to recognise an estimated $1bn fair value pre-tax loss in 'other comprehensive income' in equity on the remeasurement of the financial instruments in 1Q25.
- **In March 2024, we completed the sale of HSBC Bank Canada.** The completion of the transaction resulted in a $4.8bn gain on sale, inclusive of the recycling of foreign currency translation and other reserves losses. Following completion of the sale, the Board approved a special dividend of $0.21 per share, which was paid on 21 June 2024.
- **In December 2024, we completed the sale of our business in Argentina.** The completion of the transaction resulted in a pre-tax loss on sale of $1.0bn during 2024 and a $5.2bn recycling of foreign currency translation reserve losses and other reserves to the income statement in 4Q24.
- **During 2024, we completed the sale of our business in Russia** and recognised foreign currency translation reserve losses of approximately $0.1bn. We also completed **the sale of our operations in Armenia** and **exited our retail banking operations in Mauritius**.
- We also announced **divestments in our private banking business in Germany and our business in South Africa,** and we signed a memorandum of understanding in relation to the **planned sale of our France life insurance business.** In addition, we have launched a strategic review of our business in Malta. The review is at an early stage and no decisions have been made.
- In January 2025, as part of our efforts to simplify HSBC and increase leadership in our areas of strength, **we announced that we will begin to wind down our mergers and acquisitions ('M&A') and equity capital markets activities in the UK, Europe, and the US,** subject to local legal requirements. We will retain more focused M&A and equity capital markets capabilities in Asia and the Middle East.
- **In June 2024, we completed the acquisition of Citi's retail wealth management portfolio in mainland China.** This portfolio complements our growing set of wealth businesses and our ambition to be the leading international wealth manager for mass affluent and high net worth individuals in mainland China.
- **In January 2024, we acquired SilkRoad Property Partners Group –** expanding our real estate investment capabilities in Asia-Pacific, aligning with our ambition of becoming a top direct real estate investment manager in the region.

Acquisitions and disposals that are classified as material notable items form part of 'strategic transactions' and their impacts are separately presented in our financial reporting. Read more on the financial impact of our strategic transactions on page 102.

Read more on our organisational update on page 5.

ESG update

Transition to net zero

- Supporting the transition to net zero is a key priority for HSBC. In our net zero transition plan published in January 2024, we committed to continually calibrate our approach to take into consideration the latest scientific methodologies, climate-related policy measures and developments in the real world. **As we near the mid-point towards our 2030 targets, we have begun a review of our interim 2030 financed emission targets and associated policies.** This forms part of our annual net zero transition plan review as referenced in our 3Q24 earnings release in October.
- In 2020, we set an ambition to achieve net zero in our own operations and supply chain by 2030. We have made good progress in reducing our scope 1 and 2 emissions and are currently on track to deliver reductions of more than 90% by 2030 compared to our 2019 baseline. However, progress in reducing emissions in the scope 3 supply chain component is proving slower than we anticipated. We currently expect a 40% emissions reduction across our operations, travel and supply chain by 2030 which would mean that we would need to rely heavily on carbon offsets to achieve net zero in our supply chain by 2030. As such, **we have revisited our ambition,** taking into account latest best practice on carbon offsets. **We are now focused on achieving net zero in our operations, travel and supply chain by 2050.**
- Since 2020, **we have provided and facilitated $393.6bn of sustainable finance and investment,** which was an increase of $99.2bn in the past year. This consisted of green and social financing, alongside other forms of sustainable financing and investment.
- We have continued to focus on financing our clients' transition needs. In 2024, we launched HSBC Infrastructure Finance to help realise the financing and advisory opportunities in creating the infrastructure for a low carbon economy. We have also continued to focus on emerging climate technologies and supply chain decarbonisation.
- We have continued to participate in cross sector efforts to support customers' transitions.

Build inclusion and resilience

- In 2024, **34.6% of senior leadership roles were held by women, and we are on track to achieve our ambition of 35% by 2025**. We also continued to work towards meeting our ethnicity ambitions.
- Digital accessibility is important to us. We are using the power of technology to help provide a great digital experience for our customers and employees, including people with disabilities and those who are neurodivergent. We also expanded our efforts to support customers with disabilities in our branch spaces.

Act responsibly

- We have strengthened our AI governance processes to help ensure the responsible development and use of AI and launched www.hsbc.com/ai to increase the transparency of our AI strategy with clients and investors.
- We continued to develop our understanding of our salient human rights issues. In 2024, we focused on our approach to human rights risk management relating to the goods and services we buy from third parties and in respect of our business customers.

Who we are

HSBC is one of the largest banking and financial services organisations in the world.

Guided by our purpose of opening up a world of opportunity, our ambition is to be the preferred international financial partner for our clients.

Our global reach

In 2024, we served around 41 million customers worldwide through a network covering 58 countries and territories.

Our customers range from individual savers and investors to some of the world's biggest companies, governments and international organisations. We aim to connect them to opportunities and help them to achieve their ambitions.

For further details of our customers and approach to geographical information, see page 96.

Assets of
$3.0tn

Approximately
41m
Customers bank with us

Operations in
58
Countries and territories

We employ approximately
211,000
Full-time equivalent staff

Our global businesses in 2024

In 2024, we served our customers through three global businesses, which focused on delivering growth in areas where we have distinctive capabilities and have significant opportunities. Our 2024 operating segment results are presented on this basis. Effective 1 January 2025, the Group will operate through four new businesses which are detailed on page 5.

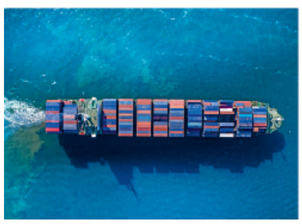
Wealth and Personal Banking ('WPB')

WPB helped millions of our customers look after their day-to-day finances and manage, protect and grow their wealth.

For further details, see page 30.

Commercial Banking ('CMB')

Our global reach and expertise helped domestic and international businesses around the world unlock their potential.



For further details, see page 32.

Global Banking and Markets ('GBM')

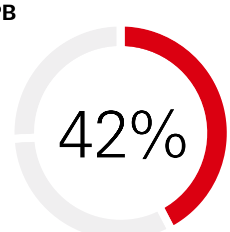
GBM provided a comprehensive range of financial services and products to corporates, governments and institutions.

For further details, see page 34.

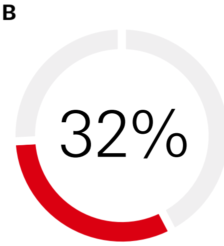
For further details on our organisational update, see page 5.

Revenue in 2024 by global business[1]

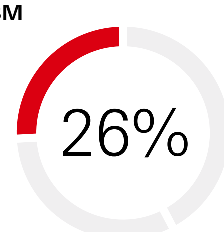
WPB



CMB



GBM



1 Calculation is based on revenue of our global businesses excluding Corporate Centre. Corporate Centre had negative revenue of $1,929m in 2024. See page 36 for details of Corporate Centre results in 2024.

Our new organisational structure

Effective from 1 January 2025, we have implemented a new organisational business structure that aims to unleash our full potential by building on our strong progress in recent years and driving our success into the future.

Hong Kong

Being the market leader in our home market of Hong Kong is one of our clear strengths and remains a strategic priority.

UK

Our UK ring-fenced bank has a leading market position in our home market of the UK and will continue to be a critical pillar of our strategy.

Corporate and Institutional Banking

Our new Corporate and Institutional Banking business is a market leader in cross-border transaction banking and capital markets and integrates our Commercial Banking business (outside the UK and Hong Kong) with our Global Banking and Markets business.

International Wealth and Premier Banking

This business brings together Premier focused banking (outside Hong Kong and the UK), our Global Private Bank, and our wealth manufacturing businesses of Asset Management and Insurance.

Group Operating Committee

To align with the new structure, a new Group Operating Committee comprised of 12 members now serves as the leading decision-making committee of the Group, replacing the Group Executive Committee of 18 members. The Group's functions are also being realigned to support the new business structure.

* Both our Hong Kong and UK businesses will serve our personal banking customers and commercial clients residing in these home markets.

For further details on our senior management team, see page 242.

Our values

Our values help define who we are as an organisation, and are key to our long-term success.

We value difference	**We succeed together**	**We take responsibility**	**We get it done**

Our stakeholders

Building strong relationships with our stakeholders helps enable us to deliver our strategy in line with our long-term values, and operate the business in a sustainable way.

Our stakeholders are the people who work for us, bank with us, own us, regulate us, and live in the societies we serve and the planet we all inhabit. These human connections are complex and overlap.

Many of our employees are customers and shareholders, while our business customers are often suppliers. Guided by our purpose, we aim to create value for our customers and shareholders.

Our size and global reach mean our actions can have a significant impact. We are committed to doing business responsibly, and thinking for the long term. This is key to delivering our strategy.

For further details of how we are engaging with our stakeholders, see page 16.

Group Chairman's shareholder letter

Sir Mark E Tucker
Group Chairman

2024 was a year of strong performance. We continued to help our customers navigate challenges and capture meaningful opportunities, whilst providing increased returns for our shareholders. Looking ahead, we have the right people and structure to drive accelerated growth in 2025 and beyond.

In 2024, global economic growth was mixed. In the West, the US remained an outperformer, while growth across Europe was disappointing. In Asia and the Middle East, there was broadly steady growth. With inflation falling and with signs of the labour market softening, the US Federal Reserve was able to start cutting rates, as did most advanced economies.

This was against a backdrop of significant geopolitical uncertainty, heightened by numerous and consequential elections across the world. The war in Ukraine, now entering its fourth year, and the conflicts and continuing tensions in the Middle East, have had a tragic human impact. Our thoughts are with all those who have suffered and continue to experience the devastating consequences.

In this context, our focus is on our customers, leveraging our global network to help them navigate the challenges and capture the opportunities that emerge. That approach, combined with the disciplined execution of our strategy, delivered another strong financial performance and increased returns in 2024.

And we are very well positioned for the future.

HSBC's 160th Anniversary
2025 will mark HSBC's 160th anniversary.

In 1865, HSBC's founders started out with a clear and simple objective: to establish a bank in Hong Kong and Shanghai that would facilitate local and international trade, connecting East and West, and the many places in-between.

That objective is as relevant and significant today as it was then.

2024 progress and performance
In 2024, we delivered profit before tax of $32.3bn - an increase of $2.0bn compared with 2023. Our return on average tangible equity was 14.6%, or 16% excluding the impact of notable items.

We delivered increased returns for our shareholders. The Board approved a fourth quarterly dividend of $0.36 per share, bringing the total dividend announced for 2024 to $0.87 per share. This includes the special dividend of $0.21 per share that was paid in June following the completion of the sale of HSBC Bank Canada. In addition, we announced three share buy-backs in respect of 2024 worth a total of $9bn. And today, we announced a further share buy-back of up to $2bn.

Since the start of 2023, we have repurchased 11% of the issued share count. Combined with our sustained levels of profitability, this led to greater earnings and dividends per share for our shareholders.

Dividends paid in 2024, together with a more than 20% increase in the share price, delivered a total shareholder return for the year of more than 30%.

Our performance demonstrates that our strategy is working. To maintain, and indeed accelerate, the momentum, we are being very deliberate in creating investment capacity for priority areas, focusing on long-term strategic growth.

Optimising cost and capital allocation, we completed the sale of our businesses in Canada, Russia, Argentina, and Armenia, as well as our retail banking operations in France and Mauritius. We announced the planned sale of our business in South Africa and of our private banking business in Germany, as well as the planned sale of our life insurance business in France.

In parallel, our strategic investments are yielding significant results. In Wealth, for instance, revenue grew by 18% in 2024, including a 21% increase in fee and other income. The continued inflow of Net New Invested Assets and growth in total customers point to the material upside opportunity. In Hong Kong, for instance, we added approximately 800k new-to-bank customers.

"Our performance demonstrates that our strategy is working. To maintain, and indeed accelerate, the momentum, we are being very deliberate in creating investment capacity for priority areas, focusing on long-term strategic growth."

At the same time, we secured multiple additional licences to expand our operations in mainland China. In India, we received an approval earlier this year to open bank branches in 20 new cities that are at the centre of the expanding wealth and international opportunity.

We will continue to focus on and invest in growth opportunities where we have a clear competitive advantage.

Leadership and Board Changes
Following Noel Quinn's decision to retire as Group Chief Executive, the Board ran a rigorous and robust process to appoint his successor.

I would like to once again pay tribute to Noel's exceptional leadership and thank him for his unwavering commitment and dedication to HSBC during his 37 years of service. We wish him the very best in all of his future endeavours.

In September, Georges Elhedery became our Group Chief Executive. He brings a wealth of experience and an outstanding track record of delivery, achieved over a career spent working in Asia, the Middle East and Europe.

In a little over five months, he has already made his mark.

From 1 January 2025, we began operating through four businesses: Hong Kong, the UK, Corporate and Institutional Banking, and International Wealth and Premier Banking. The objective is to create a simpler and more dynamic organisation - with faster decision-making and clear lines of accountability.

Georges was succeeded as Group Chief Financial Officer by Pam Kaur, who joined the Board as an Executive Director, having previously served as Group Chief Risk and Compliance Officer.

At the 2024 Annual General Meeting ('AGM'), David Nish retired from the Board. David made invaluable contributions over eight years, particularly as Chair of the Group Audit Committee and as Senior Independent Director. Ann Godbehere took over as Senior Independent Director. Ann's extensive financial services experience, over a 30-year career spanning insurance, retail and private banking, and wealth management, positions her very well for this role. Brendan Nelson took over as Chair of the Group Audit Committee. His UK and international financial and auditing expertise and experience are enormously valuable.

In 2024, the Board held meetings in mainland China, Dubai, Singapore, New York, and London. On each occasion, we had the privilege and pleasure to meet with valued clients, government officials, regulators, and colleagues.

Our AGM in London and the Informal Meeting of our Hong Kong Shareholders provided substantive opportunities to engage with our shareholders, on important issues related to the Group.

Global outlook
The economic outlook remains uncertain with potential downside risks to global growth from trade frictions and supply chain disruptions. Inflation has declined but is proving stubborn and could be impacted by oil and gas prices, as well as any trade tariffs.

Global growth is expected to remain fairly stable in 2025, with the US still likely to remain the major engine of growth. However, policy priorities are adding to uncertainties regarding growth prospects around the world. Already, it appears that the improvement in world trade growth may be starting to falter.

In China, the package of fiscal and monetary measures announced in the final quarter of 2024 was welcome and helped it reach its annual target of 'around 5%' GDP growth. Aided by its transformation to a consumption-led and innovation-focused economic model, we expect it to deliver a comparable performance in 2025. Hong Kong should also continue to expand, with its growth directly linked to mainland China.

Elsewhere in Asia, changing supply chains and resilient local demand helped to drive growth in a number of markets, including India. Over the longer term, the demographic dividend will benefit countries like India and markets across South and Southeast Asia.

As this happens, we also continue to see great potential in the fast-growing corridor between Asia and the Middle East, where strong demographics combine with large scale capital spending on infrastructure and further diversification, which are set to continue.

In Europe, with inflation pressures easing and interest rates on a downward trajectory, consumer spending should rise. As a result, we expect the Eurozone to expand this year. Meanwhile, the new UK government is pursuing a pro-growth agenda, which we fully support.

Our people
I want to end by expressing the Board's immense appreciation and gratitude to all our colleagues for driving our Group forward.

All that we delivered in 2024 was only made possible by their sustained efforts, energies, and execution focus. They are the lifeblood of the HSBC Group, serving our customers and creating value for shareholders.

Sir Mark E Tucker
Group Chairman

19 February 2025

Group CEO’s shareholder letter

Georges Elhedery
Group CEO

A simple, more agile, focused organisation built on our core strengths, delivering sustainable strategic growth for our customers and shareholders.

RoTE
14.6%
(2023: 14.6%)

RoTE excluding notable items
16.0%
(2023: 16.2%)

Profit before tax
$32.3bn
(2023: $30.3bn)

Dear fellow shareholders,

The opportunity to lead HSBC is a privilege. Even more so as we celebrate our 160th anniversary. Like each of my predecessors, I see my responsibility as delivering sustainable strategic growth for our shareholders. This begins by putting our customers at the centre of everything we do. Our financial strength, international network, heritage, and brand mean we build upon firm foundations.

We look to the future with confidence.

We begin from a position of strength, which is reinforced by our 2024 performance. During the year, we delivered a return on average tangible equity (‘RoTE’) of 14.6%. This includes several notable items, in particular related to strategic disposals. Excluding these, our RoTE was 16.0%, achieving our ‘mid-teens’ target. Our common equity tier 1 (‘CET1’) capital ratio was 14.9%, reflecting our long-standing financial strength. With our continued focus on cost discipline, we managed cost growth on our target basis of around 5%, which was in line with our targeted cost growth. This strong performance enabled us to announce $26.9 billion in returns to our shareholders through dividends and share buy-backs, which we expect to remain central to our strategy.

Simple, more agile, focused

The world in which we operate is changing quickly. We are adapting to help our customers navigate new complexities. By doing so, we will open up a world of opportunity as we serve their needs, delivering on our strategy.

Since assuming the role in September, I have focused on injecting energy and intent into the way we deliver our strategy. We are being more agile in the way we allocate our resources and invest to prepare for the future. That includes retiring non-strategic assets and embracing the productive power of new technologies and tools to modernise HSBC and enhance the way we serve our customers.

We have renewed vigour in finding the efficiencies that will optimise our resource allocation, be that geographical, business line or balance sheet. This will enhance the way we actively and dynamically manage costs and capital, and target investments.

We will be guided by three overarching priorities:

– Focus on our customers, delivering high levels of satisfaction;
– Drive long-term growth by focusing on our strengths, increasing our leadership and market share in the areas where we can generate attractive returns;
– Simplify our structure and operating model. Reshape and rationalise our portfolio, to meet the needs of a fast-changing world.

To achieve this, I have put in place a smaller, core team of exceptionally talented leaders. They are each committed to fostering a culture of excellence for our colleagues, driven by a growth-orientated mindset. HSBC’s many talented colleagues around the world are key to delivering the exceptional customer experience that will drive our future growth.

We have also simplified the organisation in two important ways.

First, by moving away from a complex matrix governance structure built around three business lines and five geographical regions to create four new businesses. Each firmly rooted in our core strengths:

– Corporate and Institutional Banking, which combines our two wholesale businesses;
– International Wealth and Premier Banking, to focus on accelerating the build out of our global wealth proposition;

"Our ambition is to unlock HSBC's full potential for the benefit of all our stakeholders, provide excellent customer outcomes that enhance our franchise and brand, generating the strategic growth that will deliver attractive returns for you, our shareholders."

- Our two home markets of Hong Kong and the UK, where we have scale and market-leading positions.

HSBC's supporting infrastructure is being simplified and realigned to enable these four businesses to grow.

Simply put, we are aligning our structure to our strategy.

Second, we are significantly improving our operating model, led by a tighter team at the Group Operating Committee, that will:

- Provide clarity of accountability, empower colleagues to make faster decisions and accelerate the pace at which we generate greater productivity;
- Make HSBC simple, with fewer management lines and layers, and less committees, designed to reduce bureaucracy, create closer collaboration, emphasise teamwork, and facilitate the flow of ideas and innovation;
- Adapt quickly to the factors that are shaping the economies and industries in which our customers operate;
- Sharpen and strengthen our focus on capital efficiency and firm-wide risk management.

This will create a step change in the way we work, the way we serve customers and the way we generate sustainable strategic growth, driving higher returns for our shareholders.

In short, unlocking HSBC's full potential.

Designed to deliver strong, sustainable strategic growth

For 160 years, HSBC has been defined by its financial strength and international network. Both remain enablers of everything we do. What is changing is the clarity, speed and intensity with which we are repositioning HSBC around our four complementary, clearly differentiated businesses.

Corporate and Institutional Banking ('CIB') is an international wholesale bank with significant competitive advantages. It has a powerful deposit franchise with financing capabilities supported by the strength of our balance sheet and our network. It has the products and skills required to serve the global banking needs of international corporate clients, particularly in transaction banking where we continue to invest. This positions us to better capture global and intra-regional flows as supply chains reconfigure, new trade routes emerge, economies grow, and customers' expectations of financial services evolve.

The future economy will require financing and investment in sectors such as advanced technologies, specifically digitalisation, computing and generative AI, as well as clean energy and healthcare. CIB is well positioned to facilitate this by helping entrepreneurs to secure the capital they need to build the businesses of the future and by supporting our customers as they look to decarbonise.

International Wealth and Premier Banking ('IWPB') is ideally placed to capture the increasing number of affluent and high-net-worth customers. Especially those with international banking needs who seek new investment opportunities to help them to protect and grow their wealth. Our recognised brand, financial strength and complementary footprints across Asia and the Middle East serve to reinforce HSBC's position in the world's fastest-growing wealth markets. We also have an asset management business with distinct specialism in both regions offering customers access to investment opportunities across asset classes.

The Hong Kong and UK businesses give us strong platforms in our home markets. We serve personal banking customers and small and medium enterprises in these businesses. In Hong Kong specifically, where HSBC was founded, Hang Seng Bank, a customer-centric community bank, is a strategically important investment of the HSBC Group, which enhances the strength of our franchise and market-leading position. We also have a fast-growing insurance manufacturing business in Hong Kong, leveraging the inflows that are propelling Hong Kong to become the leading international wealth hub. In the UK, we have a leading retail, commercial and innovation-focused bank which continues to build market share.

Customers in Hong Kong and the UK with global banking needs will be able to access the power of our international network through our CIB and IWPB businesses, that are anchored in these two leading international financial centres.

Financial strength

CET1 ratio

14.9%

(2023: 14.8%)

In 2024, our strong financial performance enabled us to announce

$26.9bn

in returns to our shareholders through dividends and share buy-backs.

Cost discipline

Operating expenses

$33.0bn

(2023: $32.1bn)

Target basis operating expenses up 5% to $32.6bn

Delivering on our priorities to customers and shareholders

HSBC is a highly connected, global organisation. Our international network is a significant differentiator.

By refocusing on our core strengths, we are creating a simple, more agile, focused organisation structured to better serve our customers and deliver for our shareholders.

We have taken the first deliberate and decisive steps. We continue to move at pace and with a relentless focus on actively managing our costs. Not as a one off, but as an embedded mindset.

How we deliver on our three priorities is equally important. We are instilling a culture of excellence, leadership and accountability throughout the firm. We are also undergoing a comprehensive transformation of our operations, modernising our infrastructure, and investing in technology such as AI, generative AI, data and analytics. This will enhance customer experience as well as drive operational excellence.

The aim being to create a refocused, reinvigorated HSBC, firmly rooted in four complementary businesses with the ambition to generate high levels of total shareholder returns.

Today's actions define a confident future

I am confident about our future and what we can achieve.

As we celebrate our 160th anniversary, our history and heritage stand us in good stead. In so many ways, adapting to new economic realities and technologies is what we have always done. It brings out the best in our people and culture, especially when acting as a trusted advisor to our customers as they navigate the world's economic uncertainties and look towards new opportunities.

As we look to the future, our strategic priorities are clear, our leadership team is now in place, supported by a simplified structure that enables action.

We have clarity on who we are and what we seek to achieve. We are driven by a precision of purpose that guides the way we do business, the values we uphold and the way we serve our customers, colleagues and communities.

We are prioritising a high-performance culture where employees are passionate about what they can achieve and rewarded for their strong customer focus, skills, ambition and initiative. We will invest in our people, one of our most valuable assets, providing them with expansive career opportunities and supporting them in developing future-focused skills, establishing HSBC as an employer of choice and a great place to work.

A strong culture and effective leadership will be key to our long-term success.

I would like to thank all of my colleagues for their valuable contributions to our results. It is a privilege to work with such talented people. Their dedication, commitment, and desire to deliver for our customers differentiates HSBC and is key to delivering long-term growth.

The actions we are taking will have clear and tangible impact. Our ambition is to unlock HSBC's full potential for the benefit of all our stakeholders, provide excellent customer outcomes that enhance our franchise and brand, generating the strategic growth that will deliver attractive returns for you, our shareholders.

Georges Elhedery
Group CEO

19 February 2025

Our strategy

During 2024, we continued to implement our strategy aligned to our purpose, values and ambition.

On 22 October 2024, we announced that we would simplify our organisational structure to help accelerate delivery against our strategic priorities. Effective 1 January 2025, we are operating through four new businesses: Hong Kong, UK, Corporate and Institutional Banking, and International Wealth and Premier Banking. The Group's functions are being realigned to support the four businesses. For 2024, the bank operated under, and our reporting remained aligned to, our prior global business structure, Wealth and Personal Banking, Commercial Banking and Global Banking and Markets.

Building leadership where we are strong

Our strategic priorities remain clear. We aim to maintain and build on our leadership in Hong Kong and the UK. International connectivity distinguishes HSBC – indeed, international trade has always been at the heart of our business. We were founded in Hong Kong in 1865 and by 1875 had expanded into seven countries across Asia, Europe and North America.

We are committed to building on our strong platform for growth. HSBC is a highly connected, global business and the plans we set out in October 2024 aim to increase our leadership and market share in areas where we have competitive advantage, deliver best-in-class products and service excellence to our customers, and create a simple, more agile, focused organisation with clearer lines of accountability and faster decision making.

2024 results

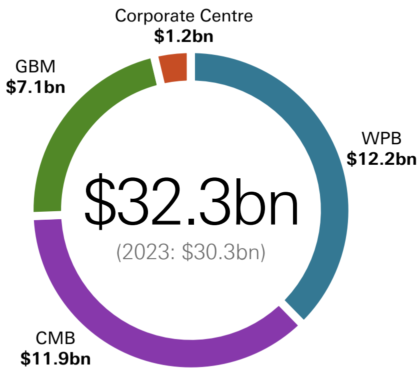
We delivered a good set of results again in 2024. Our reported profit before tax was $32.3bn. During 2024, we reported several notable items, in particular related to the disposal of our businesses in Canada and Argentina. To facilitate comparison across periods, we also consider profit before tax excluding notable items and the impact of foreign currency translation. On this basis, profit before tax was $34.1bn, compared with $32.7bn in 2023. Our reported revenue of $65.9bn was broadly stable compared with 2023. Excluding notable items and in constant currency, we grew revenue by 5% compared with 2023.

In 2024, we achieved a RoTE of 14.6%. During 2024, we reported several notable items, in particular related to strategic disposals. To facilitate comparison across periods, we also consider our RoTE excluding the impact of notable items. In 2024, RoTE excluding notable items was 16.0%, achieving our target of 'mid-teens'. We delivered a 16.2% RoTE excluding notable items in 2023.

14.6%

Return on average tangible equity
(2023: 14.6%)

Reported profit before tax



Progress in our affluent and wealth businesses

In WPB, revenue increased by 7% compared with 2023 on a constant currency basis.

We continued to demonstrate strategic progress during 2024, building our affluent and wealth propositions, taking advantage of the growth of wealth assets, specifically in Asia. At 31 December 2024, wealth balances in WPB were $1.8tn, an increase of 7% compared with 2023. Within this we attracted net new invested assets of $64bn in 2024, with $47bn booked in Asia. Wealth deposits, including Premier and Global Private Banking deposits, grew to $555bn.

Revenue in Wealth was up $1.3bn or 18% on a constant currency basis, with an increase in Asia of 32%. This supports our medium term target to grow Wealth fees and other income at a double-digit percentage compound annual growth rate over the medium term. Our total invested assets were $1.3tn, up from $1.2tn in 2023. There was a strong performance in our WPB insurance business, which delivered revenue growth of 32% to $1.8bn. Our insurance manufacturing new business contractual service margin ('CSM') of $2.5bn increased by 49% compared with $1.7bn in 2023. The growth in CSM underpins our potential future revenue from this business.

$1.8tn

Wealth balances
Increased by 7% compared with 2023

Progress in our wholesale businesses

In CMB, revenue declined by 4% compared with 2023 on a constant currency basis. This was primarily due to the non-recurrence of a gain in 2023 on the acquisition of SVB UK. In GBM, constant currency revenue grew by 11% compared with 2023.

Our strength in international connectivity is a key differentiator. We partner with our clients as they expand internationally. The reconfiguration of global supply chains plays to our strength in network business: in our 58 markets, we are well placed to help clients manage increased complexity.

Transaction banking is a leading HSBC proposition. We ranked second by Global Payments Solutions ('GPS') revenue in the first three quarters of 2024[1]. We also facilitated over $850bn in trade[2] and have been ranked first in revenue for the last seven consecutive years[3]. We generated revenue of $26.3bn from transaction banking during 2024, which was broadly stable compared with 2023. We were ranked joint second in Global Foreign Exchange ('GFX') revenue[4] and second in APAC securities services in the first three quarters of 2024[5].

$850bn

Trade volume facilitated

1 Source: Coalition Greenwich Competitor Analytics – 9M24.
2 HSBC internal management information, excluding Hang Seng, Malaysia and Germany.
3 Source: Coalition Greenwich Competitor Analytics – 9M24.
4 Source: Coalition Greenwich Competitor Analytics – 9M24.
5 Source: Coalition Greenwich Competitor Analytics – 9M24.

Performance across geographies

Hong Kong
We have the leading banking franchise in Hong Kong, with $575bn in customer deposits and market leadership in a number of product areas[6]. In 2024, reported revenue was $21.2bn, an increase of 6%. We welcomed 799,000 new-to-bank customers in WPB, with the rate of growth accelerating from 345,000 in the first half of 2024, to 454,000 in the second half. Our 2024 full year new-to-bank customers numbers grew by 66% compared with 2023. We also continued to solidify our leadership position and grow our WPB business. In our wholesale businesses, we focused on maintaining our leading position across multiple products. In trade finance, our market share was 29.2%, an increase of 3.5 percentage points from 2023[7].

UK
HSBC UK has a top 3 franchise[8] with $340bn in customer deposits. Reported revenue was $12.8bn in 2024, a decrease of 5%, although it represented an increase of 5% excluding the $1.6bn gain on acquisition of Silicon Valley Bank UK – a notable item in 2023. We continued to grow our CMB business and we are 'Share Leader' in UK corporate banking with 75% market penetration, according to Coalition Greenwich. In our WPB business, we grew mortgage lending balances by $4.6bn since 31 December 2023 on a constant currency basis, taking our UK mortgage market share from 8.0% to 8.1%[9]. In the UK, we see the opportunity to continue building our mortgage franchise and build share in small and medium-sized enterprise ('SME') banking.

Other markets
In addition to Hong Kong and the UK, we have an established presence in a number of markets, including mainland China, India, Singapore and the UAE. These markets are well connected to international trade, wealth and investment flow and are key to our international connectivity.

In 2024, we reported profit before tax of $3.2bn in our mainland China business, including a $2.2bn share of profit from our associate, BoCom. We have a strong client franchise in mainland China, helping to support clients' international needs. We were the Best Trade/Supply Chain Finance Bank in 2024[10]. We also completed the acquisition of Citi's retail wealth management portfolio, and supported by our expanded onshore Global Private Banking business, grew our wealth invested assets by 61% compared with 2023.

In India, we reported a profit before tax of $1.7bn. We aim to continue growing our wholesale franchise by taking advantage of corporate supply chains. In 2024, we were recognised by Euromoney as the number one International Bank in India. We are also tapping into the wealth pools of the Indian diaspora through Global Private Banking. In 2024, we remained the top foreign bank for non-resident Indians in wealth[11]. In January 2025, we received permission to open 20 further branches, the largest such approval for a foreign bank in over a decade.

In Singapore, we generated profit before tax of $1.4bn. Singapore is our primary wholesale offshore booking centre and wealth hub within the ASEAN region and is a centre for our transaction banking operations. In 2024, we were recognised by Euromoney as the Best International Bank and the Best Cash Management Bank in Singapore. We continued to grow our Premier and Wealth balances in Singapore in 2024.

In the UAE, we generated $0.9bn in profit before tax. We continue to be the largest foreign bank in the UAE[12] and aim to continue growing our institutional and international wholesale banking business, leveraging the vital role the UAE and the Middle East play in global trade. In 2024, we were ranked number one in equity and debt capital markets in MENAT for the 4th consecutive year[13] and Euromoney recognised us as the UAE's Best International Bank. We established onshore Global Private Banking in 2022 and have continued to invest in our wealth platforms including our global online trading platform WorldTrader, launched in 2024. Our Wealth invested assets grew by 25% compared with 2023, and we saw an increase of 8% in our international new-to-bank customers during the same period.

As noted above, from 1 January 2025, we are operating through four businesses, while during 2024, we operated through three global businesses: WPB, CMB and GBM.

799,000

Hong Kong WPB new-to-bank customers

75%

UK corporate banking market penetration

6 HSBC internal analysis based on loans and advances to customers and customer accounts in our Hong Kong legal entity as of 30 June 2024, and the financial data presented in the 2Q24 results announcements of 13 selected peer banks.
7 Source: HKMA.
8 HSBC internal analysis based on the 9M24 PBT. of HSBC UK and the financial data presented in the 3Q24 results announcements of four selected peer banks.
9 Source: Bank of England.
10 Source: Corporate Treasurer Awards 2024.
11 Source: Indian Mutual Fund Industry.
12 HSBC internal analysis based on 9M24 revenue, deposits and advances, using peers' published results.
13 Source: Bloomberg league table.

Reshaping and focusing the Group

We have continued to make progress in reshaping the Group. In 2024, we completed the sales of our businesses in Canada, Russia, Armenia and Argentina. Furthermore, we disposed of our retail banking operations in France and Mauritius.

We also announced planned disposals in our private banking business in Germany and our business in South Africa. We signed a memorandum of understanding in relation to the planned sale of our France life insurance business and have launched a strategic review of our business in Malta. The review is at an early stage and no decisions have been made.

We completed the acquisition of Citi's retail wealth management portfolio in mainland China and SilkRoad Property Partners Group in Singapore.

We expect further reshaping actions as we align the Group with our four businesses.

Deposit strength core to our strategy

We are proud of our deposit strength across all of our franchises, which has built steadily since our founding. We have a total deposit base of $1.65tn, comprised primarily of current and savings accounts. Our balance sheet is also highly liquid with customer loans of $0.93tn, representing 56% of customer deposits. We operate with a customer deposits surplus of $724bn relative to customer loans. We hold a surplus of deposits in each of our major functional currencies, including US dollars, Hong Kong dollars, sterling, renminbi and the euro. We also operate a surplus of customer deposits relative to customer loans in our major operating entities, including The Hongkong and Shanghai Banking Corporation Limited, HSBC UK and HSBC Bank plc.

The long 2009-2021 period of close-to-zero central bank interest rates and very low government bond yields in many of our operational currencies constrained our earnings in prior years. One contributor to our rise in profits in recent years has been a return of central bank interest rates and government bond yields to levels more typical of prior decades.

Over the period from 2022 to 2024, we increased both the size and duration of our structural hedge, further stabilising our banking NII. The sensitivity of our banking NII to a 100bps parallel downward shift in interest rates has reduced from c.$(7)bn at 30 June 2022, to $(2.9)bn at 31 December 2024. This was primarily due to hedging actions, although higher prevailing interest rates also contributed to a reduction in sensitivity. The Group expects to further increase the size and duration of the structural hedge, subject to market conditions.

$1.65tn

Customer deposit balances
(2023: $1.61tn)

$0.93tn

Customer loans
(2023: $0.94tn)

Improving operational excellence through artificial intelligence

We are transforming our operations to enhance customer experiences through the use of artificial intelligence ('AI') and automation to help deliver faster, personalised and more seamless services. Through the reduction of inefficiencies and streamlining processes we will help provide quicker responses and better journeys for our customers. The investments we are making in Technology will contribute to a simpler, safer organisation with operational resilience and stability at its core, helping to create lasting value for both our customers and stakeholders.

By harnessing AI capabilities, HSBC aims to improve customer service through AI supported mobile apps and strengthened contact centre capabilities, as well as improving process efficiency in onboarding, know-your-customer, and credit applications. We are supporting our engineers through the scaled roll out of coding assistants to improve technology productivity, and we are using AI to help protect the bank and our customers more effectively against fraud and cyber crime.

We are committed to the responsible use of AI, ensuring that our initiatives align with industry and regulatory standards and best practices. Our governance frameworks aim to enable robust prioritisation of use cases whilst mitigating potential risk associated with AI deployment.

Our ambitions

Mid-teens RoTE extended
During 2024, we announced our intention to target a mid-teens RoTE[1], excluding the impact of notable items, for 2025. Alongside our 2024 annual results, we have extended this target to each of 2025, 2026 and 2027. We will consider our cost and investment plans within this framework.

Simplification
With our 2024 results, we have announced that we aim to generate approximately $0.3bn of cost reductions in 2025, with a commitment to an annualised reduction of $1.5bn in our cost base expected by the end of 2026. These savings are primarily people-related organisational design reductions, have negligible impact on revenues and are aligned to the strategic reorganisation of the Group.

We have simplified our businesses in our domestic markets, Hong Kong and the UK. Our scale retail and commercial banking platforms here will benefit from shorter lines of decision making, empowering our colleagues to get things done.

We plan to intensify successful partnerships between our domestic markets and our international franchises, CIB and IWPB, for those clients with more complex and networked needs. Ensuring we continue to provide the services and products our global scale enables us to create is key to our growth. We will continue to service Wealth clients; and internationally active commercial and corporate clients in Hong Kong and the UK on an integrated basis.

Growth
We are focused on growth opportunities within our strategy that play to our strengths, while maintaining tight cost discipline and continuing to invest in growth and efficiency. We see growth opportunities in each of our four franchises. In CIB, these include further expanding our international network businesses, notably transaction banking. In IWPB, we intend to particularly focus on building our successful wealth business, especially in Asia. In Hong Kong, we intend to support continued growth in non-resident customer numbers and will seek to build on our strong SME proposition. In the UK, we see the opportunity to continue building our mortgage franchise and build share in SME banking.

We will consider using cost savings generated through business disposals for incremental re-investment into our core franchises. This would be in addition to our ongoing investments.

Capital generation
Our business model is designed to be highly capital generative. In 2024, our common equity tier 1 ('CET1') capital ratio grew from 14.8% to 14.9% as at 31 December 2024. During the calendar year, we paid $5.5bn ordinary dividends with respect to 2024, we expect to pay a further $6.4bn through the fourth interim dividend and we expect to repurchase $11bn of our shares for cancellation with respect to 2024. The capital generated on the disposal of our Canadian banking operations supported the $0.21 per share special dividend paid in 2Q24, representing a further $3.9bn distribution. We aim to maintain a CET1 capital ratio in the range of 14 to 14.5% over the medium term. Our primary use of capital generation is to pay an ordinary dividend of 50% of profit attributable to ordinary shareholders, excluding material notable items and related impacts (our dividend payout ratio target basis[1]). Our preferred use of capital after paying the dividend is to support the growth of our four businesses.

In recent years, much of our income growth has come from capital-light income streams, such as deposit revenue from higher interest rates; and from fee income, notably in Wealth. Our RWAs of $838.3bn at 31 December 2024 remained broadly stable compared with 31 December 2022. Combined with strategic actions, this enabled the Group to buy back 11% of its outstanding shares in two years, while reporting a CET1 ratio rising from 14.2% to 14.9% over the two years.

Should organic growth in any given year require less incremental capital than the Group has retained after paying ordinary dividends to our shareholders, we plan to consider further share buy-backs.

c.$1.5bn
Annualised reduction in our cost base by the end of 2026

14-14.5%
CET1 capital ratio over the medium term

50%
Dividend payout ratio target basis[1]

1 We do not reconcile our forward guidance on RoTE excluding the impact of notable items, target basis operating expenses, dividend payout ratio target basis or banking NII to their equivalent reported measures.

ESG overview

Our approach to environmental, social and governance is rooted in creating long-term value for our customers and the economies that we serve.

Our approach

Our approach to ESG is focused on creating long-term value for our customers and wider stakeholders. We focus our efforts on three areas: the transition to net zero, building inclusion and resilience, and acting responsibly.

Our approach to the transition
Supporting the transition to net zero is a key priority for HSBC. We believe the transition to net zero will help make the global economy stronger and more resilient against mounting climate impacts. In October 2020, we announced our ambition to become a net zero bank by 2050. We believe supporting our customers' transition both benefits their business and helps generate long-term financial returns for our shareholders.

Since we set our net zero ambition, collective global efforts have driven progress in some vital areas of the decarbonisation challenge. Billions of dollars have been allocated to clean energy. Falling costs of renewables and advancements in clean technologies have accelerated their adoption. And while it is taking time for more nascent industries such as hydrogen, carbon capture and storage and sustainable aviation fuel to scale, with supportive government policies and industrial strategies their adoption can be accelerated, and their costs reduced.

We have always recognised that the transition would not be linear. Yet while the transition has progressed, the global pace of change remains insufficient. As the UN's latest Emission Gap report recently warned, current government policies, conventional energy demand, clean technology adoption, and wider consumption patterns are not yet aligned with the Paris Agreement goal of holding the temperature increase to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

As a bank, our ability to finance our customers' transition and, in turn, progress toward and meet our targets, relies on decarbonisation solutions scaling across sectors, alongside growing demand from our customers for capital to transition their business models. Ambitious and credible governmental policy measures also remain fundamental prerequisites for decarbonising the real economy at sufficient pace. We are limited by, and cannot on our own overcome, the present lag in policy measures and the overall slower pace of the transition. These factors put our customers', and our own, net zero ambitions at risk.

In our net zero transition plan published in January 2024, we committed to continually calibrate our approach to take into consideration the latest scientific methodologies, climate-related policy measures and developments in the real world given that our sector portfolios reflect progress in the real economy in the regions where we operate. As we near the mid-point towards our 2030 targets, it is important to take stock of our own progress so far. We have made good progress in reducing the emissions from our own operations but more uneven progress towards our ambitions for our financed emissions footprint.

Net zero in our own operations, business travel and supply chain
In 2020, we set an ambition to reach net zero in our operations and supply chain by 2030 and we continue to make good progress in driving down our direct emissions, which are largely derived from energy consumption. We are currently on track to achieve a reduction in our scope 1 and 2 emissions of more than 90% by 2030 compared with our 2019 baseline, through a programme of energy efficiency initiatives and significant investment in renewable power. However, progress in reducing emissions in the scope 3 supply chain component is proving slower than we anticipated, driven mainly by the slower pace of the transition across the real economy.

It has become clear that we would need to rely heavily on carbon offsets to achieve net zero in our supply chain by 2030. This approach would not be aligned with recently updated guidance from the Science Based Targets Initiative on the role of offsets in meeting corporate net zero claims.

As such, we have revisited this ambition to take into account latest best practice guidance. We are now focused on cutting emissions across our operations, travel and supply chain to achieve net zero by 2050. We expect to continue to report on our progress up to 2030 and beyond. Presently, across our operations, business travel and supply chain, we expect to achieve a reduction of around 40% in emissions by 2030.

Interim financed emissions targets
Our strategy is to support emission reductions in the wider economy by working with our portfolio of customers to facilitate the emission reductions they are seeking to make. That is what we consider when setting financed emissions targets. To the extent our customers are facing challenges, especially in light of the slower pace of the transition, there is no real benefit to society in simply sending those customers to another organisation that may be less committed to supporting their transition.

As such, we are supporting both new and existing customers that are making positive steps to transition to a net zero economy. We continue to focus on engaging with our customers on their transition plans, considering our strategic business lines and markets, managing the products and services we offer, and adapting the financing choices we make to help move the world towards a resilient, net zero economy.

However, as we have set out in our net zero transition plan, we must acknowledge that our influence on the decarbonisation of individual companies and the industries and economies in which our customers operate has limits. There are fundamental prerequisites, outside of our control, which impact our ability to meet our 2030 interim financed emissions targets and ultimately reach our net zero ambition. These include technological advancements, diversification of the energy mix, market demand for climate solutions, evolving customer preferences, and government leadership and effective policy.

At the current pace of decarbonisation, a combination of the above factors has led to the transition being slower than envisaged by recent Paris-aligned net zero scenarios. Moreover, certain high emitting sectors are not yet currently on a 1.5°C pathway. Until the real economy makes significant progress in decarbonising, our own progress towards our 2030 targets and 2050 net zero ambition will be constrained.

Against this background, we have begun a review of our interim financed emissions targets and associated policies as part of the annual review of our net zero transition plan that we referenced in our 3Q24 earnings release in October. This analysis is complex: it presents considerable data and methodology challenges and it is going to take time to complete.

As we calibrate our approach for the latest context, we will seek to balance being ambitious on net zero while recognising present near-term global challenges, and the associated impact of the transition playing out differently across the regions and sectors we serve. In doing so we plan to draw on the latest scientific evidence and credible industry-specific pathways while, at the same time, maintaining our commitment under our 2021 Climate Resolution.

We have been clear on our commitment to being transparent on the risks, challenges and opportunities arising from our ambition to be net zero by 2050. As such, we intend to provide the results of our review in our net zero transition plan update, which we expect to be released in the second half of 2025.

We remain committed to net zero, recognising it is a priority for our customers to support their growth and prosperity over the long term. While no single actor can drive the transition alone, we will continue to actively look for opportunities to support our customers' transition and engage in the ongoing efforts to achieve the goals of the Paris Agreement.

Build inclusion and resilience

To help create long-term value for all stakeholders, we focus on fostering inclusion and building resilience for our colleagues, our customers and the communities we operate within.

For colleagues, we focus on creating an inclusive, healthy and rewarding environment as this helps us to attract, develop and retain the best talent, and we support their resilience through access to well-being and learning resources.

We strive to provide an inclusive and accessible banking experience for our customers. We do this by providing resources that help them manage their finances, and services that help them protect what they value.

In 2024 we updated our global philanthropy strategy to align with our ESG areas of focus: 'transition to net zero'; and 'building inclusion and resilience', allowing us to work alongside the communities we operate within to help create change.

Act responsibly

We are focused on operating a strong and sustainable business that puts the customer first, values good governance, and gives our stakeholders confidence in how we do what we do. Our conduct approach guides us to do the right thing and to focus on the impact we have on our customers and the financial markets in which we operate. Customer experience is at the heart of how we operate. We aim to act responsibly and with integrity across the value chain.

Engaging with our stakeholders and our material ESG topics

We know that engaging with our stakeholders is core to being a responsible business. To determine material topics that our stakeholders are interested in, we conduct a number of activities throughout the year, including engagements outlined in the table below. Disclosure standards such as the TCFD, World Economic Forum ('WEF') Stakeholder Capitalism Metrics and Sustainability Accounting Standards Board ('SASB'), as well as the ESG Guide under the Hong Kong Stock Exchange Listing Rules and other applicable rules and regulations, are considered as part of the identification of material issues and disclosures.

Our stakeholders	How we engage
Customers	Our customers' voices are heard through our everyday interactions with them, customer surveys, listening to their complaints, and online feedback through social media and third-party financial websites and forums.
Employees	Our colleagues' voices are heard through our annual Snapshot survey, exchange sessions, town hall meetings, leadership summits, and our 'speak-up' channels, including our global whistleblowing platform, HSBC Confidential.
Investors	We engage with our investors through our AGMs, virtual and in-person meetings, investor roadshows, conferences and investor surveys, seeking to respond to questions they raise and to convey their views to senior management.
Communities	We regularly engage with non-governmental organisations ('NGOs'), charities and civil society groups both directly and through cross-industry forums, as well as through partnerships. Our Climate Advisory Panel, comprising representatives from NGOs and industry experts, provides independent advice and challenge.
Regulators and governments	We proactively engage with regulators, governments and international leaders to build strong relationships, responding to consultations via industry bodies to help shape our approach to financed emissions methodologies, scenario analysis and portfolio alignment to support the transition to net zero in the global economy.
Suppliers	Our code of conduct sets out our expectations and the minimum standards we expect from our suppliers on the environment, diversity, and human rights. We have begun direct engagement with our highest-emitting suppliers to understand their carbon reduction targets and disclosure plans.

Material topics highlighted through our engagement[1]

- Customer advocacy
- Cybersecurity
- Employee training
- Inclusion
- Employee engagement
- Supporting our customers – financed emissions
- Embedding net zero into the way we operate
- Sustainability risk policies, including thermal coal phase-out policy and energy policy
- Net zero transition plan
- Financial inclusion and community investment
- Climate risk
- Anti-bribery and corruption
- Conduct and product responsibility
- Supply chain management
- Human rights

1 These form part of our ESG disclosures suite together with other requirements, and are not exhaustive or exclusive to one stakeholder group. For further details of our disclosures, see our ESG review and ESG Data Pack, as well as our ESG reporting centre at www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.

Our ESG ambitions, metrics and targets TCFD

We have established ambitions and targets that guide how we do business, including how we operate and how we serve our customers. These include targets designed to help track our progress against our environmental and social sustainability goals. They also help us to improve employee advocacy and the representation of senior leadership, as well as strengthen our market conduct. The targets for these measures are linked to the pillars of our ESG strategy: transition to net zero, building inclusion and resilience, and acting responsibly.

To help us achieve our ESG ambitions, a number of measures are included in the annual incentive and long-term incentive scorecards of the Group CEO, Group CFO and Group Executives that underpin the ESG metrics in the table below.

For a summary of how all financial and non-financial metrics link to executive remuneration, see pages 296 to 308 of the Directors' remuneration report.

In our previous disclosures and in our net zero transition plan we have highlighted the risks, dependencies and uncertainties associated with our approach and progress towards our ESG ambitions. For further details on our climate reporting, see the ESG review page 43.

The table below sets out some of the key ESG metrics we use to measure progress against our ambitions. For further details of how we are doing, see the ESG review on page 41.

Environmental: Transition to net zero[1]	**Sustainable finance and investment**[2] $393.6bn Cumulative total provided and facilitated since 1 January 2020. (2023: $294.4bn) Ambition: Provide and facilitate $750bn to $1tn of sustainable finance and investment by 2030.	**Net zero in our own operations**[3] 66.1% Reduction in absolute operational greenhouse gas emissions from 2019 baseline. (2023: 57.3%) Updated ambition: Become a net zero bank by 2050.	**Financed emissions**[4] 7 sectors Number of sectors where we have set interim financed emissions targets, comprising five on-balance sheet and two combined financed emissions targets. Ambition: Align our financed emissions to achieve net zero by 2050.
Social: Build inclusion and resilience	**Gender representation**[5] 34.6% Senior leadership roles held by women. (2023: 34.1%) Ambition: Achieve 35% senior leadership roles held by women by 2025[6].	**Black heritage**[5] 3.0% Senior leadership roles held by Black heritage colleagues in the UK and US combined. (2023: 3.0%) Ambition: 3.4% of senior leadership roles held by Black heritage colleagues in the UK and US combined by 2025[6].	**Inclusion Index**[7] 78% Inclusion index score. (2023: 78%) Ambition: Maintain 75% in the Snapshot Inclusion index.
Governance: Acting responsibly	**Conduct training**[8] 99% Employees who completed conduct training in 2024. (2023: 98%) Target: At least 98% of employees complete conduct and financial crime training each year.	**Customer satisfaction**[9] 4 out of 6 WPB markets that sustained top-three rank and/or improved in customer satisfaction. (2023: 3 out of 6) Target: To be ranked top three and/or improve customer satisfaction rank.	3 out of 6 CMB markets that sustained top-three rank and/or improved in customer satisfaction. (2023: 5 out of 6) Target: To be ranked top three and/or improve customer satisfaction rank.

1 For further details of our approach to transition to net zero, methodology and third-party limited assurance reports on financed emissions, sustainable finance and investment progress, and our own operations' scope 1, 2 and 3 (business travel and supply chain) greenhouse gas emissions data, see www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre.
2 In October 2020, we announced our ambition to provide and facilitate between $750bn to $1tn of sustainable finance and investment by 2030. For further details and breakdown, see the ESG review on page 45. For details of how this ambition links with the scorecards, see page 297.
3 This absolute greenhouse gas emission figure covers scope 1, scope 2 and scope 3 (business travel) emissions. For further details of how this ambition links with the scorecards, see page 297.
4 See page 48 for further details of our interim targets, which include combined on-balance sheet financed emissions and facilitated emission targets for two emissions intensive sectors: oil and gas, and power and utilities. The remaining five sectors for which we have set on-balance sheet financed emissions targets are: cement; iron, steel and aluminium; aviation; automotive; and thermal coal mining.
5 Senior leadership is classified as those at band 3 and above in our global career band structure. For further details, see the ESG review on page 65. For further details of how this ambition links with the scorecards, see page 297.
6 These numerical ambitions do not form part of any US-based senior leader performance or other objectives, or in other jurisdictions where application of such should not apply under local law.
7 For further details, see the ESG review on page 67. For details of how this ambition links with the scorecards, see page 297.
8 The completion rate shown relates to the 'Conduct Matters' training module that was launched in December 2023 and concluded in 2024, and covers permanent and non-permanent employees (where legally permissible to assign training). For completion rates related to financial crime training, see the ESG review on page 80.
9 The markets where we report rank positions for WPB and CMB – the UK, Hong Kong, mainland China, India, Mexico and Singapore – are in line with the annual executive scorecards. For further details of customer satisfaction, see the ESG review on page 77. For further details of how this target links with the scorecards, see page 297.

Task Force on Climate-related Financial Disclosures ('TCFD') TCFD

The Financial Stability Board's Task Force on Climate-related Financial Disclosures ('TCFD') recommendations set an important framework for understanding and analysing climate-related risks, and we are committed to regular and transparent reporting to help communicate and track our progress. We also seek to advocate for the same from our customers, suppliers and the industry.

We have set out our key climate-related financial disclosures throughout the Annual Report and Accounts 2024 and related disclosures. We recognise that further work lies ahead as we continue to develop our management and reporting capabilities. In 2024, we enhanced our disclosures, such as the portfolio breakdown for Energy Performance Certificate ('EPC') ratings into owner-occupied and buy-to-let properties.

We have considered our 'comply or explain' obligation under both the UK Financial Conduct Authority's Listing Rules and Sections 414CA and 414CB of the UK Companies Act 2006, and confirm that we have made disclosures consistent with the TCFD Recommendations and Recommended Disclosures, including its annexes and supplemental guidance, save for certain items, which we summarise below.

- We set interim 2030 financed emissions targets. However, we use different time horizons for climate risk management. For climate risk, we define short term as time periods up to 2026; medium term between 2027 and 2035; and long term between 2036 and 2050. For financed emissions we do not plan to set 2026 targets. In 2024, we disclosed interim 2030 targets for financed emissions for seven sectors as outlined on page 52. Following this, we have set combined on-balance sheet financed emissions and facilitated emissions targets for two emissions intensive sectors: oil and gas, and power and utilities. We have also set targets for on-balance sheet financed emissions for the following five sectors: cement; iron, steel and aluminium; aviation; automotive; and thermal coal mining.
- The methodology and data used for financed emissions is evolving. We expect industry guidance, market practice, data availability, scenarios and regulatory disclosure requirements to continue to change, along with the shape of our own business. We have begun a review of our 2030 financed emissions targets and associated policies, as part of the annual review of our NZTP that we referenced in our 3Q24 earnings release in October.
- We do not fully disclose impacts from climate-related opportunities on financial planning and performance, including on revenue, costs and the balance sheet, quantitative scenario analysis, detailed climate risk exposures for all sectors and geographies or physical risk metrics. This is due to transitional challenges in relation to data limitations, although nascent work is ongoing in these areas. We expect these data limitations to be addressed in the medium term as more reliable data becomes available and technology solutions are implemented.
- We currently focus on disclosing only four out of 15 categories of scope 3 greenhouse gas emissions including business travel, supply chain and financed emissions, following our internal materiality assessment. In relation to financed emissions, we publish on-balance sheet financed emissions for a number of sectors, covering 2.7% of our loans and advances to customers at 31 December 2023, as detailed on page 56. We also publish facilitated emissions for the oil and gas, and power and utilities sectors. Data quality of future disclosures on financed emissions and related risks are reliant on our customers publicly disclosing their greenhouse gas emissions, targets and plans, and related risks. We recognise the need to provide early transparency on climate disclosures but balance this with the recognition that existing data and reporting processes continue to require significant enhancements.

For a full summary of our TCFD disclosures, including detailed disclosure locations for additional information, see pages 444 to 450.

ESG disclosure map and directory

The table below sets out the key non-financial information, including risks and policies on environmental, social and governance matters, and where it can be found:

Transition to net zero	**At a glance**	Read more on our approach to the transition and understanding our climate reporting	Page 42
	Supporting our customers	Read more on our progress made against our $750bn to $1tn sustainable finance and investment ambition	Page 45
	Partnering for systemic change	Read more on how we partner externally in support of systemic change, including an update on our Climate Solutions Partnership	Page 47
	Embedding net zero	Read more on our progress made against our ambition to achieve net zero in our financed emissions by 2050	Page 48
		Read more on our progress in decarbonising our own operations and supply chain	Page 58
		Read more on our sustainability risk policies and our thermal coal exposures	Page 61
	Detailed Task Force on Climate-related Financial Disclosures ('TCFD')	We make disclosures consistent with Task Force on Climate-related Financial Disclosures ('TCFD') recommendations, highlighted with the symbol: TCFD	Page 444
Build inclusion and resilience	**Inclusion disclosures**	Read more on how we are building an inclusive environment that reflects our customers and communities, and our latest pay gap statistics	Page 63
	Pay gap disclosures		Page 65
Act responsibly	**How we govern ESG**	Read more on our approach to ESG governance and human rights	Page 74
	Human rights disclosures		Page 75
	How our ESG ambitions link to executive remuneration	Read more on our ESG ambitions embedded in executive remuneration	Page 17 Pages 284 to 300
ESG Data Pack	**Detailed ESG information**	Our ESG Data Pack provides more granular ESG information, including the breakdown of our sustainable finance and investment progress, and complaints volumes	www.hsbc.com/esg

Responsible business culture

We have a responsibility to help protect our customers, our communities and the integrity of the financial system.

Employee matters
We are building a responsible business culture that values difference, takes responsibility, seeks different perspectives and upholds good standards of conduct.

There may be times when our colleagues need to speak up about behaviours in the workplace and in the first instance we encourage colleagues to speak to their line manager. Our annual employee survey showed that 85% of colleagues have trust in their direct manager. HSBC Confidential is our whistleblowing channel, which allows colleagues past and present to raise concerns confidentially and, if preferred, anonymously (subject to local laws). Our Snapshot survey showed that 80% of colleagues feel able to speak up when they see behaviours they consider to be wrong.

Our inclusion index measures our colleagues' sense of belonging and psychological safety within the organisation, and in 2024 this remained unchanged at 78%.

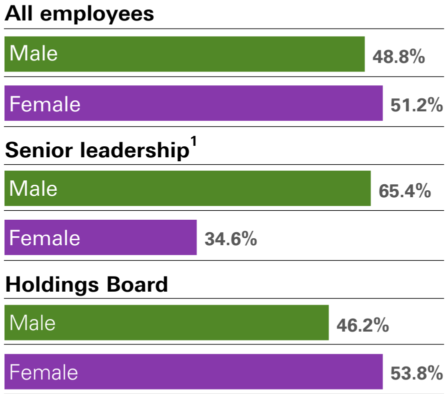
To help address under-representation across our colleague base, we have an ambition to achieve a 35% representation of women in senior leadership roles (classified as those at band 3 and above in our global career band structure) by 2025[1]. We remain on track, having achieved 34.6% in 2024.

We have an ambition to increase our Black heritage senior leader representation in both the UK and US combined to 3.4% by 2025[1]. In 2024 we maintained our position at 3.0%.

Our hiring practices are merit-based, and we seek to ensure that every candidate, regardless of their identity and background, has an equal opportunity to demonstrate their skill and potential. We have identified specific Group-wide priorities, which we track and monitor progress against. We adapt implementation of our strategy across international operations to ensure it remains relevant locally. We have enabled 93% of our colleagues to disclose their ethnicity, with 67% currently choosing to do so, where this is legally permissible.

1 These numerical ambitions do not form part of any US-based senior leader performance or other objectives, or in other jurisdictions where application of such should not apply under local law.

The table below outlines high-level representation metrics.



1 Senior leadership is classified as those at band 3 and above in our global career band structure.

For further details of how we look after our people, including our inclusion ambitions, how we encourage our employees to speak up, and our approach to employee conduct, see the Social section of the ESG review on page 63.

Listening to our customers
We continue to listen, learn and act on our customers' feedback. We use the net promoter system to share customer feedback with our front-line teams, allowing them to respond directly to customers. We also have dedicated global forums to promote ongoing improvement of our customers' experience.

Social matters
We aim to help provide people and communities with the skills and knowledge needed to thrive through the transition to a sustainable future. For this reason, we focus our support on programmes that help build inclusion and resilience. We also support climate solutions and innovation, and contribute to disaster relief. For examples of our programmes, see the 'Engaging with our communities' section of the ESG review on page 72.

Human rights
As set out in our Human Rights Statement, we recognise the role of business in respecting human rights. Our approach is guided by the UN Guiding Principles on Business and Human Rights ('UNGPs') and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Our Human Rights Statement and annual statements under the UK Modern Slavery Act, are available on www.hsbc.com/who-we-are/esg-and-responsible-business/esg-reporting-centre. For further details of our approach, see the 'Human rights' section of the ESG review on page 75.

Anti-corruption and anti-bribery
We are required to comply with all applicable anti-bribery and corruption laws in every market and jurisdiction in which we operate. We seek to focus on the spirit of relevant laws and regulations to demonstrate our commitment to ethical behaviours and conduct as part of our environmental, social and corporate governance.

Environmental matters
For details of our climate ambition and carbon emission metrics, see the ESG review on page 42.

Group non-financial and sustainability information statement
This section primarily covers Group non-financial and sustainability information as required by applicable regulations. Other related information can be found as follows:

- For further details of our key performance indicators, see page 1.
- For further details of our business model, see page 4.
- For further details of our principal risks and how they are managed, see pages 37 to 39.
- For further details of our TCFD disclosures, including alignment with sections 414CA and 414CB of the Companies Act 2006, see pages 444 to 450.

Helping to boost reforestation in the Amazon basin

We acted as sole bookrunner and structuring bank for the World Bank's $225m, 9-year principal-protected Amazon reforestation-linked outcome bond, their largest outcome bond issued to date. Under this bond, up to $36m of capital will be mobilised to support reforestation activities undertaken by Mombak, the Brazilian project sponsor. Mombak intends to use these funds to reforest degraded land with native tree species, and in doing so seek to generate carbon removal credits.

This transaction is the first ever carbon removal credit-backed financing in international debt capital markets. It represents a new, blended finance solution to help lower the cost of capital for highly capital-intensive, nature-based solutions.

Board decision making and engagement with stakeholders

The Board is committed to effective engagement with our stakeholders and seeks to understand their interests and the impacts on them when making decisions.

Section 172(1) statement

The Board recognises the importance of engaging with stakeholders effectively to ensure their interests and priorities are understood and given due consideration in Board discussions and decision-making. In 2024, the Directors took part in a comprehensive stakeholder engagement programme, meeting with stakeholders directly where practicable and ensuring the outcomes of engagement activities were reported to the Board. Further details of the Board's engagement with stakeholders are set out below. Our section 172(1) statement is set out on pages 20 to 23 and describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when discharging their duty to promote the success of the company. It includes examples of principal decisions taken by the Board and how relevant stakeholder impacts were considered as part of the Board's decision-making.

Directors' engagements with key stakeholders in 2024

Stakeholders	Engagement	Impact and outcomes
Customers We recognise that the greater our understanding of our customers' needs, the better we can help support them to achieve their financial aims and succeed in our purpose and strategy.	– Meetings with key customers in various regions and engagement events with business customers to discuss challenges and opportunities in their relevant markets. – Introductory meetings between the new Group CEO and key clients across global markets. – Regular reports to the Board on customer matters, including operational resilience, customer experiences across the Group and results of retail customer surveys, including changes to net promoter scores.	– Continued engagement with customers around the world helped to further the Board's understanding of their respective needs, including how the Group can support customers to achieve their varied goals, including during their transition to net zero. – Customer surveys provided insights into how the Group can drive meaningful improvements in outcomes for customers. – Reports from management highlight where there are opportunities for innovation and collaboration with our customers and support the Board's oversight of Group activities to ensure such innovations are aligned with Group risk appetite and strategic objectives.
Employees We want to continue to be a positive place to work and build careers, with the success of the Group's strategy dependent upon having motivated people with the expertise and skills required to deliver it.	– Regular internal communications and presentations from the Group CEO and Group CFO to keep the workforce informed of business performance, and leadership and other organisational changes. – Employee events, including leadership forums, webcasts, town halls, off-sites and employee exchange sessions, as well as events that form part of the workforce engagement programme led by the dedicated workforce engagement non-executive Director, including visits to several Global Service Centres. – Participation in sessions with senior leaders in multiple jurisdictions to discuss Group performance and strategy, including a global town hall co-hosted by the Group CEO for global sustainability colleagues to discuss sustainability matters. – Interaction with leads of employee resource groups and participation at multiple events in many jurisdictions.	– Meeting with colleagues across jurisdictions allowed Directors to hear first-hand views on important issues, including inclusion matters, talent development and the employee experience. – Workforce engagements and interactions helped to ensure continued connectivity between the Board and the workforce, inform Board discussions and decision making and enhance understanding of the Group culture across different geographies. Such engagements also help enable the Board to put into perspective employee Snapshot survey results and monitor activity in response to matters raised. – Directors taking part in the Bank Director Programme shared their experiences and knowledge with the employees enrolled to qualify as Group subsidiary directors. Such sessions provided participants with the opportunity to ask questions and demonstrate how good governance practices are embedded throughout the Group. Following the success of this programme, a second Director-sponsored development programme launched in November 2024, aimed at prospective and existing employee subsidiary chairs. – Internal communications by executive Directors helped increase awareness among the workforce of Group performance and significant developments during the year, including changes to executive leadership and the organisational structure. This engagement aims to promote better understanding of and engagement with the Group's strategic aims across the workforce. Employee engagement with Group strategy is monitored through annual Snapshot surveys, the results of which are presented to the Board.

Stakeholders	Engagement	Impact and outcomes
Investors We seek to understand investor needs and sentiment through ongoing dialogue and a variety of engagements with both retail and institutional investors.	– The Group Chairman and the Group CEO held a Q&A session with retail shareholders at the annual Informal Shareholders' Meeting in Hong Kong. – As part of the hybrid 2024 AGM, shareholders were able to ask questions of the Board during the meeting, either virtually or in person. – Directors attended the inaugural HSBC Global Investment Summit held in Hong Kong in April 2024, at which the Group Chairman and Group CEO also presented. – The Group Chairman and the Senior Independent Director met with a number of large institutional investors. – The Group CEO and the Group CFO, together and separately, attended meetings with investors. – In addition to routine meetings with top investors and proxy advisors, the Group Remuneration Committee Chair led a consultation with shareholders on proposed updates to the Directors' Remuneration Policy, which will be put to shareholder vote at the 2025 AGM. – The Group Chairman and the Group CEO and Group CFO presented the interim and year-end results to analysts and investors and engaged in Q&A sessions.	– Regular interactions with institutional and retail investors throughout the year helped the Board to understand investor sentiment regarding material matters such as strategy delivery and outlook, transition to net zero, and to gauge investors' continued support for the Group. – Q&A sessions at analyst and investor briefings and meetings with Directors and senior management provide investors with the opportunity to learn more about the Group's strategic direction and offered the Board insight into investor priorities and areas of interest. – The outcomes of targeted engagement at management level on key topics of investor interest were reported to the Board to help enable its continued monitoring of responses to key matters of strategic importance, which during the year has included our first net zero transition plan and financial targets. – For details of the Group Remuneration Committee Chair's engagements with key investors and proxy advisory firms, and how they were taken into account by the Group Remuneration Committee in its decision making and in the development of the Directors' Remuneration Policy, see the Directors' remuneration report on pages 279 to 317. – Building on the success of the inaugural HSBC Global Investment Summit, a second summit has been scheduled to take place in 2025. The summit provides a forum for open and frank exchange of thoughts and ideas between world-class experts, political leaders, institutional investors and top decision-makers.
Communities We seek to play an important role in supporting the communities in which we operate through our corporate social responsibility and broader engagement activities.	– Directors met with an environmental non-profit organisation affiliated with WWF to discuss the Group's ongoing partnership arrangements. – Director attendance at summits to facilitate engagement with philanthropic partners and civil society on issues relevant to our communities, such as the World Economic Forum, Abu Dhabi Sustainability Week and New York Climate Week. – Meetings with members of the Sustainable Markets Initiative Council to discuss priorities and opportunities.	– Meetings with charitable partners enabled the Directors to better understand the Group's impact within local communities as an employer, sponsor, collaborator and supporter. – These engagements provided opportunities for Directors to learn from and engage in an exchange of knowledge and ideas with subject-matter experts in areas including nature conservation, sustainable aviation fuel and carbon reduction solutions. These in turn, give context for Board decision-making on sustainability matters and inform discussions about the Group's own net zero ambitions.
Regulators and governments Maintaining constructive dialogue and relations with the relevant authorities in the markets in which we operate helps support the achievement of our strategic aims.	– Various meetings across our key markets with heads of state, international leaders and government officials. – Regular meetings with and presentations from our regulators, including the PRA and FCA, as well as introductory meetings with the newly appointed Group CEO. – Presentations made by the Group Chairman and Group CEO at regulatory forums. – Targeted outreach to key international regulatory bodies and government officials on key topics of regulatory and community interest, including our net zero transition, changes to executive leadership and geopolitical matters. – Regular reports and updates to the Board from management regarding regulatory and political developments relevant to the Group.	– Frequent and varied engagements between the Board and heads of state, international leaders, government officials and regulators provided an opportunity for open dialogue on matters of regulatory interest and strategic importance. – Through meetings with international officials, and at presentations given by the Group Chairman, Group CEO and other senior leaders at regulatory forums, Directors were able to communicate the Group's strategy, perspectives and insights while helping to ensure that they remained abreast of political and regulatory developments. It also allowed the Board opportunities to share perspectives on industry best practices. – Regular reports from management enabled the Board to monitor the Group's responses to geopolitical and regulatory changes and ensure that appropriate resources and controls are in place. Such reports are critical to ensuring that the Board continues to understand and meet its regulatory obligations, and also provide valuable context to the Board's strategic discussions.
Suppliers We engage with suppliers, which helps us operate our business effectively and execute our strategy.	– Regular reports were provided to the Board from the Group Chief Operating Officer which included outcomes of engagement with suppliers and updates on supplier risks and priorities across the Group. – Meetings with key suppliers to discuss how technology solutions may be enhanced through AI and data and opportunities for innovation, particularly in the areas of improving customer experience, risk management and operational resilience, and regulatory compliance.	– Meeting with our suppliers helped the Directors understand our suppliers' challenges, where there are opportunities for collaboration and innovation and where there are opportunities within our own operations. – Management reports enabled the Board, supported by the Group Risk Committee, to monitor management of third-party risk, the delivery of the Group data programme, and to ensure that sustainable capabilities are in place for delivery of the Group's strategic objectives. – It is important for the Board to understand the Group's supply chain and how suppliers' operations align to our values and codes of conduct. Board reports on such matters, and on the outcomes of supplier engagements, provide context and support the Board's understanding when reviewing and approving the annual statement under the UK Modern Slavery Act.

Principal strategic decisions

The Board is responsible for setting and monitoring execution against the Group strategy. When taking principal decisions in 2024, the Directors considered the likely short- and long-term consequences of the decision, how it aligned with our strategic priorities, and any other relevant matters, including those arising under section 172(1) of the Companies Act 2006, in accordance with their duties.

To enable the Board to operate effectively in this regard, good governance practices have been adopted and are implemented in the course of Board meetings administration. Governance features as an agenda item at all scheduled Board meetings. Papers presented to the Board for its consideration are expected to follow a template to help ensure that Directors have the appropriate information to take informed decisions. The template requires authors to, among other things, describe any steps taken or to be taken, to engage with relevant stakeholders, explain the extent to which stakeholders are, or will be impacted by the matter under consideration, and how this has influenced the recommendation to the Board. The following pages describe some examples of how the Board operated during the year with regard to the matters under sections 172(1) (a) – (f) of the Companies Act 2006 in the course of taking principal strategic decisions.

Executive Director Changes

In April 2024, the Group announced that Sir Noel Quinn would be retiring from his role as Group CEO and the Board began a formal process to appoint a successor. As Group CEO, Sir Noel Quinn drove a transformative phase for the bank, leading the execution of its revenue repositioning and overall simplification through disposal of non-core assets. In making the decision to appoint a new Group CEO, the Board had in mind the overall strategic direction and desired culture of the Group and the skills and experience required to navigate the next phase of growth and development.

The Board takes a long-term view to succession planning and keeps this under continual review, supported by the dedicated work of the Nomination & Corporate Governance Committee. Upon confirmation of Sir Noel Quinn's retirement, a formal executive search process was undertaken, supported by an external executive search agency and led by the Nomination & Corporate Governance Committee. The search process considered internal and external candidates with the depth of knowledge and understanding required to lead an organisation with the global scale and complex nature of HSBC.

In July 2024, the Board announced its decision to appoint Georges Elhedery, then Group CFO, as Group CEO. In determining that Georges Elhedery was the right candidate for the role, the Board took into account his exceptional leadership and proven track record of leading through change, driving growth, delivering simplification, prudent risk management and cost discipline. Georges has extensive international experience and during his time at HSBC has developed strong and productive relationships with various stakeholders, evidenced through positive feedback received from analysts, investors and colleagues.

The Board's decision to appoint Georges in the role of Group CEO was further influenced by his clear and ambitious vision of HSBC's ability to deliver for its customers, investors, employees and communities with a strong focus on execution. Since his appointment, Georges has prioritised meetings with customers, employees and other stakeholders in HSBC's home markets as well as key growth areas to continue to develop these relationships in his new role.

The Board, together with the Nomination & Corporate Governance Committee, undertook a further executive search process to appoint a successor to the role of Group CFO. Following Board approval, it was announced in July 2024 that Jonathan Bingham would be appointed as interim Group CFO, with effect from 2 September 2024, to provide strategic leadership and continuity during the search for a permanent candidate. In October 2024, the company announced that Pam Kaur, then Group Chief Risk and Compliance Officer, would be appointed as Group CFO with effect from 1 January 2025. In taking this appointment decision, the Board took into consideration Pam's strong technical expertise and appreciation of the global challenges facing the Group, and the banking industry more broadly, together with her reputation within HSBC.

Throughout the executive Director appointment processes, both the Board and the Nomination & Corporate Governance Committee oversaw engagement with regulators and the necessary regulatory approval processes. See the Nomination & Corporate Governance Committee Report on page 259 for further information about the appointment and induction process of the Group CEO and the Group CFO respectively, and the Board's succession planning activities.

Group Strategy

Over the last five years, the Group has repositioned its portfolio away from non-core markets and directed revenue into higher growth areas. Through meetings with, and regular updates from senior management across the Group, the Board continues to monitor strategic execution and alignment over geographical and business areas, including in the context of changing geopolitical and macroeconomic factors, with due regard to the impacts of its operations on stakeholders. The Board took time during the year to consider strategic key performance indicators and the Group CEO provided regular updates and progress reports on these.

The Board receives regional strategic updates from management to inform its understanding of business performance and alignment with long-term Group strategy. During the year, and following conclusion of the sale of HSBC Bank Canada, the Board endorsed a number of transactions to further the Group's core ambitions. One such transaction was the sale of the Group's business in Argentina. A strategic review of the business was undertaken which considered whether it supported our strategy for international expansion and growth.

The review concluded that HSBC Argentina, as a largely domestically-focused business, had limited connectivity with the Group's international network, and further contributed to earnings volatility when its results were converted to USD. Consideration was given to regulatory matters, the impacts of a sale on our employees and customers, particularly the impacts of migration and continuity of services, and it was concluded that the prospective buyer was well positioned to take the business forward. The Board also took the decision to explore the sale of the Group's private banking business in Germany, in alignment with the Group's strategic direction. Following a review, it was noted that the German business was primarily focused on domestic clients and had not been integrated into the Global Private Banking business more widely. It was

Group Strategy continued

determined that, to maintain focus on Global Private Banking's strategic objectives and prioritise focus on our international connectivity to scale growth in alignment with our strategy, it would be favourable for the business to enter into an arrangement with an organisation better placed to grow and invest in the business. The Board supported a sale of the private banking business to a suitable buyer.

Following Georges Elhedery's appointment as Group CEO, he has been focused on driving a more streamlined and dynamic organisational structure to enable the Board and management to execute at pace. During the year, the Board provided oversight and challenge to management on plans to accelerate the delivery of this strategy. In October 2024, the Board approved a simplification of the Group's organisational structure, to take effect from 1 January 2025, in order to create a more agile business that makes it easier for colleagues to achieve best in class service for our customers, and drive the future success of the Group for the benefit of all our stakeholders over the long term.

As part of its meetings, the Board monitors the results of the annual employee Snapshot survey and receives regular updates on customer initiatives and priorities from across the Group. Annual Snapshot survey results have indicated that employees want to be empowered to get things done, which is one of our core values. This feedback, together with the Board's ongoing monitoring of customer needs, helped inform the Board's consideration of the new structure, with its key aims: to simplify and improve internal decision-making processes and accountability; and enable colleagues to be better positioned to serve our customers quickly and effectively.

The Board further considered the impacts of organisational changes on employees and our relationships with customers, investors and regulators. The new structure will help foster clearer communication, empower teams, and reduce the complexity of reporting lines, with a focus on improving the employee experience at the Group and ultimately providing better outcomes for our customers and communities. The Board will oversee and monitor the implementation of the new organisational structure and its impacts over the course of 2025.

As HSBC accelerates delivery of its strategy, the Board has also given considerable thought to how to optimise the Group's governance and leadership structure, while continuing to generate sustainable returns and maintain a reputation for high standards of business conduct.

During the year, the Board looked closely at formulating the right organisational structure to create a transparent and accountable leadership team and has overseen significant changes to the Group Executive Committee ('GEC') and approved several key appointments. In conjunction with the wider business simplification, from 1 January 2025, the Board endorsed that the 18 member GEC would be replaced by a new Group Operating Committee comprised of 12 members, which will serve as the leading executive decision-making committee for the Group. In taking the decision to approve this change, the Board had regard to the governance and oversight requirements of the Group, and the likely impacts on employees and customers and our ongoing commitments to our regulators.

The Board has further reviewed the Committee structure and identified areas of improvement, leading to the creation of a new Board Sustainability Working Group ('SWG') (see page 249), changes to the Group's Technology and Operations Committee (see page 276) and combining of the ESG Committee and Sustainability Execution Committee (see page 249) as explained in further detail below.

Sustainability

The Board is responsible for setting the Group's ESG strategy and takes a direct and active role in monitoring the Group's progress towards its ESG ambitions. ESG remains an important area of focus for the Board, and ESG matters were considered at most of its meetings during the course of the year. An ESG dashboard is presented to the Board regularly, which contains key metrics to help the Board monitor progress against the Group's ESG ambitions and drive informed discussions and decision making.

In January 2024, the Group published its first net zero transition plan which outlines the proposed steps for delivering the Group's ambition to align its financing portfolio to net zero by 2050. Since its publication, the Board has been informed of feedback from customers, investors and shareholder groups, and government officials, all of which have provided valuable context to Board discussions on the progress and development of its sustainability agenda.

In recognition of the complexity of the sustainability landscape and real-world transition challenges, the Board established the SWG, comprised of five non-executive Directors and supported by members of executive management, including the Group CEO and Group CFO. This working group has an initial remit to provide oversight and guidance in relation to the Group's sustainability activities, including the targets and timelines set out in the net zero transition plan, key sustainability risk policies and communication with key stakeholder groups. The SWG provides strategic input and guidance as appropriate and its areas of focus and priority are kept under review as needed. The SWG is actively involved in the consideration of our approach to net zero transition, covered in more detail within our ESG update on page 3 and our ESG overview on page 15.

As part of the Board's aim to simplify and optimise the Group's governance and leadership frameworks, the Board also reviewed the effectiveness of the executive level ESG governance structure and associated reporting to the Board. Following this review, in 2024 the Board endorsed the rationalisation of the ESG Committee and Sustainability Execution Committee into a single governance body, the 'ESG Committee'. The newly constituted ESG Committee continues to report to the new Group Operating Committee, with escalation of matters to the SWG or the Board, as appropriate. This consolidation allows for greater Board oversight of significant ESG and sustainability matters, and more streamlined reporting of key matters up to Board level.

Remuneration

Our remuneration policy supports the achievement of our strategic objectives by aligning reward with our long-term sustainable performance.

Remuneration for our executive Directors

At the 2025 Annual General Meeting ('AGM'), we will be seeking shareholder approval for a new executive Director remuneration policy.

Over several years, the Group Remuneration Committee has expressed concerns around the competitiveness of the executive Director remuneration opportunity and indicated a preference to operate a policy with a higher proportion of the package based on variable pay linked to performance, aligned to practice among our international peers.

The removal of the limits on the ratio between fixed and variable pay by the UK regulators provides an opportunity to revisit our current Directors' remuneration policy and the Committee feels that now is the right time to set a policy that better reflects the Group's focus on long-term sustainable performance.

After careful consideration, the Committee concluded that the current variable pay framework of an annual incentive and single performance-based long-term incentive is most appropriate. The Committee considered the right approach is to unwind the changes made in 2014, when the 2:1 pay ratio was introduced and to reset the maximum opportunity.

The Committee reflected on the appropriate maximum opportunity for the Group CEO and Group CFO considering (i) the maximum opportunity in 2014; (ii) market data for our international banking peers and the largest FTSE 30 companies, reflecting that HSBC is one of the world's leading international banks; and (iii) compression challenges within the senior HSBC team.

We will continue to set a scorecard of stretching and quantitative financial and strategic performance targets aligned to our strategy and stakeholder interests. Maximum pay outcomes will be delivered only for exceptional performance as required by these targets.

The Committee engaged with major investors on the new remuneration policy and the Chair of the Committee met with many shareholders directly. Shareholders we spoke to were generally supportive of our proposal and their feedback has directly influenced the final policy. We would like to thank our shareholders for the time taken to engage with us during the year.

For details of our proposed executive Director remuneration policy, see page 284.

2024 remuneration decisions
The Committee considered carefully the wider context in which performance was delivered in 2024 and judged that the overall scorecard outcome for both Sir Noel Quinn and Georges Elhedery was appropriate against the targets set at the start of the year for financial, strategic and personal measures.

The Committee also carefully considered the executive Directors' pay outcomes in the context of pay decisions made for the wider workforce and determined that these were an appropriate reflection of Group, business and individual performance delivered in 2024.

Executive Directors' scorecard outcomes
(% of maximum opportunity)

2024 annual incentive

Sir Noel Quinn	**77.81%**
Georges Elhedery	**78.79%**

2022–2024 long-term incentive

Sir Noel Quinn	**75.00%**
Georges Elhedery	**75.00%**

For details of Directors' pay and performance for 2024, see the Directors' remuneration report on page 296.

Remuneration for our colleagues

Our focus remains on taking actions that improve our ability to attract, retain and energise colleagues to deliver high performance and growth.

Rewarding colleagues responsibly
Fixed pay increases for 2025 were determined based on consistent principles to help address wage inflation in the markets where we operate.

We will award an average global fixed pay increase of 3.6% in 2025, compared with 4.4% for the previous year, reflecting that projected wage inflation is lower in many of our markets.

We continue to review all wages globally against local Living Wage benchmarks to help ensure we pay responsibly and provide financial security to colleagues. We are proud to have been certified by the Fair Wage Network as a global Living Wage employer for 2025.

Recognising colleagues' success
We introduced new performance routines and changes to performance assessment for over 200,000 colleagues in 58 markets.

We also introduced a new variable pay structure for over 150,000 colleagues, providing more clarity around variable pay levels for on-target performance, and how this is impacted by Group, business and individual performance.

The Group Remuneration Committee determined overall variable pay of $3,800m (2023: $3,774m). This followed a review of our performance against financial and non-financial metrics set out in the Group risk framework. Our highest performers received the largest increases in variable pay compared with the previous year.

Variable pay pool
($m)

For details of how the Group Remuneration Committee sets the pool, see page 283.

Supporting colleagues to grow
In our employee Snapshot survey, 78% of respondents said they believe HSBC genuinely cares about their well-being, a record high. We have been ranked number one for workplace mental health for the third year running in the Global CCLA Corporate Mental Health Benchmark 2024. We have prioritised supporting colleagues to work flexibly, balancing customer needs, social connection and individual flexibility.

Financial overview

In assessing the Group's financial performance, management uses a range of financial measures that focus on the delivery of sustainable returns for our shareholders and maintaining our financial strength.

Executive summary

We delivered a strong performance in 2024 with reported profit before tax of $32.3bn, up $2.0bn or 6% compared with 2023. Our financial performance demonstrates the progress against our strategic priorities.

In 2024, we achieved a return on average tangible equity ('RoTE') of 14.6% and a RoTE excluding notable items of 16.0%. We have now further extended our mid-teens RoTE target in each of the three years from 2025 to 2027, excluding notable items.

This section sets out our key Group financial targets and the progress we made towards these in 2024, and our expectations for 2025 and beyond. We also include a more detailed table covering further key financial metrics that we consider insightful for understanding the Group's performance.

The Group financial results that follow provide more detailed insight into the performance that has driven the outcomes of our financial targets. It covers income statement performance on both a reported and constant currency basis, and the main factors impacting the strength of our balance sheet, capital and liquidity position.

Group financial targets

Return on average tangible equity excluding notable items

16.0%

(2023: 16.2%)

In 2024, RoTE was 14.6%, in line with 2023.

For the purposes of measuring performance against our Group target, we adjust RoTE to exclude notable items. From 1 January 2024, we revised the adjustments made to RoTE from excluding only the impact of strategic transactions and the impairment of BoCom, to exclude all notable items. This was intended to improve alignment with the treatment of notable items in our other income statement disclosures. RoTE excluding notable items has been re-presented for 2023 on the revised basis and we no longer disclose RoTE excluding strategic transactions and the impairment of BoCom.

RoTE excluding notable items was 16.0%, a decrease of 0.2 percentage points compared with 2023.

We are now targeting a mid-teens RoTE in each of the three years from 2025 to 2027 excluding notable items.

Our targets and expectations reflect our current outlook for the global macroeconomic environment and market-dependent factors, such as market-implied interest rates as of mid-January 2025 and rates of foreign exchange, as well as customer behaviour and activity levels.

Target basis operating expenses

$32.6bn

(2023: $31.1bn)

In 2024, reported operating expenses increased by 3.0% compared with 2023. Target basis operating expense growth was 5.1% compared with 2023, in line with our target of approximately 5%. Growth primarily reflected higher investment spend, including in technology and from inflationary pressures.

Our target basis operating expenses for 2024 excluded the direct cost impact of the disposals in France and Canada from the 2023 baseline. It is measured on a constant currency basis and excludes notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency.

We retain a Group-wide focus on cost discipline. **We are targeting growth in target basis operating expenses of approximately 3% in 2025 compared with 2024.** Our target basis operating expenses for 2025 excludes the direct cost impact of the business disposals in Canada and Argentina, notable items and the impact of retranslating the prior year results of hyperinflationary economies at constant currency.

Our cost target includes the impact of simplification-related savings associated with our announced reorganisation, which aims to generate approximately **$0.3bn of cost reductions in 2025,** with a commitment to an **annualised reduction of $1.5bn in our cost base expected by the end of 2026**. To deliver these reductions, we plan to incur severance and other up-front costs of $1.8bn over 2025 and 2026, which will be classified as notable items.

Capital and dividend policy CET1 ratio

14.9%

Dividend payout ratio in respect of 2024

50%

on a dividend payout ratio target basis.

At 31 December 2024, our CET1 capital ratio was 14.9% which was higher than our medium-term target range of 14% to 14.5%. We intend to continue to manage the CET1 ratio to within this range.

The total dividend per share in 2024 of $0.87 included a special dividend of $0.21 per share that was paid in June following the completion of the sale of HSBC Bank Canada. On a dividend payout ratio target basis, this resulted in a payout ratio of 50% of earnings per share. For the purposes of computing our target basis dividend payout ratio, we exclude from dividends per share the special dividend of $0.21 per share, and we exclude from earnings per share material notable items and related impacts. See page 121 for our calculation of earnings per share.

The Board has established a target basis dividend payout ratio of 50% for 2025, subject to meeting capital requirements. This policy is designed to provide sustainable cash dividends, while retaining the flexibility to invest and grow the business, supplemented by additional shareholder distributions, if appropriate.

Key financial metrics

	For the year ended 31 Dec		
Reported results	**2024**	2023	2022
Profit before tax ($m)	**32,309**	30,348	17,058
Profit after tax ($m)	**24,999**	24,559	16,249
Revenue ($m)	**65,854**	66,058	50,620
Cost efficiency ratio (%)	**50.2**	48.5	64.6
Net interest margin (%)	**1.56**	1.66	1.42
Basic earnings per share ($)	**1.25**	1.15	0.72
Diluted earnings per share ($)	**1.24**	1.14	0.72
Dividend per ordinary share (in respect of the period) ($)[1]	**0.87**	0.61	0.32
Dividend payout ratio (%)[2]	**50**	50	44
Alternative performance measures			
Constant currency profit before tax ($m)	**32,309**	29,903	16,302
Constant currency revenue ($m)	**65,854**	64,912	49,587
Constant currency cost efficiency ratio (%)	**50.2**	48.5	65.0
Constant currency profit before tax excluding notable items ($m)	**34,122**	32,680	23,057
Constant currency revenue excluding notable items ($m)	**67,434**	64,489	53,383
Constant currency profit before tax excluding notable items and strategic transactions ($m)	**34,037**	32,217	N/A
Constant currency revenue excluding notable items and strategic transactions ($m)	**67,256**	63,043	N/A
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers (%)	**0.36**	0.34	0.36
Expected credit losses and other credit impairment charges ('ECL') as % of average gross loans and advances to customers, including held for sale (%)	**0.36**	0.32	0.36
Basic earnings per share excluding material notable items and related impacts ($)	**1.31**	1.22	N/A
Return on average ordinary shareholders' equity (%)	**13.6**	13.6	9.0
Return on average tangible equity (%)	**14.6**	14.6	10.0
Return on average tangible equity excluding notable items (%)	**16.0**	16.2	11.8
Target basis operating expenses ($m)	**32,648**	31,074	N/A

	At 31 Dec		
Balance sheet	**2024**	2023	2022
Total assets ($m)	**3,017,048**	3,038,677	2,949,286
Net loans and advances to customers ($m)	**930,658**	938,535	923,561
Customer accounts ($m)	**1,654,955**	1,611,647	1,570,303
Average interest-earning assets ($m)	**2,099,285**	2,161,746	2,143,758
Loans and advances to customers as % of customer accounts (%)	**56.2**	58.2	58.8
Total shareholders' equity ($m)	**184,973**	185,329	177,833
Tangible ordinary shareholders' equity ($m)	**154,295**	155,710	146,927
Net asset value per ordinary share at period end ($)	**9.26**	8.82	8.01
Tangible net asset value per ordinary share at period end ($)	**8.61**	8.19	7.44
Capital, leverage and liquidity			
Common equity tier 1 capital ratio (%)[3,4]	**14.9**	14.8	14.2
Risk-weighted assets ($m)[3,4]	**838,254**	854,114	839,720
Total capital ratio (%)[3,4]	**20.6**	20.0	19.3
Leverage ratio (%)[3,4]	**5.6**	5.6	5.8
High-quality liquid assets (liquidity value) ($m)[4,5]	**649,210**	647,505	647,046
Liquidity coverage ratio (%)[4,5,6]	**138**	136	132
Net stable funding ratio (%)[4,5,6,7]	**143**	138	141
Share count			
Period end basic number of $0.50 ordinary shares outstanding, after deducting own shares held (millions)	**17,918**	19,006	19,739
Period end basic number of $0.50 ordinary shares outstanding and dilutive potential ordinary shares, after deducting own shares held (millions)	**18,062**	19,135	19,876
Average basic number of $0.50 ordinary shares outstanding, after deducting own shares held (millions)	**18,357**	19,478	19,849

For reconciliation and analysis of our reported results on a constant currency basis, including lists of notable items, see page 99. Definitions and calculations of other alternative performance measures are included in 'Reconciliation of alternative performance measures' on page 120.

1 In 2024, dividend per share includes the special dividend of $0.21 per ordinary share arising from the proceeds of the sale of our banking business in Canada to Royal Bank of Canada.
2 In 2024 and 2023, our dividend payout ratio was adjusted for material notable items and related impacts, including all associated income statement impacts relating to those items. In 2022, our dividend payout ratio was adjusted for the loss on classification to held for sale of our retail banking business in France, items relating to the sale of our banking business in Canada, and the recognition of certain deferred tax assets.
3 Unless otherwise stated, regulatory capital ratios and requirements are based on the transitional arrangements of the Capital Requirements Regulation in force at the time. References to EU regulations and directives (including technical standards) should, as applicable, be read as references to the UK's version of such regulation or directive, as onshored into UK law under the European Union (Withdrawal) Act 2018, and as may be subsequently amended under UK law.
4 Regulatory numbers and ratios are as presented at the date of reporting. Small changes may exist between these numbers and ratios and those submitted in regulatory filings. Where differences are significant, we may restate in subsequent periods.
5 The liquidity coverage ratio is based on the average value of the preceding 12 months. The net stable funding ratio is based on the average value of four preceding quarters.
6 We enhanced our liquidity consolidation process in 2Q24 by revising provisions that addressed historical limitations. As our Group LCR and NSFR are reported on an average basis, the benefit of these changes incrementally increased our LCR and NSFR by circa 3% and 11% during the year, respectively. Compared to year ended 31 December 2023, the increase in LCR was mainly driven by these enhancements. The associated NSFR increase driven by these changes was partly offset by higher required stable funding primarily due to a rise in financial investments and derivatives activities.
7 We enhanced our calculation processes during 1Q24 and our NSFR comparatives have been restated.

Basis of presentation

Impact of strategic transactions
To aid the understanding of our results, we separately disclose the impact of strategic transactions classified as material notable items on the results of the Group and our global businesses. Material notable items are a subset of notable items and categorisation is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement. Strategic transactions classified as material notable items comprise the disposal of our retail banking operations in France, our banking business in Canada, the sale of our business in Argentina and the acquisition of SVB UK.

The impacts quoted include the gains or losses on classification to held for sale or on acquisition and all other related notable items. They also include the distorting impact between the periods of the operating income statement results related to acquisitions and disposals that affect period-on-period comparisons. It is computed by including the operating income statement results of each business in any period for which there are no results in the comparative period. We consider the monthly impacts of distorting income statement results when calculating the impact of strategic transactions. See page 102 for supplementary analysis of the impact of strategic transactions.

Constant currency performance
Constant currency performance is computed by adjusting reported results of comparative periods for the effects of foreign currency translation differences, which distort period-on-period comparisons.

We consider constant currency performance to provide useful information for investors by aligning internal and external reporting, and reflecting how management assesses period-on-period performance.

Notable items
We separately disclose 'notable items', which are components of our income statement that management would consider as outside the normal course of business and generally non-recurring in nature. We now disclose 'profit before tax excluding notable items' and 'revenue excluding notable items'. We have introduced these new measures due to the significant impact of notable items on the Group's results. We consider profit before tax excluding notable items and revenue excluding notable items as useful information in understanding period-on-period performance.

Certain notable items are classified as 'material notable items', which are a subset of notable items. Categorisation as a material notable item is dependent on the nature of each item in conjunction with the financial impact on the Group's income statement.

The tables on pages 99 to 101 and pages 113 to 118 detail the effects of notable items on each of our global business segments and legal entities during 2024, 2023 and 2022.

Management view of revenue on a constant currency basis
Our global business segment commentary includes tables that provide breakdowns of revenue on a constant currency basis by major product. These reflect the basis on which revenue performance of the businesses is assessed and managed.

Global Trade Solutions
During 2024, we renamed our Global Trade and Receivables Finance business as Global Trade Solutions ('GTS'), to better reflect our broad suite of products and the focus we place on serving our clients globally.

Comparative periods
Unless otherwise stated, all performance commentary that follows compares our results in 2024 with those in 2023.

Reported results (vs 2023)

Reported profit
Reported profit before tax of $32.3bn was $2.0bn or 6% higher. This included a net $1.0bn favourable impact from notable items.

In 2024, notable items included a gain of $4.8bn following the disposal of our banking business in Canada, and losses associated with the sale of our business in Argentina, comprising a $1.0bn loss on disposal, as well as the recycling of foreign currency reserve losses and other reserves of $5.2bn. In 2023, notable items included an impairment of $3.0bn on our associate, Bank of Communications Co., Limited ('BoCom'), which followed the reassessment of our accounting value-in-use. They also included disposal losses of $1.0bn on Treasury repositioning and risk management and a $1.6bn gain recognised on the acquisition of Silicon Valley Bank UK Limited ('SVB UK').

For further details on our value-in-use assessment for associates, see page 88.

The increase in reported profit before tax also included revenue growth from Wealth products in WPB and in Equities and Securities Financing in GBM.

Reported operating expenses increased by $1.0bn, mainly due to higher spend and investment in technology and the impacts of inflation, partly offset by reductions related to our business disposals in Canada and France, and from a reduction in levies in the UK and the US. Target basis operating expenses rose by 5% compared with 2023, in line with our cost growth target.

Reported profit after tax of $25.0bn was $0.4bn higher than in 2023. This included the impact of an increase in the Group's effective tax rate, notably due to the impact of our business disposals in Canada and Argentina.

Reported revenue
Reported revenue of $65.9bn was broadly stable. There was growth in revenue from higher customer activity in Wealth in WPB, and in Equities and Securities Financing in GBM. In addition, reported revenue in 2023 included disposal losses of $1.0bn related to Treasury repositioning and risk management. These items were broadly offset by the net adverse impact of certain strategic transactions described above, as well as a $0.2bn loss on the early redemption of legacy securities, and a reduction from the results of the businesses that have now been disposed.

NII of $32.7bn fell by $3.1bn, and included the adverse impact of foreign currency translation differences of $1.6bn and the impact from the early redemption of legacy securities of $0.2bn. The reduction included the effect of the disposal of our banking business in Canada. The fall in NII also reflected an increase of $2.7bn in funding costs associated with the redeployment of our commercial surplus into the trading book, where the related revenue is recognised in 'net income on financial instruments held for trading or managed on a fair value basis'.

These reductions were in part mitigated by higher NII in HSBC UK, including the benefit of our structural hedge. In Markets Treasury NII increased due to reinvestments in our portfolio at higher yields. Banking NII of $43.7bn fell by $0.4bn or 1%, as increased deployment of our commercial surplus to the trading book partly mitigated the reductions in NII.

Revenue in 2024 was adversely affected by a $0.8bn impact of hyperinflationary accounting in Argentina, including the devaluation of the Argentinian peso, compared with a $1.4bn adverse impact in 2023.

Reported ECL
Reported ECL charges of $3.4bn were stable compared with 2023. This reflected reductions in CMB and GBM, offset by an increase in WPB.

Reported results continued

Reported results	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[1] $m
Net operating income before change in expected credit losses and other credit impairment charges ('revenue')	**65,854**	66,058	50,620	**(204)**	**—**	**(3,947)**
ECL	**(3,414)**	(3,447)	(3,584)	**33**	**1**	**72**
Net operating income	**62,440**	62,611	47,036	**(171)**	**—**	**(3,875)**
Total operating expenses	**(33,043)**	(32,070)	(32,701)	**(973)**	**(3)**	**1,100**
Operating profit	**29,397**	30,541	14,335	**(1,144)**	**(4)**	**(2,775)**
Share of profit in associates and joint ventures less impairment	**2,912**	(193)	2,723	**3,105**	**>100**	**—**
Profit before tax	**32,309**	30,348	17,058	**1,961**	**6**	**(2,775)**
Tax expense	**(7,310)**	(5,789)	(809)	**(1,521)**	**(26)**	
Profit after tax	**24,999**	24,559	16,249	**440**	**2**	
Revenue excluding notable items	**67,434**	65,723	54,222	**1,711**	**3**	
Profit before tax excluding notable items	**34,122**	33,198	23,560	**924**	**3**	

1 For details, see 'Impact of strategic transactions' on page 102.

Notable items	2024 $m	2023 $m	2022 $m
Revenue			
Disposals, acquisitions and related costs[1]	**(1,343)**	1,298	(2,737)
Fair value movements on financial instruments[2]	**—**	14	(618)
Restructuring and other related costs	**—**	—	(247)
Disposal losses on Markets Treasury repositioning	**—**	(977)	—
Early redemption of legacy securities	**(237)**	—	—
Currency translation on revenue notable items	**—**	88	(174)
Operating expenses			
Disposals, acquisitions and related costs	**(199)**	(321)	(18)
Impairment of non-financial items	**—**	—	—
Restructuring and other related costs	**(34)**	136	(2,882)
Currency translation on operating expenses notable items	**—**	—	(62)
Share of profit in associates and joint ventures less impairment			
Impairment of interest in associate	**—**	(3,000)	—

1 The amount in 2024 includes a $1.0bn loss on disposal and a $5.2bn loss on the recycling in foreign currency translation reserve losses and other reserves arising on sale of our business in Argentina. This was partly offset by a gain of $4.8bn on the sale of our banking business in Canada, inclusive of fair value gains on related hedging and recycling of related reserves. The amount in 2023 included a gain recognised in respect of the acquisition of SVB UK of $1.6bn. The amount in 2022 included losses from classifying businesses as held for sale as part of a broader restructuring of our European business of which $2.4bn related to the sale of our retail banking operations in France.
2 Fair value movements on non-qualifying hedges in HSBC Holdings.

ECL charges in CMB were $1.8bn in 2024, and in GBM charges were $0.2bn. This included charges of $0.4bn in respect of commercial real estate in mainland China and of $0.1bn in the Hong Kong real estate sector. This compared with charges of $1.0bn and $0.1bn respectively in these sectors in 2023. In addition, ECL in 2024 in CMB included a charge related to a single exposure in the UK, while charges in HSBC Bank UK reduced compared with 2023. In GBM, charges in 2024 also benefited from a release of stage 3 allowances in HSBC Bank plc related to a single exposure.

In WPB, ECL charges were $1.3bn. These primarily related to our legal entity in Mexico, reflecting growth in our unsecured lending portfolio and unemployment trends, and also in Hong Kong and the UK.

For further details of the calculation of ECL, see pages 147 to 160.

Reported operating expenses

Reported operating expenses of $33.0bn were $1.0bn or 3% higher, including favourable foreign currency translation differences between the periods of $0.6bn. The increase reflected higher spend and investment in technology and inflationary impacts, while performance-related pay remained stable. Operating expenses were also adversely impacted by the non-recurrence of a $0.2bn reversal of historical asset impairments in 2023.

These increases were partly offset by a favourable impact from the UK bank levy of $0.1bn, as 2023 included adjustments relating to prior years, and from the non-recurrence of a $0.2bn charge incurred in the US relating to the FDIC special assessment.

The number of employees expressed in full-time equivalent staff ('FTE') at 31 December 2024 was 211,304, a decrease of 9,557 compared with 31 December 2023, primarily reflecting the completion of the sales of our banking business in Canada, our retail banking operations in France and our business in Argentina. The number of contractors at 31 December 2024 was 4,226, a decrease of 450.

Reported share of profit in associates and joint ventures less impairment

Reported share of profit in associates and joint ventures less impairment of $2.9bn was $3.1bn higher than in 2023. This primarily reflected the non-recurrence of an impairment charge in 2023 of $3.0bn relating to our investment in BoCom due to a reduction to the accounting value-in-use of the investment. In addition, there was an increase in the share of profit from Saudi Awwal Bank ('SAB').

Tax expense

Tax in 2024 was a charge of $7.3bn, representing an effective tax rate of 22.6%, compared with 19.1% in 2023. The effective tax rate for 2024 was increased by 4.8 percentage points by the non-deductible loss on disposal of our business in Argentina and by 0.7 percentage points by the tax charge arising under the Global Minimum Tax rules, and reduced by 3.6 percentage points by the non-taxable gain on disposal of our banking business in Canada. The effective tax rate for 2023 was increased by 2.3 percentage points by the non-deductible impairment of investments in associates, and reduced by 1.6 percentage points by the release of provisions for uncertain tax positions and by 1.5 percentage points by the non-taxable accounting gain arising on the acquisition of SVB UK.

Reported profit after tax in 2024

$25.0bn

(2023: $24.6bn)

Constant currency results

Results – on a constant currency basis	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	 %	of which strategic transactions[1] $m
Revenue	**65,854**	64,912	49,587	**942**	**1**	**(3,890)**
ECL	**(3,414)**	(3,259)	(3,615)	**(155)**	**(5)**	**36**
Total operating expenses	**(33,043)**	(31,494)	(32,229)	**(1,549)**	**(5)**	**992**
Operating profit	**29,397**	30,159	13,743	**(762)**	**(3)**	
Share of profit in associates and joint ventures less impairment	**2,912**	(256)	2,559	**3,168**	**>100**	**–**
Profit before tax	**32,309**	29,903	16,302	**2,406**	**8**	**(2,862)**
Revenue excluding notable items	**67,434**	64,489	53,383	**2,945**	**5**	
Profit before tax excluding notable items	**34,122**	32,680	23,057	**1,442**	**4**	

1 For details, see 'Impact of strategic transactions' on page 102.

Profit before tax of $32.3bn was $2.4bn higher than in 2023 on a constant currency basis. Constant currency profit before tax excluding notable items of $34.1bn was $1.4bn or 4% higher.

Revenue increased by $0.9bn or 1% on a constant currency basis, and included a $3.9bn net adverse impact from strategic transactions. The growth in revenue reflected the impact of higher customer activity in our Wealth products in WPB, and in Equities and Securities Financing in GBM. NII fell due to business disposals and a loss on the early redemption of legacy securities in 2024.

The reduction also included higher funding costs associated with the redeployment of our commercial surplus into the trading book, where the related revenue is recognised in 'net income on financial instruments held for trading or managed on a fair value basis', partly offset by higher NII in HSBC UK, including the benefit of our structural hedge. On a constant currency basis, banking NII of $43.7bn increased by $1.5bn or 4%.

ECL were $0.2bn or 5% higher on a constant currency basis. This included an increase in WPB, mainly in our legal entity in Mexico, from higher unsecured lending and unemployment trends, and from higher charges in our main legal entities in Hong Kong and the UK. This was partly offset by reductions in CMB and GBM including lower stage 3 charges, including charges relating to the commercial real estate sector in mainland China, and in CMB, lower charges in HSBC UK. The reduction in CMB was partly offset by a charge in 2024 related to a specific exposure in the UK.

Operating expenses were $1.5bn or 5% higher on a constant currency basis, primarily reflecting higher spend and investment in technology and inflationary impacts, partly offset by continued cost discipline. The favourable impacts from the completion of disposals in Canada and France were largely offset by the adverse impact of re-translating the results of hyperinflationary economies at constant currency. Target basis operating expenses rose by $1.6bn or 5% compared with 2023.

Share of profit in associates and joint ventures less impairment of $2.9bn was $3.2bn higher on a constant currency basis, and included the non-recurrence of a $3.0bn impairment of our investment in BoCom due to a revision to the accounting value-in-use of the investment. The increase also included a higher share of profit from SAB.

Balance sheet and capital

Balance sheet strength

Total assets of $3.0tn were $22bn lower than at 31 December 2023 on a reported basis, and included adverse effects of foreign currency translation differences of $66bn.

On a constant currency basis, total assets rose by $45bn, mainly from an increase in financial investments, and higher derivative and trading asset balances. This was partly offset by a reduction in assets held for sale, notably following the completion of our disposals in France, Canada and Argentina.

Reported loans and advances to customers fell by $8bn. On a constant currency basis, loans and advances increased by $14bn. The increase included lending balance growth in CMB, together with mortgage lending growth in WPB.

Reported customer accounts of $1.7tn increased by $43bn. On a constant currency basis, they grew by $75bn, with growth across all of our global businesses, mainly in Asia.

Loans and advances to customers as a percentage of customer accounts was 56.2%, compared with 58.2% at 31 December 2023.

Distributable reserves

The distributable reserves of HSBC Holdings at 31 December 2024 were $28.3bn, a $2.6bn decrease since 31 December 2023, primarily driven by $27.4bn of dividends on ordinary shares, additional tier 1 coupon and share buy-back payments, offset by $24.8bn in profits and other reserves movements generated in 2024. Distributable reserves are sensitive to impairments of investments in subsidiaries to the extent they are not offset by the realisation of related reserves. Further details on HSBC Holdings' intentions to increase distributable reserves in 2025 are provided in the Corporate Governance report on page 318.

Capital position

We actively manage the Group's capital position to support our business strategy and meet our regulatory requirements at all times, including under stress, while optimising our capital efficiency. To do this, we monitor our capital position using a number of measures. These include our capital ratios and the impact on our capital ratios as a result of stress.

Our CET1 capital ratio at 31 December 2024 was 14.9%, up marginally compared with the prior year as capital generation and a reduction in RWAs through strategic transactions were offset by dividends, share buy-backs and organic balance sheet growth. In January 2025, the PRA announced the delay of Basel 3.1 implementation to 1 January 2027 pending US developments. We expect that the impact on our CET1 ratio will be a modest benefit.

Liquidity position

We actively manage the Group's liquidity and funding to support the business strategy and meet regulatory requirements at all times, including under stress. To do this, we monitor our position using a number of risk appetite measures, including the liquidity coverage ratio and the net stable funding ratio. During 2024, the average high-quality liquid assets we held was $649.2bn. This excludes high-quality liquid assets in legal entities which are not transferable due to local restrictions.

For further details, see page 204.

Common equity tier 1 ratio (%)

14.9%

(2023: 14.8%)

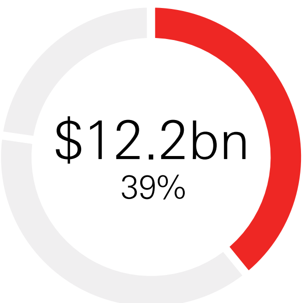
Global businesses

During the year we served our customers through three global businesses. The following pages set out how each global business has performed. From 1 January 2025, we have simplified our structure as explained on page 5.

Wealth and Personal Banking

Our WPB business served 40 million customers globally, including 7.7 million who are international, from retail customers to ultra high net worth individuals and their families.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

To meet our customers' needs, WPB offered a full suite of products and services across transactional banking, lending and wealth.

WPB continued to invest in our key strategic priorities of expanding our Wealth franchise in Asia, developing our transactional banking and lending capabilities, and addressing our customers' international needs.

Performance in 2024 reflected strong growth in Wealth, with double digit growth across Retail investment distribution, Private Banking and life insurance as well as growth in asset management. We also saw moderate balance sheet growth, and increases in our invested assets and wealth deposits. The results included growth in operating expenses, reflecting investment and inflationary impacts.

Divisional highlights

21%

Growth in wealth non-interest income compared with 2023.

12%

Growth in contractual service margin in insurance since 2023, up to $12.1bn.

Results – on a constant currency basis	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[2] $m
Net operating income	**28,674**	26,848	20,772	**1,826**	**7**	**(636)**
ECL	**(1,335)**	(935)	(1,160)	**(400)**	**(43)**	**(22)**
Operating expenses	**(15,204)**	(14,352)	(14,141)	**(852)**	**(6)**	**651**
Share of profit in associates and JVs	**47**	64	29	**(17)**	**(27)**	**—**
Profit before tax	**12,182**	11,625	5,500	**557**	**5**	**(7)**
RoTE[1] (%)	**29.0**	28.5	13.8			

1 RoTE (annualised) in 2023 and 2022 included a 0.3 and 4.7 percentage point adverse impact from the impairment losses relating to the sale of our retail banking operations in France respectively.
2 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

International customers are those who bank in more than one market, those whose address is different from the market we bank them in and customers whose nationality, or country of birth for non-resident Indians and overseas Chinese, is different to the market we bank them in. Customers may be counted more than once when banked in multiple countries.

Our new Premier proposition

Kicking off in three markets – Hong Kong, Singapore and the UK – the new HSBC Premier proposition focuses on our strengths in wealth, health, travel and international services, combining the expertise of our Premier Relationship Managers with digital financial planning solutions to help affluent customers navigate important investment decisions. We partnered with top brands to provide an exclusive set of travel, dining, international property and health and well-being services via the HSBC Premier Mastercard credit card. Building on our core international capabilities, such as international credit history transfer and round the clock 24/7 account servicing, the updated HSBC Premier enables us to support a new generation of customers, while also deepening relationships with millions of our existing clients.

Management view of revenue	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[4] $m
Wealth	**8,758**	7,446	6,973	**1,312**	**18**	**(235)**
– investment distribution	**2,925**	2,517	2,469	**408**	**16**	**(167)**
– Global Private Banking	**2,612**	2,268	2,039	**344**	**15**	**—**
net interest income	**1,193**	1,167	975	**26**	**2**	**—**
non-interest income	**1,419**	1,101	1,064	**318**	**29**	**—**
– life insurance	**1,840**	1,396	1,337	**444**	**32**	**(10)**
– asset management	**1,381**	1,265	1,128	**116**	**9**	**(58)**
Personal Banking	**19,352**	20,240	15,884	**(888)**	**(4)**	**(669)**
– net interest income	**17,980**	18,940	14,597	**(960)**	**(5)**	**(578)**
– non-interest income	**1,372**	1,300	1,287	**72**	**6**	**(91)**
Other[1]	**564**	(838)	(2,085)	**1,402**	**>100**	**268**
– of which: impairment (loss)/reversal relating to the sale of our retail banking operations in France[2]	**28**	4	(2,374)	**24**	**>100**	**24**
Net operating income[3]	**28,674**	26,848	20,772	**1,826**	**7**	**(636)**

1 'Other' includes Markets Treasury, HSBC Holdings interest expense and hyperinflation. It also includes the distribution and manufacturing (where applicable) of retail and credit protection insurance, disposal gains and other non-product-specific income.
2 The amounts associated with the sale of our retail banking operations in France include all related impacts disclosed in notable items, which are presented across various lines in our consolidated income statement.
3 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
4 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

Notable items – on a reported basis	2024 $m	2023 $m	2022 $m
Revenue			
Disposals, acquisitions and related costs	**28**	4	(2,212)
Restructuring and other related costs	**—**	—	98
Disposal losses on Markets Treasury repositioning	**—**	(391)	—
Currency translation on revenue notable items	**—**	34	(158)
Operating expenses			
Disposals, acquisitions and related costs	**(3)**	(53)	(7)
Restructuring and other related costs	**(10)**	20	(357)
Currency translation on operating expenses notable items	**—**	—	(3)

Financial performance

Profit before tax of $12.2bn was $0.6bn higher than in 2023 on a constant currency basis. The growth reflected higher Wealth revenue, as we continued to execute on our strategy. This was partly offset by a $0.2bn reduction from the sale of our banking business in Canada, which completed in 1Q24. Net interest income ('NII') grew by 2% compared with 2023, while fee income increased by 12%. Operating expenses grew by $0.9bn and there was an increase in ECL of $0.4bn, both on a constant currency basis.

Revenue of $28.7bn was $1.8bn or 7% higher on a constant currency basis. Wealth performed strongly, up $1.3bn. This included double-digit percentage growth in life insurance, Global Private Banking and investment distribution, as well as growth in asset management. This was partly offset by a reduction in Personal Banking NII of $1.0bn, due to the impact of the disposals in France and Canada and margin compression, partly offset by balance sheet and non-NII growth.

In Wealth, revenue of $8.8bn was up $1.3bn or 18%.

- Investment distribution revenue grew by $0.4bn, or 16%, driven by higher sales of mutual funds, structured products and bonds due to our continued investment in Wealth and improved market sentiment, including in our entities in Asia.
- Global Private Banking revenue was $0.3bn or 15% higher, primarily driven by a strong performance in brokerage and trading in our entities in Asia.
- Life insurance revenue was $0.4bn or 32% higher. The growth included an increase in earnings from contractual service margin ('CSM') release, largely due to continued growth in the CSM balance. The year-on-year increase in revenue also included the impact of corrections to historical valuation estimates recognised in 2023. Insurance manufacturing new business CSM of $2.5bn was 49% higher than in 2023, mainly in our legal entities in Hong Kong.
- Asset management revenue was $0.1bn or 9% higher, driven by a 7% increase in assets under management due to inflows and positive market movements. This was partly offset by a reduction in revenue due to the sale of our banking business in Canada.

In Personal Banking, revenue of $19.4bn was down $0.9bn or 4%.

- Net interest income was $1.0bn or 5% lower due to the impact of the sales of our banking businesses in France and Canada and narrower margins. Compared with 2023, lending balances were broadly stable with growth mainly in mortgages in HSBC UK and our legal entity in the US. This was offset by the reclassification of the France retained loans to Corporate Centre. Unsecured lending balances increased, including in HSBC UK and our legal entities in Asia and Mexico. Deposit balances grew by $24bn, including in our legal entities in Asia and the UK.

Other revenue increased by $1.4bn, mainly due to a $1.1bn increase in revenue allocated from Markets Treasury, including from the non-recurrence of 2023 disposal losses on repositioning and risk management, the non-recurrence of a loss on sale of our business in New Zealand in 2023 of $0.1bn and higher interest income earned on own capital.

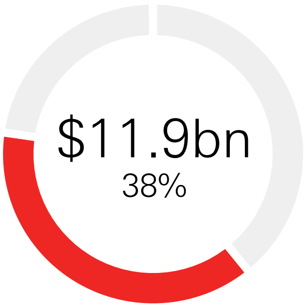
ECL were $1.3bn, an increase of $0.4bn compared with 2023 on a constant currency basis, reflecting higher charges in our legal entity in Mexico, mainly in our unsecured portfolio, due to portfolio growth and unemployment trends. In addition, we had higher charges in our legal entities in Hong Kong and the UK as a result of portfolio growth.

Operating expenses of $15.2bn were 6% higher on a constant currency basis, reflecting continued investments in Wealth in Asia, higher spend and investment in technology, higher performance-related pay and from the impact of higher inflation. These were partly offset by continued cost discipline and the impact of the disposals in France and Canada.

Commercial Banking

Our CMB business served around 1.2[1] million customers across 48 countries and territories, ranging from small enterprises to large companies operating globally.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

CMB partnered with businesses around the world, supporting every stage of their growth, international ambitions and sustainability transitions. CMB delivered value to clients through our international network, financing strength, digital capabilities and our universal banking offering, including our global trade and payments solutions.

HSBC has been recognised as the World's best Trade Finance Bank and the World's best Payments and Treasury Bank (Euromoney Awards) and we continue to invest in capabilities to assist clients in fulfilling their business needs more efficiently.

We have completed our first full year of HSBC Innovation Banking with global revenue now standing at $0.7bn, and over 1,200 new customers onboarded in 2024.

CMB profit before tax compared with 2023 was impacted by the non-recurrence of the gain on acquisition of SVB UK recognised in 2023. Excluding this, there was a good 2024 performance, with growth in revenue due to balance sheet growth, continued momentum in growing our multi-jurisdictional client base, and investment in our core transaction banking capabilities leading to higher fee income. Revenue also benefited from the growth in GBM collaboration income. The increase in operating expenses reflected the impact of hyperinflation in Argentina, increased technology spend and investment, incremental costs associated with HSBC Innovation Banking and inflationary pressures.

1 The number of customers reduced due to the sale of our banking business in Canada.

Divisional highlights

10%

Increase in loans and advances to customers in Global Trade Solutions, compared with 2023, on a constant currency basis.

$25bn

CMB grew deposits by $25bn or 5% compared with 2023.

Results – on a constant currency basis	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[2] $m
Net operating income	**21,580**	22,396	16,207	**(816)**	**(4)**	**(2,228)**
ECL	**(1,815)**	(2,006)	(1,868)	**191**	**10**	**69**
Operating expenses	**(7,906)**	(7,234)	(6,810)	**(672)**	**(9)**	**255**
Share of profit/(loss) in associates and JVs	**1**	(1)	1	**2**	**>100**	**–**
Profit before tax	**11,860**	13,155	7,530	**(1,295)**	**(10)**	**(1,904)**
RoTE[1] (%)	**20.0**	23.4	13.7			

1 RoTE in 2023 included a 3.1 percentage point favourable impact from the gain recognised on the acquisition of SVB UK.
2 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

An international partner for a global travel retailer

Our 15-year partnership with Swiss-based Avolta reflects a deep collaboration that has supported Avolta's international expansion. During the pandemic, we worked closely with Avolta to help them navigate the travel retail sector's challenges. This year, beyond transaction banking and credit solutions, we served as lead global coordinator and physical bookrunner on a €500m bond, reaffirming our commitment to Avolta's strategic goals. As an innovative and rapidly-evolving company, Avolta needs a banking partner that matches their pace. Utilising our international network and expertise in key markets across the US, Europe and Asia, we have helped unlock global opportunities for Avolta and their customers, fostering a robust partnership centred on growth and innovation.

Management view of revenue	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[4] $m
Global Trade Solutions	**1,992**	1,969	2,045	**23**	**1**	**(39)**
Credit and Lending	**5,183**	5,239	5,728	**(56)**	**(1)**	**(281)**
Global Payments Solutions	**11,880**	12,125	6,911	**(245)**	**(2)**	**(225)**
Markets products, Insurance and Investments and Other[1]	**2,525**	3,063	1,523	**(538)**	**(18)**	**(1,683)**
– of which: share of revenue for Markets and Securities Services and Banking products	**1,382**	1,295	1,181	**87**	**7**	
– of which: gain on the acquisition of Silicon Valley Bank UK Limited	**—**	1,659	—	**(1,659)**	**(100)**	**(1,659)**
Net operating income[2]	**21,580**	22,396	16,207	**(816)**	**(4)**	**(2,228)**
– of which: transaction banking[3]	**14,867**	15,077	9,853			

1 Includes a gain on the acquisition of SVB UK and CMB's share of revenue from the sale of Markets and Securities Services and Banking products to CMB customers. GBM's share of revenue from the sale of these products to CMB customers is included within the corresponding lines of the GBM management view of revenue. Also includes allocated revenue from Markets Treasury, HSBC Holdings interest expense and hyperinflation.
2 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
3 Transaction banking comprises Global Trade Solutions, Global Payments Solutions and CMB's share of Global Foreign Exchange (shown within 'share of revenue for Markets and Securities Services and Banking products').
4 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

Notable items – on a reported basis	2024 $m	2023 $m	2022 $m
Revenue			
Disposals, acquisitions and related costs	**—**	1,591	—
Restructuring and other related costs	**—**	—	(16)
Disposal losses on Markets Treasury repositioning	**—**	(316)	—
Currency translation on revenue notable items	**—**	65	6
Operating expenses			
Disposals, acquisitions and related costs	**(2)**	(55)	—
Restructuring and other related costs	**2**	32	(266)
Currency translation on operating expenses notable items	**—**	—	(7)

Financial performance

Profit before tax of $11.9bn was $1.3bn lower than in 2023 on a constant currency basis. This was mainly due to a reduction in revenue following the non-recurrence of a $1.7bn gain recognised in 2023 on the acquisition of SVB UK, the impact of the disposal of our banking business in Canada in 2024, as well as higher operating expenses. The reduction in profit before tax was partly offset by balance-sheet-driven revenue growth, excluding the disposal of our banking business in Canada, higher revenue allocated from Markets Treasury, transaction banking fee growth and lower ECLs.

Revenue of $21.6bn was $0.8bn or 4% lower on a constant currency basis. This was primarily due to the non-recurrence of the gain on the acquisition of SVB UK in 2023, as mentioned above. It also included an adverse impact of $0.6bn from strategic transactions, notably in relation to the disposal of our banking business in Canada. These were partly offset by an increase in NII due to the hyperinflationary impacts in Argentina and higher allocated revenue from Markets Treasury.

- In GTS, revenue was up $23m or 1%, mainly due to growth in fee income from guarantees, higher balances and improved margins. This was partly offset by the impact of the disposal of our banking business in Canada.
- In Credit and Lending, revenue decreased by $0.1bn or 1% due to the impact of the disposal of our banking business in Canada, partly offset by higher income in IVB.
- In GPS, revenue was down $0.2bn or 2%, reflecting the impact of the disposal of our banking business in Canada, and a decrease in our main legal entities in Asia and Europe from lower margins, reflecting a change in the product mix. This was partly offset by growth in fee income reflecting business initiatives and transaction volumes. There was also higher revenue in HSBC UK due to higher margins and in our legal entity in Argentina due to hyperinflationary impacts.
- In GBM products, Insurance and Investments, and Other, revenue decreased by $0.5bn, largely due to the non-recurrence of the $1.7bn gain recognised in 2023 on the acquisition of SVB UK. This adverse impact was partly offset by higher allocated revenue from Markets Treasury, including from the non-recurrence of 2023 disposal losses on repositioning and risk management and interest income on own capital. There was also higher GBM collaboration revenue, reflecting growth in Global Markets and Capital Financing products, notably in our key entities in Hong Kong, the UK and in Europe.

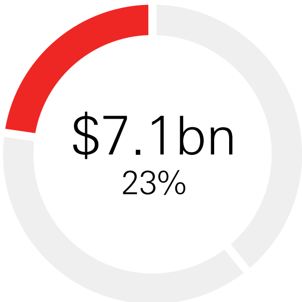
ECL charges of $1.8bn were $0.2bn lower on a constant currency basis. ECLs in 2024 reflected lower charges in our main legal entity in Asia, reflecting a reduction in ECL in the commercial real estate sector in mainland China, and in HSBC UK. These reductions were partly offset by new stage 3 charges related to a single customer in the UK, and in our main legal entity in the Middle East.

Operating expenses of $7.9bn were $0.7bn or 9% higher on a constant currency basis. The increase reflected hyperinflationary impacts in Argentina, incremental costs in IVB following the acquisition of SVB UK, higher spend and investment in technology, and inflationary impacts. These increases were in part mitigated by continued cost discipline and lower costs following the disposal of our banking business in Canada.

Global Banking and Markets

Our GBM business supported multinational corporates, financial institutions and institutional clients, as well as public sector and government bodies.

Contribution to Group profit before tax



Calculation is based on profit before tax of our global businesses excluding Corporate Centre.

GBM is a leading provider of transaction banking, financing and risk management solutions to our clients. Our global network with expertise, particularly in Asia and the Middle East, provides a differentiated service to our clients' international financial requirements.

GBM delivered a strong performance in 2024, achieving a RoTE of 13.0%. On a constant currency basis, we grew revenue by 11%, while costs grew by 4% as we continued to invest in technology to support future revenue growth, and from the impact of inflation. We also had a reduction in ECL compared with 2023.

Divisional highlights

13.0%

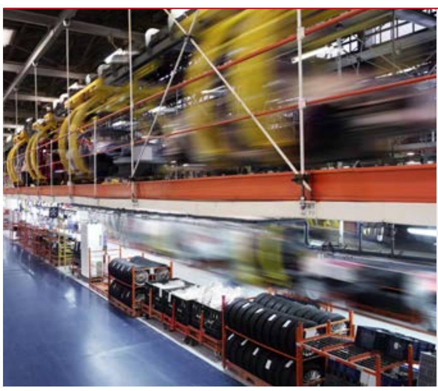
Return on average tangible equity, up 1.6 percentage points compared with 2023.

36%

Increase in Securities Financing revenue compared with 2023, primarily from new client onboarding in prime finance.

Results – on a constant currency basis	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	2024 vs 2023 %	of which strategic transactions[1] $m
Net operating income	**17,529**	15,771	14,542	**1,758**	**11**	**(49)**
ECL	**(235)**	(317)	(578)	**82**	**26**	**(11)**
Operating expenses	**(10,231)**	(9,872)	(9,403)	**(359)**	**(4)**	**59**
Share of profit/(loss) in associates and JVs	**—**	—	(2)	**—**	**—**	**—**
Profit before tax	**7,063**	5,582	4,559	**1,481**	**27**	**(1)**
RoTE (%)	**13.0**	11.4	9.8			

1 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.



India's biggest-ever IPO listing

In October 2024, we led the $3.3bn initial public offering ('IPO') of Hyundai Motor India Limited, India's largest ever IPO and the second largest globally in 2024 at the time of the transaction.

Acting as joint book-running lead manager, we supported the company throughout the transaction. The strength of our international network in connecting clients to investors across markets, helped the company to attract significant demand from both domestic and global investors. The transaction, also the largest auto IPO since 2022, represented Hyundai's largest stock market listing outside of South Korea, demonstrating the depth and evolution of India's capital markets-raising potential from the perspective of global corporates and investors.

Management view of revenue	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[6] $m
Markets and Securities Services	**9,652**	8,806	8,815	**846**	**10**	**(63)**
– Securities Services	**2,280**	2,305	1,994	**(25)**	**(1)**	**(3)**
– Global Debt Markets	**968**	827	698	**141**	**17**	**(8)**
– Global Foreign Exchange	**3,972**	4,030	4,088	**(58)**	**(1)**	**(49)**
– Equities	**891**	552	1,015	**339**	**61**	**(1)**
– Securities Financing	**1,523**	1,120	924	**403**	**36**	**(5)**
– Credit and funding valuation adjustments	**18**	(28)	96	**46**	**>100**	**3**
Banking	**8,656**	8,460	6,690	**196**	**2**	**(125)**
– Global Trade Solutions	**690**	658	670	**32**	**5**	**(13)**
– Global Payments Solutions	**4,497**	4,427	2,861	**70**	**2**	**(72)**
– Credit and Lending	**1,820**	1,967	2,229	**(147)**	**(7)**	**(15)**
– Investment Banking[1]	**1,084**	1,040	737	**44**	**4**	**(9)**
– Other[2]	**565**	368	193	**197**	**54**	**(16)**
GBM Other	**(779)**	(1,495)	(963)	**716**	**48**	**139**
– Principal Investments	**24**	(5)	57	**29**	**>100**	**—**
– Other[3]	**(803)**	(1,490)	(1,020)	**687**	**46**	**139**
Net operating income[4]	**17,529**	15,771	14,542	**1,758**	**11**	**(49)**
– of which: transaction banking[5]	**11,439**	11,420	9,613	**19**	**—**	

1 From 1 January 2024, we renamed 'Capital Markets and Advisory' as 'Investment Banking' to better reflect our purpose and offering.
2 Includes portfolio management, earnings on capital and other capital allocations on all Banking products.
3 Includes notional tax credits and Markets Treasury, HSBC Holdings interest expense and hyperinflation.
4 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
5 Transaction banking comprises Securities Services, Global Foreign Exchange (net of revenue shared with CMB), GTS and GPS.
6 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

Notable items – on a reported basis	2024 $m	2023 $m	2022 $m
Revenue			
Disposals, acquisitions and related costs	**(14)**	—	—
Restructuring and other related costs	**—**	—	(184)
Disposal losses on Markets Treasury repositioning	**—**	(270)	—
Currency translation on revenue notable items	**—**	(2)	4
Operating expenses			
Disposals, acquisitions and related costs	**(2)**	3	—
Restructuring and other related costs	**(1)**	21	(252)
Currency translation on operating expenses notable items	**—**	—	(8)

Financial performance

Profit before tax of $7.1bn was $1.5bn or 27% higher than in 2023 on a constant currency basis. This was driven by an increase in revenue of $1.8bn or 11%on a constant currency basis, including from strong performances in Securities Financing, Equities and Global Debt Markets. In addition, ECL charges decreased compared with 2023, while operating expenses increased by $0.4bn on a constant currency basis.

Revenue of $17.5bn was $1.8bn or 11% higher on a constant currency basis.

In Markets and Securities Services ('MSS'), revenue increased by $0.8bn or 10% driven by prime finance, fixed income and equity derivatives.

– In Securities Services, revenue decreased by $25m or 1% from divestments within our fund administration business and from lower NII due to reduced rates impacting margins.
– In Global Debt Markets, revenue rose by $0.1bn or 17%, from higher client demand for financing products and increased volumes primarily from emerging markets credit.
– In Global Foreign Exchange, revenue fell by $0.1bn or 1%, as client activity remained resilient given the market environment.
– In Equities, revenue increased by $0.3bn or 61% amid improved market sentiment, which drove strong client demand for wealth products, as well as higher levels of volatility in 2H24.
– In Securities Financing, revenue rose by $0.4bn or 36%, primarily driven by new client onboarding in prime finance and robust institutional financing demand.

In Banking, revenue increased by $0.2bn or 2%.

– In GPS, revenue increased by $0.1bn or 2%, driven by higher average balances and fee performance resulting from business initiatives, repricing and transaction growth.
– In Investment Banking, which includes Issuer Services, revenue increased by $44m or 4%, due to higher advisory and financing activity, supported by the recovery in global capital markets.
– In Credit and Lending, revenue decreased by $0.1bn or 7% reflecting ongoing muted client demand.
– In Banking Other, revenue increased by $0.2bn or 54% due to hedging activities and higher allocated earnings on capital held in the business.

In GBM Other, revenue increased by $0.7bn or 48%, driven by higher allocated revenue from Markets Treasury, including from the non-recurrence of 2023 disposal losses on repositioning and risk management, and lower HSBC Holdings interest expense.

ECL of $0.2bn decreased by $0.1bn on a constant currency basis, mainly as the 2024 period included a release related to a single exposure.

Operating expenses of $10.2bn increased by $0.4bn or 4% on a constant currency basis, due to the impact of inflation and higher spend and investment in technology, partly mitigated by continued cost discipline.

Corporate Centre

The results of Corporate Centre primarily comprise the financial impact of certain acquisitions and disposals and the share of profit from our interests in our associates and joint ventures and related impairments. It also includes Central Treasury, stewardship costs and consolidation adjustments.

Corporate Centre performance in 2024 primarily reflected the financial impact of certain acquisitions and disposals, including the gain on the sale of our banking business in Canada and losses on the disposal of our business in Argentina, including foreign currency and other reserve losses. In 2023, performance included the recognition of an impairment in our investment in our associate BoCom.

Financial performance
Profit before tax of $1.2bn was $1.7bn higher than in 2023 on a constant currency basis. The increase included the impact of the non-recurrence of an impairment charge of $3.0bn in 2023 relating to our investment in BoCom.

Revenue of $1.9bn was $1.8bn lower on a constant currency basis, primarily due to the impact of notable items.

In 2024, these included a loss on disposal of $1.0bn, as well as foreign currency and other reserve losses of $5.2bn, following the disposal of our business in Argentina. They also included a loss of $0.1bn related to the recycling of reserves following the completion of the sale of our business in Russia, and a $0.2bn loss on the early redemption of legacy securities. These were partly offset by a $4.8bn gain on the sale of our banking business in Canada, inclusive of fair value gains on related hedging and recycling of related reserves.

In 2023, notable items included fair value losses of $0.3bn relating to the hedging of the proceeds of the sale of our business in Canada.

The reduction in revenue also included adverse fair value movements on financial instruments in Central Treasury and structural hedges, a reduction following the transfer of the retained French retail lending portfolio from WPB, and fair valuation losses on legacy portfolios. This was partly offset by fair value gains on hedging related to our retained French retail lending portfolio.

Operating expenses decreased by $0.3bn on a constant currency basis. This included a lower impact from levies, including in relation to the FDIC special assessment and the UK bank levy.

Share of profit from associates and joint ventures of $2.9bn increased by $3.2bn on a constant currency basis, primarily reflecting the non-recurrence of an impairment charge of $3.0bn in 2023 relating to our investment in BoCom and an increase in share of profit from SAB.

Results – on a constant currency basis	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[1] $m
Net operating income	**(1,929)**	(103)	(1,934)	**(1,826)**	**>(100)**	**(977)**
ECL	**(29)**	(1)	(9)	**(28)**	**>(100)**	**—**
Operating expenses	**298**	(36)	(1,875)	**334**	**>100**	**27**
Share of profit in associates and joint ventures less impairment	**2,864**	(319)	2,531	**3,183**	**>100**	**—**
– of which: impairment loss relating to our investment in BoCom	—	(3,017)	—	**3,017**	**>100**	**—**
Profit/(loss) before tax	**1,204**	(459)	(1,287)	**1,663**	**>100**	**(950)**
RoTE (annualised) (%)	**0.7**	(1.0)	2.8			

1 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

Management view of revenue	2024 $m	2023 $m	2022 $m	2024 vs 2023 $m	%	of which strategic transactions[6] $m
Central Treasury[1]	**(49)**	99	(743)	**(148)**	**>(100)**	**—**
Legacy portfolios	**(50)**	3	(181)	**(53)**	**>(100)**	**—**
Other[2,3]	**(1,830)**	(205)	(1,010)	**(1,625)**	**>(100)**	**(977)**
– of which: gain on the sale of banking business in Canada and associated hedges[4]	**4,795**	(275)	—	**5,070**	**>100**	**5,070**
– of which: loss on the sale of business in Argentina	**(1,011)**	—	—	**(1,011)**	**>(100)**	**(1,011)**
– of which: recycling of foreign currency translation reserve losses and other reserves on sale of business in Argentina	**(5,166)**	—	—	**(5,166)**	**>(100)**	**(5,166)**
Net operating income[5]	**(1,929)**	(103)	(1,934)	**(1,826)**	**>(100)**	**(977)**

1 Central Treasury comprises valuation differences on issued long-term debt and associated swaps and fair value movements on financial instruments.
2 Other comprises gains and losses on certain transactions, funding charges on property and technology assets, the results of the retained France retail loan portfolio, revaluation gains and losses on investment properties and property disposals, consolidation adjustments and other revenue items not allocated to global businesses.
3 Revenue from Markets Treasury, HSBC Holdings net interest expense and hyperinflation are allocated out to the global businesses, to align them better with their revenue and expense. The total Markets Treasury revenue component of this allocation for 2024 was $1,569m (2023: $(339)m; 2022: $1,377m).
4 Includes fair value gains/(losses) on the foreign exchange hedging of the proceeds of the sale and the recycling of related reserves.
5 'Net operating income' means net operating income before change in expected credit losses and other credit impairment charges (also referred to as 'revenue').
6 Impact of strategic transactions classified as material notable items. For details, see 'Impact of strategic transactions' on page 102.

Notable items – on a reported basis	2024 $m	2023 $m	2022 $m
Revenue			
Disposals, acquisitions and related costs	**(1,357)**	(297)	(525)
Fair value movements on financial instruments	**—**	14	(618)
Restructuring and other related costs	**—**	—	(145)
Early redemption of legacy securities	**(237)**	—	—
Currency translation on revenue notable items	**—**	(9)	(26)
Operating expenses			
Disposals, acquisitions and related costs	**(192)**	(216)	(11)
Restructuring and other related costs	**(25)**	63	(2,007)
Currency translation on operating expenses notable items	**—**	—	(46)
Impairment of interest in associate	**—**	(3,000)	—
Currency translation on associate notable items		(17)	

Risk overview

Active risk management helps us to achieve our strategy, serve our customers and communities and grow our business safely.

Managing risk

HSBC's operations are subject to changes in the economy, financial conditions and geopolitical developments that could have a material impact on the Group's operations and financial risks. These factors are a significant source of uncertainty that we monitor and review continuously.

Despite political and economic uncertainties, global economic growth was resilient in 2024. This was led by strong growth in the US and a mild recovery in the EU, while key emerging markets were supported by monetary policy easing. In the US, performance was supported by household consumption and government spending. In mainland China activity by sector has been uneven, but fiscal and monetary support ensured that the official economic growth target was still met. UK growth remained low despite a fall in inflation and lower interest rates, as consumers continued to prioritise saving.

Continued moderate growth is expected in 2025, but the trajectory of US economic and trade policies in the aftermath of the US election, and geopolitical risks such as the ongoing Russia-Ukraine war and conflict in the Middle East, remain key sources of forecast uncertainty.

Inflation and high interest rates remain key considerations for policymakers. In the US and Europe, headline inflation rates trended downwards towards central bank target ranges, despite high and persistent services price increases. Disinflation enabled the US Federal Reserve and the ECB to cut their policy rates by 100bps and 75bps respectively, and the Bank of England by 50bps in 2024.

Further cuts in interest rates are expected in the US, although the resilience of the economy and the perceived supply chain and inflation risks attached to new and prospective US tariff policies, have led markets to pare back their expectations for rate cuts in 2025. In the Eurozone, interest rates are expected to be cut in order to support growth. Markets also expect the Bank of England to continue to reduce the bank rate throughout 2025. In mainland China, authorities have reduced benchmark policy interest rates to support private sector borrowing as demand for loans has weakened. Further fiscal and monetary easing is expected to support local consumption and offset some of the impact of US tariffs.

Key risk appetite metrics

Component	Measure	Risk appetite	2024
Capital	CET1 ratio – end point basis	**≥13.5%**	**14.9%**
Change in expected credit losses and other credit impairment charges	Change in expected credit losses and other credit impairment charges as a % of advances: Retail (WPB)	**≤0.50%**	**0.27%**
	Change in expected credit losses and other credit impairment charges as a % of advances: Wholesale (GBM, CMB)	**≤0.45%**	**0.37%**

Fiscal policy, public deficits and indebtedness influence our risk profile. Public spending as a proportion of GDP is likely to remain high for most key economies. Against the backdrop of higher global interest rates, a high level of public debt issuance, and a strong US dollar, borrowing costs for certain countries could increase further. This could adversely impact the fiscal capacity and debt sustainability of highly-indebted sovereign issuers.

Additional sanctions on Iran were imposed in 2024 in response to Iran's activities and the increase in tensions between Israel and Iran. The sanctions and trade restrictions imposed by the US, the UK, and the EU, as well as other countries, as a result of the Russia-Ukraine war, remain complex, far-reaching and evolving. The US has expanded the reach of its secondary sanctions regime, which includes broad discretion to impose severe sanctions on non-US banks. The imposition of such sanctions against any non-US HSBC entity could result in significant adverse commercial, operational and reputational consequences for HSBC. In response to such sanctions and trade restrictions, as well as asset flight, Russia has implemented certain countermeasures, including the expropriation of certain foreign assets.

Strategic competition with China has the potential to impact global supply chains which may in turn impact the Group's operations. The US, the UK, the EU and other countries have imposed various sanctions and trade restrictions on Chinese individuals and companies. China has also imposed its own sanctions, trade restrictions and other measures against certain countries, businesses and individuals. This has resulted in efforts to de-risk certain sectors with the reshoring of manufacturing activities.

Further sanctions or counter-sanctions may adversely affect the Group, its customers and various markets.

Political changes may also have implications for policy and regulations. Newly elected governments in several key markets have committed to a shift in domestic and foreign policy priorities. The US administration supports sweeping economic, foreign and trade policy changes that, if enacted, are expected to have geopolitical and macroeconomic implications, including an uncertain impact on growth and inflation. HSBC continues to monitor these policy changes and assess their implications for economic conditions in our key markets.

Challenging conditions persist in the real estate sector in several of our major markets. The Hong Kong commercial real estate market has seen prices fall amid low transaction volumes and a high interest rate environment. Despite an improvement in sentiment associated with supportive policy measures and recent US interest rate cuts, commercial real estate market demand has remained weak. Prices also fell in the Hong Kong residential market during 2024 but sentiment and transaction volumes started to improve in the fourth quarter, supported by more favourable government measures and improved affordability as prices and interest rates fell. Stabilisation of the real estate market could be dependent on a further lowering of interest rates to revive demand for property both in the domestic market and from mainland China. Higher interest rates, a stronger US dollar and weak sentiment in mainland China remain the key risks to recovery.

Managing risk continued

In mainland China an excess of inventory and low confidence have resulted in the fall in both commercial and residential real estate prices. A recovery remains contingent on reform and broader economy-wide stimulus measures. We continue to closely monitor market conditions and take steps to proactively manage our commercial real estate portfolios.

In the fourth quarter of 2024 management adjustments to ECL were applied to reflect sector or portfolio risks that are not fully captured by our models.

We continue to assess the impact of Basel 3.1 standards on our capital, including the release of more beneficial PRA near-final rules, developments in the US and the associated implementation challenges.

We monitor, and seek to manage, the potential implications of all the above developments on our customers and our business. While the financial performance of our operations varied by geography, our balance sheet and liquidity remained strong.

For further details of our Central and other scenarios, see 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 147.

Our risk appetite

Our risk appetite sets our approach to monitoring and managing our risk exposure. It defines our desired forward-looking risk profile and informs the strategic and financial planning process. It provides a baseline to guide strategic decision making by helping planned business activities to deliver an appropriate balance of return for the risk assumed, while remaining within acceptable risk levels. Risk appetite supports senior management in allocating financial resources optimally to finance sustainable growth and manage risk exposures.

At 31 December 2024 our CET1 ratio and ECL charges were within their defined risk appetite thresholds. Our CET1 capital ratio at 31 December 2024 was 14.9%, up marginally compared with the prior year as capital generation and a reduction in RWAs through strategic transactions were offset by dividends, share buy-backs and organic balance sheet growth. For further details of the key drivers of the overall CET1 ratio, see 'Own funds' on page 205. Wholesale ECL charges during the year continued to reflect stress in the mainland China and Hong Kong commercial real estate sectors however, Wholesale and Retail ECL charges remained within appetite.

Stress tests

We regularly conduct stress tests to assess the resilience of our balance sheet and our capital adequacy, as well as to provide actionable insights into how key elements of our portfolios may behave during a crisis. We use the outcomes to calibrate our risk appetite to inform our strategic and financial plans, helping to improve the quality of management's decision making. The results from the stress tests also drive recovery and resolution planning to help enhance the Group's financial stability under various severe macroeconomic or idiosyncratic scenarios. The selection of stress scenarios is based upon the identification and assessment of our top and emerging risks and our risk appetite.

The Prudential Regulation Authority ('PRA') cancelled the 2024 Annual Cyclical Scenario stress testing exercise and instead commenced a Desk Based Stress Test exercise, which used PRA models and their in-house expertise to test the resilience of the UK banking system against more than one adverse macroeconomic scenario. HSBC provided 2023 year-end data to support this. The results of this exercise across firms were published in aggregate only, within the Financial Stability Report issued in the fourth quarter of 2024. The PRA announced an updated Stress Testing Framework and intends to return to a concurrent exercise in 2025, involving the submission of stressed projections. Further details will be provided by the PRA during 2025.

During 2024, the Group-wide internal stress test was completed and assessed the impact of two contrasting scenarios envisioning severe macroeconomic conditions over a five-year period. These scenarios reflected the uncertain inflation and interest rate environment, heightened geopolitical tensions, banking sector challenges, and global economic stress. The outcomes demonstrated that the Group has sufficient capital to withstand severe but plausible stress conditions. Additionally, the conclusions drawn from this exercise will also be included in the Group Internal Capital Adequacy Assessment Process.

Climate risk

Climate risk relates to the financial and non-financial impacts that may arise as a consequence of climate change and the move to a net zero economy. Climate risk can impact us either directly or through our relationships with our clients. These include the potential risks arising as a result of our net zero ambition, which could lead to reputational concerns, and potential legal and/or regulatory enforcement action if we are perceived to mislead stakeholders on our business activities or if we fail to achieve our stated net zero ambition.

We seek to manage climate risk across all our businesses in line with our Group-wide risk management framework and continue to incorporate climate considerations within our traditional risk types.

For further details of our approach to climate risk management, see 'Climate risk' on page 219.

For further details of our TCFD disclosures, see the 'ESG review' on page 444.

Climate stress tests

Scenario analysis supports our strategy by assessing our potential exposures to climate risks and vulnerabilities under a range of climate scenarios. Scenario analysis helps to build our awareness of climate change, understand plausible impacts to our strategy, plan for the future and meet our growing regulatory requirements.

In 2024, we enhanced our internal climate scenario analysis exercise by focusing our efforts on generating more granular insights for key sectors and regions to support core decision-making processes. We also continued to embed climate considerations into core processes across the Group and to respond to our regulatory requirements. Additionally, we produced several climate stress tests for regulators around the world, including the Hong Kong Monetary Authority.

For further details of our approach to climate risk stress testing, see 'Insights from scenario analysis' on page 223.

Our operations

We remain committed to investing in the reliability and resilience of our technology systems and critical services. We assess our third parties to help ensure they deliver the standard of services we require to provide resilient services to our customers. We do so to help protect our customers, affiliates and counterparties, and minimise any disruption to our services. In our approach to defending against these threats, we invest in business and technical controls to help us prevent, detect, manage and recover from issues in a timely manner within our risk appetite.

We are working to balance the opportunity artificial intelligence ('AI') presents to accelerate delivery of our strategy with the need for appropriate controls to be in place to mitigate the associated risks. HSBC is committed to using AI responsibly. HSBC's Principles for the Ethical Use of Data and AI are available at www.hsbc.com/ai. We continue to refine and embed governance and controls into our risk management processes to help meet the Group's needs and increasing regulatory expectations for when AI is both developed internally and enabled through third parties.

We continue to focus on improving the quality and timeliness of the data used to inform management decisions, and are progressing with the implementation of our strategic and regulatory change initiatives to help deliver the right outcomes for our customers, people, investors and communities.

For further details of our risk management framework and risks associated with our banking and insurance manufacturing operations, see pages 136 and 231, respectively.

Top and emerging risks

Our top and emerging risks report identifies forward-looking risks so that they can be considered in determining whether any incremental action is needed to either prevent them from materialising or to limit their effect. Top risks are those that have the potential to have a material adverse impact on the financial results, reputation or business model of the Group. We actively manage and take actions to mitigate our top risks. Emerging risks are those that, while they could have a material impact on our risk profile were they to occur, are not considered immediate and are not under active management. Our suite of top and emerging risks is subject to regular review by senior governance forums. We continue to monitor closely the identified risks and agree management actions to remediate and/or reduce them to acceptable levels, as required.

Risk	Trend	Description
Externally driven		
Geopolitical and macroeconomic risks	▲	Our operations and portfolios are subject to risks arising from political instability, civil unrest and military conflict, which could lead to disruption of our operations, physical risk to our staff and/or physical damage to our assets. We are also subject to cyclical and idiosyncratic macroeconomic risks. Among the key risks to the economic outlook is the prospective recalibration of economic and trade policies following elections in the US and other markets in 2024. This could prove disruptive to the global economy.
Technology and cybersecurity risk	▲	There is an increased risk of service disruption or loss of data resulting from technology failures or malicious activities from internal or external threats. We continue to monitor changes to the technology and threat landscape, including those arising from ongoing geopolitical and macroeconomic events and the impact this may have on third-party risk management. We operate a continuous improvement programme to help support the resilience and stability of our technology operations and counter a fast-evolving and heightened cyber threat environment.
Environmental, social and governance ('ESG') risks	▲	We are subject to ESG risks, including in relation to climate change, nature and human rights. These risks have increased owing to the pace and volume of regulatory developments globally, signs of diverging national agendas, increasing frequency of severe weather events, which require careful monitoring, and may impact financial and non-financial risks due to stakeholders placing more emphasis on financial institutions' actions and investment decisions in respect of ESG matters. Failure to meet these evolving expectations may result in financial and non-financial risks, including reputational, legal and regulatory compliance risks.
Financial crime risk	▲	We are exposed to financial crime risk from our customers, staff and third parties engaging in criminal activity. The financial crime risk environment is heightened due to increasingly complex geopolitical challenges, the macroeconomic outlook, the complex and dynamic nature of sanctions and export control compliance, evolving financial crime regulations, rapid technological developments, an increasing number of national data privacy requirements and the increasing sophistication of fraud. As a result, we will continue to face the possibility of regulatory enforcement and reputational risk.
Digitalisation and technological advances	▲	Developments in technology and changes in regulations continue to enable new entrants to the banking industry as well as new products and services offered by competitors. This challenges us to continue to innovate with new digital capabilities and evolve our products, to attract, retain and best serve our customers. Along with opportunities, new technology, including generative AI, can introduce risks and disruption. We seek to manage technology developments with appropriate controls and oversight.
Evolving regulatory environment risk	▶	The regulatory and compliance risk environment is set against continued geopolitical risk and regulatory focus on operational resilience, financial resilience, model risk, ESG, financial crime and risk management practices. Multiple jurisdictions are progressing the implementation of Basel 3.1 standards to various timescales, some of which are being delayed. The governmental and regulatory focus on improving pro-business growth is also driving legislative and regulatory change.
Internally driven		
Data risk	▶	We use data to serve our customers and run our operations, often in real-time within digital experiences and processes. If our data is not accurate and timely, our ability to serve customers, operate with resilience or meet regulatory requirements could be impacted. We seek to ensure that non-public data is kept confidential, and that we comply with the growing number of regulations that govern data privacy and cross-border movement of data.
Risks arising from the receipt of services from third parties	▶	We procure goods and services from a range of third parties. Due to the current macroeconomic and geopolitical climate, the risk of service disruption in our supply chain remains heightened. We continue to strengthen our controls, oversight and risk management policies and processes to select and manage third parties, including our third parties' own supply chains, particularly for key activities that could affect our operational resilience.
Model risk	▲	Model risk arises whenever business decision making includes reliance on models. We use models in both financial and non-financial contexts, as well as in a range of business applications. Evolving regulatory requirements are driving material changes to the way model risk is managed across the banking industry, with a particular focus on capital models. New technologies, including AI and generative AI, are driving a need for enhanced model risk controls.
Change execution risk	▶	Delivering change effectively is critical to achieving our strategy and enables us to meet rapidly-evolving customer and stakeholder needs. We seek to deliver complex change in line with established risk management processes, prioritising sustainable outcomes and understanding the associated risks. We focus on meeting industry and regulatory expectations and fulfilling our obligations to customers and clients.
Risks associated with workforce capability, capacity and environmental factors with potential impact on growth	▲	Our businesses, functions and geographies are exposed to risks associated with employee retention and talent availability, changing skills requirements of our workforce, and compliance with employment laws and regulations. Attrition across the Group remains stable, but failure to manage these risks may impact the delivery of our strategic objectives or lead to regulatory sanctions or legal claims, and the risks are heightened during the current period of fundamental organisational change.

▲ Risk heightened during 2024 ▶ Risk remained at the same level as 2023

Long-term viability and going concern statement

Under the UK Corporate Governance Code, the Directors are required to provide a viability statement that must state whether the Group will be able to continue in operation and meet its liabilities, taking into account its current position and the principal risks it faces. They must also specify the period covered by, and the appropriateness of, this statement.

The Directors have specified a period of three years to 31 December 2027. They are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability. In addition, this period is covered by the Group's stress testing programmes, and its internal projections for profitability, key capital ratios and leverage ratios. Notwithstanding this, our stress testing programmes also cover scenarios out to five years and our assessments of risks are beyond three years where appropriate (see page 131):

- This period is representative of the time horizon to consider the impact of ongoing regulatory changes in the financial services industry.
- Our updated business plan covers 2025 – 2029.

The Board, having made appropriate enquiries, is satisfied that the Group as a whole has adequate resources to continue operations for a period of at least 12 months from the date of this report, and it therefore continues to adopt the going concern basis in preparing the financial statements.

Based upon their assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet liabilities as they fall due over the next three years.

In making their going concern and viability assessments, the Directors have considered a wide range of detailed information relating to present and potential conditions, including projections for profitability, liquidity, capital requirements and capital resources.

The Directors carried out a robust assessment of the emerging and principal risks facing the Group to determine its long-term viability, including those that would threaten its solvency and liquidity. They determined that the principal risks are the Group's top and emerging risks as set out on page 39. These include geopolitical and macroeconomic risks (including geopolitical tensions and their impact on sanctions, trade restrictions and tariff increases, and continued distressed Chinese economic activity), digitalisation and technological advances, financial crime risk and ESG risks, all of which have remained at heightened levels during 2024.

The Directors assessed that all of the top and emerging risks identified are considered to be material and, therefore, appropriate to be classified as the principal risks to be considered in the assessment of viability. They also appraised the impact that these principal risks could have on the Group's risk profile, taking account of mitigating actions planned or taken for each, and compared this with the Group's risk appetite as approved by the Board.

In carrying out their assessment of the principal risks, the Directors considered a wide range of information including:

- details of the Group's business and operating models, and strategy (see page 11);
- details of the Group's approach to managing risk and allocating capital;
- a summary of the Group's financial position considering performance, its ability to maintain minimum levels of regulatory capital, liquidity funding and the minimum requirements for own funds and eligible liabilities over the period of the assessment. Notable are the risks which the Directors believe could adversely impact the Group's future results or operations;
- enterprise risk reports, including the Group's risk appetite profile (see page 127) and top and emerging risks (see page 131);
- the impact on the Group due to the Russia-Ukraine war and conflict in the Middle East; uncertainty around Hong Kong and mainland China's commercial real estate sector, potential trade restrictions and tariff increases and strained economic and diplomatic relations between China and the US, the UK, the EU and other countries;
- reports and updates regarding regulatory and internal stress testing. In 2024 the Bank of England completed their Desk Based Stress Test exercise to assess the resilience of the UK banking system. The stress scenario explored the potential impacts of a number of adverse macroeconomic conditions, including global aggregate demand and supply shock, global commodity prices and supply-chain disruptions from increased geopolitical tensions, uncertain inflation across advanced economies and rapidly changing interest rates. Additionally, HSBC completed the 2024 Group-wide internal stress test, which explored the impact of two contrasting scenarios depicting severe macroeconomic conditions over a five-year period, reflecting banking sector strains and global economic stress. The results of both these exercises indicated the Group is sufficiently capitalised to withstand severe but plausible adverse stress;
- the results of our 2024 internal climate scenario analysis exercise further demonstrate the Group is sufficiently capitalised to withstand severe stress. Further details of the insights from the 2024 climate scenario analysis are explained from page 223;
- reports and updates from management on risk-related issues selected for in-depth consideration;
- reports and updates on regulatory developments;
- legal proceedings and regulatory matters set out in Note 35 on the financial statements; and
- reports and updates from management on the operational resilience of the Group.

Aileen Taylor
Group Chief People & Governance Officer

19 February 2025

Supplementary information

Shareholder enquiries and communications

Enquiries
Any enquiries relating to shareholdings on the share register (for example, transfers of shares, changes of name or address, lost share certificates or dividend cheques) should be sent to the Registrars at the address given below. The Registrars offer an online facility, Investor Centre, which enables shareholders to manage their shareholding electronically.

Principal Register:	Hong Kong Overseas Branch Register:	Bermuda Overseas Branch Register:
Computershare Investor Services PLC The Pavilions Bridgwater Road, Bristol BS99 6ZZ United Kingdom	Computershare Hong Kong Investor Services Limited Rooms 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong	Investor Relations Team HSBC Bank Bermuda Limited 37 Front Street Hamilton HM 11 Bermuda
Telephone: +44 (0) 370 702 0137	Telephone: +852 2862 8555	hbbm.shareholder.services@hsbc.bm
www.investorcentre.co.uk/contactus	hsbc.ecom@computershare.com.hk	
Investor Centre: www.investorcentre.co.uk	Investor Centre: www.investorcentre.com/hk	Investor Centre: www.investorcentre.com/bm

ADS Depositary:
The Bank of New York Mellon
Shareowner Services
P.O. Box 43006
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RI 02940-3078
USA

Telephone (US): +1 877 283 5786
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shrrelations@cpushareownerservices.com
www.mybnymdr.com

If your shareholding is not recorded directly on the share register, it is important to remember that your main contact for all matters relating to your investment remains the registered shareholder, or custodian or broker, who administers the investment on your behalf. This is the case even if you have elected to receive information rights directly from HSBC Holdings. Any changes or queries relating to your personal details and holding (including any administration of it) should be directed to your existing contact at your investment manager or custodian or broker. HSBC Holdings cannot guarantee dealing with matters directed to it in error.

Shareholders who wish to receive a hard copy of this Strategic Report 2024 or our Annual Report and Accounts 2024 should contact HSBC's Registrars. Please visit www.hsbc.com/investors/investor-contacts for further information. You can also download an online version of the report from www.hsbc.com.

Electronic communications

Shareholders may at any time choose to receive corporate communications in printed form or to receive notifications of their availability on HSBC's website. To receive notifications of the availability of a corporate communication on HSBC's website by email, or revoke or amend an instruction to receive such notifications by email, go to www.hsbc.com/investors/shareholder-information/manage-your-shareholding. If you provide an email address to receive electronic communications from HSBC, we will also send notifications of your dividend entitlements by email. If you received a notification of the availability of this document on HSBC's website and would like to receive a printed copy, or if you would like to receive future corporate communications in printed form, please write or send an email (quoting your shareholder reference number) to the appropriate Registrars at the address given above. Printed copies will be provided without charge.

Chinese translation
A Chinese translation of this Strategic Report 2024 will be available upon request after 21 March 2025 from the Registrars:

Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ United Kingdom

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本文件及日後的相關文件均備有中譯本，如有需要，請向股份登記處索取。股東如收到本報告的中譯本，但不希望再收取此等譯本，亦請聯絡股份登記處。股東如已委託其他人士代為持有股份，可能會獲提名（「獲提名人士」）收取滙豐根據英國《2006年公司法》第146條的規定發出的通訊。獲提名人士之主要聯絡人仍為登記股東（例如：股票經紀、投資經理、託管商或代表閣下管理投資的其他人士）。獲提名人士的個人資料及持股量（包括任何相關管理事宜）如有任何變更或查詢，必須繼續交由登記股東而非滙豐的股份登記處辦理，除非滙豐根據英國《2006年公司法》行使其中一項權力時，直接致函獲提名人士要求回應，則屬例外。

Status of the Strategic Report 2024

This is a part of HSBC Holdings plc's Annual Report and Accounts 2024 and is not the Group's statutory accounts. It does not contain the full text of the Directors' Report, and it does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group and of its policies and arrangements concerning Directors' remuneration as would be provided by the full Annual Report and Accounts 2024.

Copies of the Annual Report and Accounts 2024

Shareholders who wish to receive a hard copy of this Strategic Report 2024 or our Annual Report and Accounts 2024 should contact HSBC's Registrars. Please visit www.hsbc.com/investors/investor-contacts for further information.

The Strategic Report 2024 and Annual Report and Accounts 2024 may also be downloaded from the HSBC website, www.hsbc.com.

Report of the auditors

The auditors' report in respect of the Annual Report and Accounts of HSBC Holdings plc for the year ended 31 December 2024, which includes their statement under the Companies Act 2006 in respect of whether the Strategic Report and the Report of the Directors are consistent with the audited financial statements and prepared in accordance with applicable legal requirements, was unqualified.

Certain defined terms

Unless the context requires otherwise, 'HSBC Holdings' means HSBC Holdings plc and 'HSBC', the 'Group', 'we', 'us' and 'our' refer to HSBC Holdings together with its subsidiaries. Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. When used in the terms 'shareholders' equity' and 'total shareholders' equity', 'shareholders' means holders of HSBC Holdings ordinary shares and those preference shares and capital securities issued by HSBC Holdings classified as equity. The abbreviations '$m', '$bn' and '$tn' represent millions, billions (thousands of millions) and trillions of US dollars, respectively.

Published by Global Finance, HSBC Holdings plc, London

Designed by Global Finance, HSBC Holdings plc with Design Bridge and Partners, London

Printed by Park Communications Limited, London, on Nautilus SuperWhite board and paper using vegetable oil-based inks. Made in Austria, the stocks comprise 100% de-inked post-consumer waste. Pulps used are totally chlorine-free.

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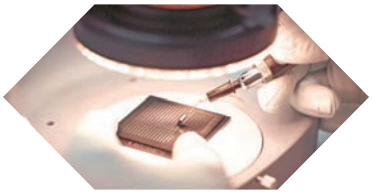









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