Financial statements

The financial statements provide detailed information and notes on our income, balance sheet, cash flows and changes in equity, alongside a report from our independent auditors.

Hong Kong, 2019. Colleague Collaboration.

Independent auditors' report to the members of HSBC Holdings plc

Report on the audit of the financial statements

Opinion

In our opinion, HSBC Holdings plc's Group financial statements and parent company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2024 and of the Group's and parent company's profit and the Group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2024 (the 'Annual Report'), which comprise:

- the consolidated and parent company balance sheets as at 31 December 2024;
- the consolidated and parent company income statements; the consolidated and parent company statements of comprehensive income; the consolidated and parent company statements of changes in equity; and the consolidated and parent company statements of cash flows for the year then ended; and
- the notes on the financial statements, comprising material accounting policy information and other explanatory information.

Certain notes on the financial statements have been presented elsewhere in the Annual Report and have been cross referenced from the financial statements and marked as 'Audited'. These are described further in note 1.1 (e) Presentation of information.

Our opinion is consistent with our reporting to the Group Audit Committee ('GAC').

As explained in note 1.1(a) on the financial statements the Group and parent company have also applied International Financial Reporting Standards ('IFRS') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRSs as issued by the International Accounting Standards Board ('IASB').

In our opinion, the Group and parent company financial statements have been properly prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and have been properly prepared in accordance with IFRSs as issued by the IASB.

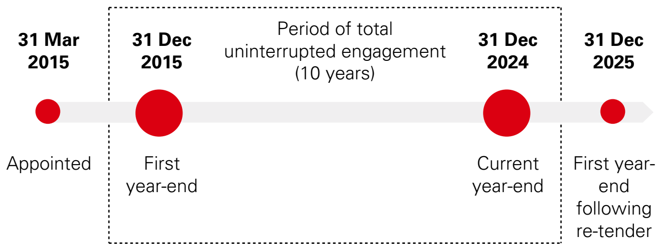
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)'), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ('ISAs') and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and appointment

This is the first year that it has been my responsibility to form this opinion on behalf of PricewaterhouseCoopers LLP, who, following the recommendation of the GAC, were first appointed as auditor on 31 March 2015 by the members for the year ended 31 December 2015 and subsequent financial periods. Following re-tender, we were then reappointed as auditor for the year ended 31 December 2025.

Total period of uninterrupted engagement



We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

	Our risk assessment and scoping identified six entities (collectively the 'Significant Components') for which we obtained audit opinions.
	We performed full scope audits of four Significant Components: The Hongkong and Shanghai Banking Corporation Limited, HSBC Holdings plc, HSBC Bank plc and HSBC UK Bank plc.
	For two Significant Components, we obtained audit opinions over specific balances based on either the size or risk profile of those balances: HSBC North America Holdings Inc and HSBC Mexico S.A..
	In addition, for a further three components, we performed audit work over centralised functions supporting specific balances.
	Specific audit procedures in relation to various Group activities, including IT general controls, IT dependencies, forward looking economic scenarios for expected credit losses ('ECL'), operating expenses, intangible assets, payroll and consolidation were performed by the Group team centrally.

4	2	3
full scope component audits	components with audit opinions over specific balances	components with audit work over centralised functions

Materiality

Overall Group materiality
Based on 5% of profit before tax excluding notable items.

$1.5bn

Overall parent company materiality
Based on 0.75% of total assets. This would result in an overall materiality of $2.06bn and was therefore reduced below the Group materiality.

$1.4bn

Performance materiality

Group	Parent
$1.1bn	$1.1bn

Key audit matters

Expected credit losses – Loans and advances to customers (Group)

Year on year:
Consistent

Impairment of investment in associate – Bank of Communications Co., Ltd ('BoCom') (Group)

Year on year:
Consistent

Valuation of defined benefit pension obligations (Group)

Year on year:
Consistent

Investments in subsidiaries (parent company)

Year on year:
Consistent

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks or other matters identified by our audit. During our engagement with the GAC we also provided written and verbal observations on other areas of accounting judgement including the valuation of financial instruments, legal proceedings and regulatory matters, the impact of acquisitions and disposals, tax-related judgements and the related control considerations arising from our audit.

The key audit matters below are consistent with last year, although the specific test plans have evolved to take account of developments at HSBC and in its operating environment. Examples of HSBC specific developments included the change in CEO and the strategic initiatives subsequently announced. Examples of operating environment changes include macro-economic developments in key markets and government actions to manage economic conditions.

Expected credit losses - Loans and advances to customers (Group)

Background	Procedures performed
Relevant references in the Annual Report and Accounts 2024: Refer to the Audited credit risk disclosures, Group Audit Committee Report, Note 1.2(d): Financial instruments measured at amortised cost and Note 1.2(i): Impairment of amortised cost and FVOCI financial assets. Determining ECL involves management judgement and is subject to a high degree of estimation uncertainty. Management makes various assumptions when estimating ECL. We performed a risk assessment to identify those assumptions with significant levels of management judgement and for which variations had the most material impact on ECL. Assumptions were made in determining economic scenarios and their probability weightings (specifically the central and downside scenarios given these have the most material impact on ECL) and estimating discounted cash flows for significant credit impaired exposures in relation to the mainland China commercial real estate portfolio. The level of estimation uncertainty and judgement in these areas has remained elevated during 2024 as a result of continued uncertainties in the macroeconomic and geopolitical environment and the higher interest rate environment, as well as developments in mainland China's commercial real estate sector and economy more broadly. Macroeconomic conditions vary between territories and industry sectors, requiring judgement in determining the severity and probability weighting of economic scenarios used in ECL models. The modelling methodologies used to estimate ECL are developed using historical experience. We assess the impact of limitations in these methodologies when forecasting the extent and timing of future customer defaults or when responding to emerging risks, such as climate risk. The focus of our assessment of the impact of climate risk on ECL was to evaluate management’s risk assessment process for identifying, quantifying and concluding that the impact of climate risk on ECL for the year end was immaterial.	We assessed the design and effectiveness of governance and controls over the estimation of ECL. We observed management's review and challenge in governance forums for (1) the determination of economic scenarios and their probability weightings, and (2) the assessment of ECL for Retail and Wholesale portfolios. We also tested controls over: – model validation and monitoring; – the identification of credit impaired triggers; – the input of critical data into source systems and the flow and transformation of critical data from source systems to impairment models; and – approval of significant individual impairments. We involved our economic experts in assessing the significant assumptions made in determining the severity and probability weighting of economic scenarios. These assessments considered the sensitivity of ECL to variations in the severity and probability weighting of economic scenarios. We also involved our modelling specialists in assessing the appropriateness of the significant assumptions and methodologies used for the ECL models. We independently re-performed the calculations for a sample of those models. In respect of the mainland China commercial real estate portfolio, we had oversight of the audit work performed by our component team in Hong Kong. This work included involving business recovery experts in assessing the discounted cash flows for a sample of significant credit impaired exposures. We further considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias. We evaluated management’s risk assessment in respect of the impact of climate change on the ECL provision, including involving our modelling specialists to evaluate the stress testing and scenario analysis methodology used and sensitising key assumptions. Finally, we tested the Audited credit risk disclosures made in the Annual Report. Overall, we found the ECL on loans and advances to customers to be reasonable.

Observations discussed with the Group Audit Committee

We reported to the GAC our observations covering governance and controls, the assumptions used and the modelling methodologies implemented by management in determining ECL, with a significant focus on the uncertain prevailing macroeconomic conditions and developments in mainland China's commercial real estate sector. Our observations regarded:

- the severity of economic scenarios, and their related probability weightings, across territories;
- significant assumptions used to estimate the discounted cash flow projections for defaulted exposures in relation to the mainland China commercial real estate portfolio; and
- the disclosures made in relation to ECL.

Impairment of investment in associate - Bank of Communications Co., Ltd ('BoCom') (Group)

Background	Procedures performed
Relevant references in the Annual Report and Accounts 2024: Refer to the Group Audit Committee Report, Note 1.2(a): Consolidation and related policies and Note 18: Interests in associates and joint ventures. 2024 is the first annual reporting period after the Group impaired its investment in BoCom, the carrying value of which amounted to $22.4bn at 31 December 2024. The estimation uncertainty related to the investment remained high in 2024 and further policy announcements were made in relation to fiscal stimulus packages by the government in China. The carrying value is required to be assessed for indicators of potential further impairment and reversal of previous impairment. No indicators of further impairment or reversal of previous impairment in the investment in BoCom have been identified at 31 December 2024. Management's assessment of impairment or reversal of previous impairment indicators is supported by an estimation of the recoverable amount using a value in use ('VIU') model. The VIU model estimates future cash flows expected to be derived from the investment in BoCom in its current condition and does not reflect the impact of future capital transactions. The VIU model continues to be a permissible method to estimate the recoverable amount. The methodology applied in the VIU model is dependent on various assumptions, both short to medium term and long term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, analysts' forecasts, market data or other relevant information. The assumptions that we focused our audit on were those with greater levels of management judgement and subjectivity, and for which variations had the most significant impact on the VIU. Specifically, these significant assumptions included: – the discount rate; – short to medium term assumptions for operating income growth rate, loans and advances to customers growth rate, cost-income ratio, and expected credit losses as a percentage of loans and advances to customers; – long-term assumptions for profit growth rate, asset growth rate, expected credit losses as a percentage of loans and advances to customers, and effective tax rates; and – capital related assumptions (risk-weighted assets as a percentage of total assets and capital adequacy ratios).	We had oversight of the audit work performed by our component audit team in Hong Kong in relation to the impairment indicator assessment of BoCom. This work included: – testing controls in place over the significant assumptions, the methodology and its consistent application period over period used in the impairment indicator assessment, assessing the appropriateness of the methodology used, its application, and the mathematical accuracy of the calculations; – challenging the appropriateness of the significant assumptions and, where relevant, their interrelationships; – obtaining evidence to corroborate and challenge the data supporting significant assumptions, which included past experience, external market information, third-party sources including analyst reports, information from BoCom management and historical publicly available BoCom financial information; – determining an independent reasonable range for the discount rate assumption, with the assistance of our valuation experts, and comparing it to the discount rate used by management; – assessing whether the judgements made in determining the significant assumptions would give rise to indicators of possible management bias; – attending certain meetings alongside management and BoCom management to identify facts and circumstances impacting significant assumptions relevant to the determination of the VIU; and – evaluating and testing the disclosures in relation to BoCom in the Annual Report. Representations were obtained from management that assumptions used were consistent with information currently available to the Group. Overall, we found management's assessment of impairment, or reversal of previous impairment, indicators to be reasonable.

Observations discussed with the Group Audit Committee

We reported to the GAC our observations on the appropriateness of the methodology, the consistency of its application period over period and significant assumptions. This included our observations regarding management's approach to ongoing impairment monitoring including whether there are indicators of further impairment or reversal to previous impairment, the appropriateness of significant assumptions used in the VIU, and the disclosures made in relation to BoCom, including the use of sensitivity analysis to explain estimation uncertainty.

Valuation of defined benefit pension obligations (Group)

Background	Procedures performed
Relevant references in the Annual Report and Accounts 2024: Refer to the Group Audit Committee Report, Note 1.2(k): Employee compensation and benefits and Note 5: Employee compensation and benefits. The Group has a defined benefit obligation of US$24.0bn, of which US$17.2bn relates to HSBC Bank (UK) pension scheme ('the principal plan'). The valuation of the defined benefit obligation for the principal plan is dependent on a number of actuarial assumptions. Management uses an actuarial expert to determine the valuation of the defined benefit obligations. The valuation methodology uses a number of market based inputs and other financial and demographic assumptions. The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the liability. Specifically, these included the discount rate, inflation rate and mortality rate.	We had oversight of the audit work performed by our component audit team in the UK in relation to the valuation of the defined benefit obligation. This work included: – assessing the design and testing the effectiveness of controls in place over methodologies and significant assumptions, including in the use of management's experts. – evaluating the objectivity and competence of management's expert involved in the valuation of the principal plan's defined benefit obligation. – engaging actuarial experts to understand the judgements made by management and their actuarial expert in determining the significant assumptions, and comparing these assumptions to independently compiled expected ranges based on market observable indices and the knowledge and opinions of experts. – evaluating and testing the appropriateness of disclosures made in the Annual Report. Overall, we found the valuation of the defined benefit pension obligations to be reasonable.

Observations discussed with the Group Audit Committee

We reported to the GAC our observations covering governance and controls, the assumptions used and the methodologies implemented by management in determining the valuation of the defined benefit obligations with a significant focus on discount, inflation and mortality rates.

Investments in subsidiaries (parent company)

Background	Procedures performed
Relevant references in the Annual Report and Accounts 2024: Refer to the Group Audit Committee Report, Note 1.2(a): Consolidation and related policies and Note 19: Investments in subsidiaries Management reviewed the carrying values of the investments in subsidiaries to evaluate whether any adjustment was required, including additional consideration for impacts resulting from the announced organisational changes and strategic refocus. Where indicators have been identified management estimated the recoverable amount using the higher of value in use ('VIU') or fair value less cost to sell. Management's assessment resulted in an impairment charge of US$11.4bn in relation to the investment in HSBC Overseas Holdings (UK) Limited. The methodology used to estimate the recoverable amount is dependent on various assumptions. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement, experts engaged by management and market data. The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. Specifically, these included the relevant business plan, long term growth rates, discount rates, and the impact of HSBC's strategy on those cash flows.	We assessed the design and tested the effectiveness of controls in place over significant assumptions and the model used to determine the recoverable amount. We assessed the appropriateness of the methodology used, and tested the mathematical accuracy of the calculations, to estimate the recoverable amounts. In respect of the significant assumptions, our testing included the following: – challenging management's business plan, including the impacts resulting from the announced organisational restructure, as well as considering the achievement of historic forecasts; – obtaining and evaluating evidence relating to significant assumptions, from a combination of historical experience and external market and other financial information; – assessing whether the cash flows included in the model were in compliance with the relevant accounting standard; – assessing the sensitivity of the recoverable amount to reasonable variations in significant assumptions, both individually and in aggregate; and – determining a reasonable range for the discount rate used within the model, with the assistance of our valuation experts, and comparing it to the discount rate used by management. We also evaluated and tested the disclosures made in the Annual Report in relation to investment in subsidiaries (Note 19). Overall, we found management's impairment assessment in relation to the investment in HSBC Overseas Holdings (UK) Limited to be reasonable.

Observations discussed with the Group Audit Committee

We reported to the GAC our observations covering governance and controls, the assumptions used and the methodologies implemented by management in determining the impairment charge for the HSBC Overseas Holdings (UK) Limited investment, with a significant focus on the relevant business plan for FY25 to FY29, discount rates, long term growth rates, and the impact of HSBC's strategy on those forecast cash flows.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

A focus on risk factors

The risks that HSBC faces are diverse, with the interdependencies between them being numerous and complex. In performing our risk assessment we engaged with a number of stakeholders to ensure we appropriately understood and considered these risks and their interrelationships. This included stakeholders within HSBC and our own experts within PwC. This engagement covered external factors across the geopolitical, macroeconomic, regulatory and accounting landscape, and the impact of climate risk. It also covered the strategy and transformation-driven internal environment at HSBC, with particular attention to the announced Group reorganisation. The impact of this reorganisation on financial reporting will primarily be in later reporting periods.

Scoping

The risks of material misstatement can be reduced to an acceptable level by testing the entities that are significant due to their size and those that drive particular significant risks identified as part of our risk assessment. We continually assessed risks and changed the scope of our audit where necessary. Our risk assessment and scoping identified certain entities (collectively the 'Significant Components') for which we obtained audit opinions.

	Full scope audit opinion	Audit opinions over specific balances
HSBC Holdings plc*	◆	
The Hongkong and Shanghai Banking Corporation Limited**	◆	
HSBC Bank plc**	◆	
HSBC UK Bank plc*	◆	
HSBC North America Holdings Inc**		◆
HSBC Mexico S.A.*		◆

* Opinion for the company financial position and performance.
** Opinion for the consolidated financial position and performance.

We instructed other PwC network firms to perform the audits of The Hongkong and Shanghai Banking Corporation Limited, HSBC North America Holdings Inc and HSBC Mexico S.A.. The audits for HSBC Bank plc and HSBC UK Bank plc were performed by PwC teams in the UK, who themselves then instructed other PwC network firms to perform work in certain areas.

We also performed audit work over centralised functions supporting specific balances in other components. These components are HSBC Global Services (UK) Limited, HSBC Group Management Services Limited, and HSBC Global Services (HK) Limited. This work was performed by PwC teams in the UK.

Significant Components audit approach

We instructed the component auditors reporting to us on the Significant Components to work to assigned materiality levels reflecting the size of the operations they audited. Certain Significant Component auditors performed their work to a local statutory audit materiality that was a lower level than our allocated Group materiality.

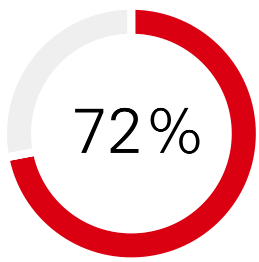
We designed global audit approaches for the products and services that substantially make up HSBC's global businesses, such as lending, deposits and derivatives. These approaches were provided to the engagement partners and teams performing audit testing for the Significant Components.

We were in active dialogue throughout the year with the component auditors of the Significant Components, including directing how they planned and performed their work. Senior members of our team undertook at least one in-person site visit where a full scope audit was requested and we had oversight over certain areas of audit work performed. We attended Audit Committee meetings for some of the Significant Components. We also attended meetings with management for each of these Significant Components at the year end.

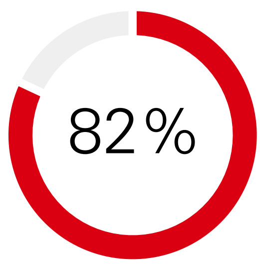
In planning and executing our oversight plan, we considered where reliance was placed on PwC network firms to perform a full scope audit. Given the relative financial significance of The Hongkong and Shanghai Banking Corporation Limited to the Group, we concluded this component required a full scope audit. As a result, we placed specific focus on the direction, supervision and review of the work performed by our teams in Hong Kong and China. The frequency of dialogue with these teams was substantial throughout all stages of our audit, we also; performed additional site visits with component auditors and management, held workshops in several areas where their work supported the Group audit and increased the nature and extent of review over the audit work performed by these teams.

Overall coverage
The components where we performed audit procedures covered approximately:

Net operating income



Total assets



Group-wide audit approach

HSBC has entity level controls that have a pervasive influence across the Group, as well as other global and regional governance and controls over aspects of financial reporting, such as those operated by the Global Risk function for expected credit losses. A significant amount of IT and operational processes and controls relevant to financial reporting are undertaken in operations centres run by Digital Business Services ('DBS'). Whilst these operations centres are not separate components, the IT and operational processes and controls are relevant to the financial information of the Components. Financial reporting processes and controls are also performed centrally in HSBC's Group Finance function and finance operation centres ('Finance Operations'), including the impairment assessment of goodwill and intangible assets, held for sale classifications and the consolidation of the Group's results, the preparation of financial statements, and management's oversight controls relevant to the Group's financial reporting.

Group-wide processes or processes in DBS and Finance Operations are subject to specified audit procedures or an audit over specific financial statement line items. For these areas, we either performed audit work ourselves, or directed and provided oversight of the audit work performed by PwC teams in the UK, Poland, China, Malaysia, India, France, Hong Kong and the Philippines. This audit work, together with analytical review procedures and assessing the outcome of local external audits, also addressed the risk of material misstatement for balances in entities that were not part of a Significant Component.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group	**Parent Company**
Overall materiality	$1.5bn (FY23 $1.6bn)	$1.4bn (FY23 $1.5bn)
How we determined it	5% of profit before tax adjusted for notable items	0.75% of total assets then capped to 95% of the group materiality.
Rationale for benchmark applied	We believe a benchmark based on 5% of profit before tax excluding notable items is an appropriate quantitative indicator of materiality, although certain items could also be material for qualitative reasons. This benchmark is consistent with our approach for listed entities.	A benchmark of total assets has been used, as the parent company's primary purpose is to act as a holding parent company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure is not relevant.
Performance materiality	$1.1bn (FY23 $1.2bn)	$1.1bn (FY23 $1.1bn)
How we determined it	75% of overall materiality	75% of overall materiality
Level above which we report to the Group Audit Committee	$75m (FY23 $80m)	$75m (FY23 $80m)
	We agreed we would also report misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.	

For each Significant Component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $0.1bn and $1.4bn.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

The impact of climate risk on our audit

In considering the impact of climate risk on our audit, we:
Made enquiries of management to understand the extent of the potential impact of climate risk on the financial statements and we remained alert when performing our audit procedures for any indicators of the impact of climate risk.
Evaluated and challenged management's assessment of the impact of climate risk, set out on page 43, which includes the potential impact on ECL, classification and measurement of financial instruments, goodwill and other intangible assets, and assumptions used in making the long-term viability statement and going concern assumption.
Read the disclosures in relation to climate risk made in the other information within the Annual Report to ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit. Our responsibility over other information is further described in the Reporting on other information section of our report.
Our procedures did not identify any material incremental adjustments needed to capture climate impacts on the Group and parent company financial statements.

Our ability to detect irregularities, including fraud, and our response

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of financial crime laws and regulations and regulatory compliance, including regulatory reporting requirements and conduct of business, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries in relation to cost targets, and management bias in accounting estimates, particularly those related to the valuation of certain financial instruments. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the Group engagement team and/or component auditors included:
Review of correspondence with and reports from regulators, including the Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA').
Review of reporting to the GAC and the Group Risk Committee in respect of compliance and legal matters.
Enquiry of management and those charged with governance, and review of internal audit reports insofar as they related to the financial statements.
Obtaining legal confirmations from legal advisors relating to material litigation and compliance matters.
Assessing matters reported on the Group's whistleblowing programmes and the results of management's investigation of such matters, insofar as they related to the financial statements.
Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to the determination of the valuation of certain financial instruments, ECL, and the impairment assessment of investment in subsidiaries.
Obtaining confirmations from third parties to confirm the existence of a sample of transactions and balances.
Identifying and testing journal entries, including those posted with certain descriptions, posted to certain account combinations, or posted by unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Conclusions relating to going concern

Our evaluation of the directors’ assessment of the Group's and the parent company’s ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including both internal risks (e.g. strategy execution) and external risks (e.g. macroeconomic conditions).
- Understanding and evaluating the Group's financial forecasts.
- Understanding and evaluating the Group's stress testing of liquidity and regulatory capital, including the severity of the stress scenarios that were used.
- Understanding and evaluating credit rating agency ratings and actions.
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the parent company's ability to continue as a going concern.

In relation to the directors’ reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors’ statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Where PwC has provided independent assurance over other parts of the annual report (specifically, certain ESG data), that is the subject of a separate assurance report and does not fall within the scope of this audit report.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the GAC.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibility statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements (encompassing our responsibilities under ISAs and our additional responsibilities under ISAs (UK)) is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors’ report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Matthew Falconer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors London

19 February 2025

Financial statements

Consolidated income statement

for the year ended 31 December 2024

	Notes*	2024 $m	2023 $m	2022 $m
Net interest income		**32,733**	35,796	30,377
– interest income[1,2]		**108,631**	100,868	52,826
– interest expense[3]		**(75,898)**	(65,072)	(22,449)
Net fee income	2	**12,301**	11,845	11,770
– fee income		**16,266**	15,616	15,124
– fee expense		**(3,965)**	(3,771)	(3,354)
Net income from financial instruments held for trading or managed on a fair value basis[4]	3	**21,116**	16,661	10,278
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	3	**5,901**	7,887	(13,831)
Insurance finance (expense)/income	4	**(5,978)**	(7,809)	13,799
Insurance service result	4	**1,310**	1,078	809
– insurance revenue		**2,752**	2,259	1,977
– insurance service expense		**(1,442)**	(1,181)	(1,168)
Gain on acquisition[5]		**—**	1,591	—
Gains/(losses) recognised on sale of business operations[6]		**(1,752)**	(61)	(2,678)
Other operating income/(expense)[7]		**223**	(930)	96
Net operating income before change in expected credit losses and other credit impairment charges[8]		**65,854**	66,058	50,620
Change in expected credit losses and other credit impairment charges		**(3,414)**	(3,447)	(3,584)
Net operating income		**62,440**	62,611	47,036
Employee compensation and benefits	5	**(18,465)**	(18,220)	(18,003)
General and administrative expenses		**(10,498)**	(10,383)	(10,848)
Depreciation and impairment of property, plant and equipment and right-of-use assets[9]		**(1,845)**	(1,640)	(2,149)
Amortisation and impairment of intangible assets		**(2,235)**	(1,827)	(1,701)
Total operating expenses		**(33,043)**	(32,070)	(32,701)
Operating profit		**29,397**	30,541	14,335
Share of profit in associates and joint ventures	18	**2,912**	2,807	2,723
Impairment of interest in associate	18	**—**	(3,000)	—
Profit before tax		**32,309**	30,348	17,058
Tax expense	7	**(7,310)**	(5,789)	(809)
Profit for the year		**24,999**	24,559	16,249
Attributable to:				
– ordinary shareholders of the parent company		**22,917**	22,432	14,346
– preference shareholders of the parent company		**—**	—	—
– other equity holders		**1,062**	1,101	1,213
– non-controlling interests		**1,020**	1,026	690
Profit for the year		**24,999**	24,559	16,249
		$	$	$
Basic earnings per ordinary share	9	**1.25**	1.15	0.72
Diluted earnings per ordinary share	9	**1.24**	1.14	0.72

For Notes on the financial statements, see page 353.

1 Interest income includes $93,388m (2023: $88,657m; 2022: $45,994m) of interest recognised on financial assets measured at amortised cost and $15,273m (2023: $12,134m; 2022: $6,293m) of interest recognised on financial assets measured at fair value through other comprehensive income. It also includes a net $237m loss related to the early redemption of legacy securities.
2 Interest income is calculated using the effective interest method and comprises interest recognised on financial assets measured at either amortised cost or fair value through other comprehensive income.
3 Interest expense includes $72,594m (2023: $62,095m; 2022: $20,798m) of interest on financial instruments, excluding interest on debt instruments issued by HSBC for funding purposes that are designated under the fair value option to reduce an accounting mismatch and on derivatives managed in conjunction with those debt instruments included in interest expense.
4 Includes a $255m gain (2023: $315m loss) on the foreign exchange hedging of the proceeds from the sale of our banking business in Canada and a $114m mark-to-market gain (2023:nil) on interest rate hedging of the portfolio of retained loans post sale of our retail banking business in France.
5 Gain recognised in respect of the acquisition of SVB UK.
6 This line item has been updated to include amounts from Other operating income relating to all sales of business operations; in the 2023 Annual Report and Accounts, this line item only reflected the disposal of our France retail banking business. 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 $4.6bn, inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses but excluding the $255m gain on the foreign exchange hedging (see footnote 4 above) on the sale of our banking business in Canada. The amount in 2023 primarily reflected losses due to restrictions impacting the recoverability of assets in Russia, partly offset by a gain on sale of our retail banking operations in France. The amount in 2022 included losses from classifying businesses as held for sale as part of a broader restructuring of our European business.
7 Other operating income/(expense) includes a loss on net monetary positions of $1,187m (2023: $1,667m; 2022: $678m) as a result of applying IAS 29 'Financial Reporting in Hyperinflationary Economies'.
8 Net operating income before change in expected credit losses and other credit impairment charges also referred to as revenue.
9 Includes depreciation of the right-of-use assets of $711m (2023: $663m; 2022: $717m).

Consolidated statement of comprehensive income

for the year ended 31 December 2024

	2024	2023	2022
	$m	$m	$m
Profit for the year	**24,999**	24,559	16,249
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Debt instruments at fair value through other comprehensive income	**163**	2,599	(7,232)
– fair value gains/(losses)	**41**	2,381	(9,618)
– fair value losses/(gains) transferred to the income statement on disposal	**69**	905	(18)
– expected credit (recoveries)/losses recognised in the income statement	**(6)**	59	56
– disposal of subsidiary	**85**	—	—
– income taxes	**(26)**	(746)	2,348
Cash flow hedges	**(52)**	2,953	(3,655)
– fair value gains/(losses)	**(282)**	2,534	(4,207)
– fair value (gains)/losses reclassified to the income statement	**(135)**	1,463	(758)
– disposal of subsidiary	**262**	—	—
– income taxes	**103**	(1,044)	1,310
Share of other comprehensive income/(expense) of associates and joint ventures	**462**	47	(367)
– share for the year	**462**	47	(367)
Net finance income/(expenses) from insurance contracts	**(142)**	(364)	1,775
– before income taxes	**(191)**	(491)	2,393
– income taxes	**49**	127	(618)
Exchange differences	**833**	(204)	(9,918)
– foreign exchange losses reclassified to the income statement on disposal of a foreign operation	**5,816**	—	—
– other exchange differences	**(4,983)**	(204)	(9,918)
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on property revaluation	**5**	1	280
Remeasurement of defined benefit asset/(liability)	**(228)**	(314)	(1,031)
– before income taxes	**(342)**	(413)	(1,723)
– income taxes	**114**	99	692
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**(439)**	(1,219)	1,922
– before income taxes	**(579)**	(1,617)	2,573
– income taxes	**140**	398	(651)
Equity instruments designated at fair value through other comprehensive income	**99**	(120)	107
– fair value gains/(losses)	**141**	(120)	107
– income taxes	**(42)**	—	—
Effects of hyperinflation	**1,239**	1,604	877
Other comprehensive income/(expense) for the year, net of tax	**1,940**	4,983	(17,242)
Total comprehensive income/(expense) for the year	**26,939**	29,542	(993)
Attributable to:			
– ordinary shareholders of the parent company	**24,833**	27,397	(2,810)
– other equity holders	**1,062**	1,101	1,213
– non-controlling interests	**1,044**	1,044	604
Total comprehensive income/(expense) for the year	**26,939**	29,542	(993)

Consolidated balance sheet
at 31 December 2024

	Notes*	At 31 Dec 2024 $m	31 Dec 2023 $m
Assets			
Cash and balances at central banks		**267,674**	285,868
Hong Kong Government certificates of indebtedness		**42,293**	42,024
Trading assets	11	**314,842**	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	14	**115,769**	110,643
Derivatives	15	**268,637**	229,714
Loans and advances to banks		**102,039**	112,902
Loans and advances to customers		**930,658**	938,535
Reverse repurchase agreements – non-trading		**252,549**	252,217
Financial investments	16	**493,166**	442,763
Assets held for sale	23	**27,234**	114,134
Prepayments, accrued income and other assets[1]	22	**152,740**	171,597
Current tax assets		**1,313**	1,536
Interests in associates and joint ventures	18	**28,909**	27,344
Goodwill and intangible assets	21	**12,384**	12,487
Deferred tax assets	7	**6,841**	7,754
Total assets		**3,017,048**	3,038,677
Liabilities			
Hong Kong currency notes in circulation		**42,293**	42,024
Deposits by banks		**73,997**	73,163
Customer accounts		**1,654,955**	1,611,647
Repurchase agreements – non-trading		**180,880**	172,100
Trading liabilities	24	**65,982**	73,150
Financial liabilities designated at fair value	25	**138,727**	141,426
Derivatives	15	**264,448**	234,772
Debt securities in issue	26	**105,785**	93,917
Liabilities of disposal groups held for sale	23	**29,011**	108,406
Accruals, deferred income and other liabilities[1]	27	**130,340**	143,901
Current tax liabilities		**1,729**	2,777
Insurance contract liabilities	4	**107,629**	120,851
Provisions	28	**1,724**	1,741
Deferred tax liabilities	7	**1,317**	1,238
Subordinated liabilities	29	**25,958**	24,954
Total liabilities		**2,824,775**	2,846,067
Equity			
Called up share capital	32	**8,973**	9,631
Share premium account	32	**14,810**	14,738
Other equity instruments		**19,070**	17,719
Other reserves		**(10,282)**	(8,907)
Retained earnings		**152,402**	152,148
Total shareholders' equity		**184,973**	185,329
Non-controlling interests	19	**7,300**	7,281
Total equity		**192,273**	192,610
Total liabilities and equity		**3,017,048**	3,038,677

* For Notes on the financial statements, see page 353.
1 In 2023 'Items in the course of collection from other banks' ($6.3bn) were presented on the face of the balance sheet but are now reported within 'Prepayments, accrued income and other assets' in the Annual Report and Accounts 2024. Similarly, 'Items in the course of transmission to other banks' ($7.3bn) are now presented within 'Accruals, deferred income and other liabilities'.

The accompanying notes on pages 353 to 438 and the audited sections in the Risk review on pages 126 to 235 and 'Directors' remuneration report' on pages 279 to 317 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 February 2025 and signed on its behalf by:

Sir Mark E Tucker
Group Chairman

Pam Kaur
Group Chief Financial Officer

Consolidated statement of changes in equity
for the year ended 31 December 2024

			Other reserves								
	Called up share capital and share premium	Other equity instru-ments	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves[1,2]	Insurance finance reserve[3]	Retained earnings[1,4]	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	24,369	17,719	(3,507)	(1,033)	(33,753)	28,601	785	152,148	185,329	7,281	192,610
Profit for the year	—	—	—	—	—	—	—	23,979	23,979	1,020	24,999
Other comprehensive income (net of tax)	—	—	259	(46)	863	5	(183)	1,018	1,916	24	1,940
– debt instruments at fair value through other comprehensive income	—	—	62	—	—	—	—	—	62	16	78
– equity instruments designated at fair value through other comprehensive income	—	—	75	—	—	—	—	—	75	24	99
– cash flow hedges	—	—	—	(312)	—	—	—	—	(312)	(2)	(314)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(439)	(439)	—	(439)
– property revaluation	—	—	—	—	—	5	—	—	5	—	5
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	(244)	(244)	16	(228)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	462	462	—	462
– effects of hyperinflation	—	—	—	—	—	—	—	1,239	1,239	—	1,239
– foreign exchange reclassified to income statement on disposal of a foreign operation[5]	—	—	—	—	5,816	—	—	—	5,816	—	5,816
– other reserves reclassified to income statement on disposal of a foreign operation	—	—	85	262	—	—	—	—	347	—	347
– insurance finance income/(expense) recognised in other comprehensive income	—	—	—	—	—	—	(142)	—	(142)	—	(142)
– exchange differences	—	—	37	4	(4,953)	—	(41)	—	(4,953)	(30)	(4,983)
Total comprehensive income for the year	—	—	259	(46)	863	5	(183)	24,997	25,895	1,044	26,939
Shares issued under employee remuneration and share plans	77	—	—	—	—	—	—	(77)	—	—	—
Capital securities issued[6]	—	3,601	—	—	—	—	—	—	3,601	—	3,601
Dividends to shareholders	—	—	—	—	—	—	—	(16,410)	(16,410)	(690)	(17,100)
Redemption of securities[7]	—	(2,250)	—	—	—	—	—	—	(2,250)	—	(2,250)
Transfers[8]	—	—	—	—	—	(2,945)	—	2,945	—	—	—
Cost of share-based payment arrangements	—	—	—	—	—	—	—	529	529	—	529
Share buy-back[9]	—	—	—	—	—	—	—	(11,043)	(11,043)	—	(11,043)
Cancellation of shares	(663)	—	—	—	—	663	—	—	—	—	—
Other movements	—	—	2	—	3	4	—	(687)	(678)	(335)	(1,013)
At 31 Dec 2024	23,783	19,070	(3,246)	(1,079)	(32,887)	26,328	602	152,402	184,973	7,300	192,273

Consolidated statement of changes in equity (continued)

for the year ended 31 December 2023

			Other reserves								
	Called up share capital and share premium	Other equity instru-ments	Financial assets at FVOCI reserve	Cash flow hedging reserve	Foreign exchange reserve	Merger and other reserves [1,2]	Insurance finance reserve[3]	Retained earnings [1,4]	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2023	24,811	19,746	(7,038)	(3,808)	(32,575)	33,209	1,079	142,409	177,833	7,364	185,197
Profit for the year	—	—	—	—	—	—	—	23,533	23,533	1,026	24,559
Other comprehensive income (net of tax)	—	—	2,402	3,030	(211)	1	(371)	114	4,965	18	4,983
– debt instruments at fair value through other comprehensive income	—	—	2,574	—	—	—	—	—	2,574	25	2,599
– equity instruments designated at fair value through other comprehensive income	—	—	(93)	—	—	—	—	—	(93)	(27)	(120)
– cash flow hedges	—	—	—	2,919	—	—	—	—	2,919	34	2,953
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	(1,220)	(1,220)	1	(1,219)
– property revaluation	—	—	—	—	—	1	—	—	1	—	1
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	(317)	(317)	3	(314)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—		47	47	—	47
– effects of hyperinflation	—	—	—	—	—	—	—	1,604	1,604	—	1,604
– insurance finance income/ (expense) recognised in other comprehensive income	—	—	—	—	—	—	(364)	—	(364)	—	(364)
– exchange differences	—	—	(79)	111	(211)	—	(7)	—	(186)	(18)	(204)
Total comprehensive income for the year	—	—	2,402	3,030	(211)	1	(371)	23,647	28,498	1,044	29,542
Shares issued under employee remuneration and share plans	79	—	—	—	—	—	—	(79)	—	—	—
Capital securities issued	—	1,996	—	—	—	—	—	—	1,996	—	1,996
Dividends to shareholders	—	—	—	—	—	—	—	(11,593)	(11,593)	(603)	(12,196)
Redemption of securities	—	(4,023)	—	—	—	—	—	20	(4,003)	—	(4,003)
Transfers[8]	—	—	—	—	—	(5,130)	—	5,130	—	—	—
Cost of share-based payment arrangements	—	—	—	—	—	—	—	482	482	—	482
Share buy-back	—	—	—	—	—	—	—	(7,025)	(7,025)	—	(7,025)
Cancellation of shares	(521)	—	—	—	—	521	—	—	—	—	—
Other movements	—	—	1,129	(255)	(967)	—	77	(843)	(859)	(524)	(1,383)
At 31 Dec 2023	24,369	17,719	(3,507)	(1,033)	(33,753)	28,601	785	152,148	185,329	7,281	192,610

Consolidated statement of changes in equity (continued)

for the year ended 31 December 2022

	Called up share capital and share premium	Other equity instru-ments	Other reserves: Financial assets at FVOCI reserve	Other reserves: Cash flow hedging reserve	Other reserves: Foreign exchange reserve	Other reserves: Merger and other reserves[1,2]	Other reserves: Insurance finance reserve[3]	Retained earnings[1,4]	Total share-holders' equity	Non-controlling interests	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2022	24,918	22,414	49	(197)	(22,769)	30,060	(696)	135,236	189,015	7,303	196,318
Profit for the year	—	—	—	—	—	—	—	15,559	15,559	690	16,249
Other comprehensive income (net of tax)	—	—	(7,089)	(3,613)	(9,806)	174	1,775	1,403	(17,156)	(86)	(17,242)
– debt instruments at fair value through other comprehensive income	—	—	(7,181)	—	—	—	—	—	(7,181)	(51)	(7,232)
– equity instruments designated at fair value through other comprehensive income	—	—	92	—	—	—	—	—	92	15	107
– cash flow hedges	—	—	—	(3,613)	—	—	—	—	(3,613)	(42)	(3,655)
– changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	—	—	—	—	—	—	—	1,922	1,922	—	1,922
– property revaluation	—	—	—	—	—	174	—	—	174	106	280
– remeasurement of defined benefit asset/liability	—	—	—	—	—	—	—	(1,029)	(1,029)	(2)	(1,031)
– share of other comprehensive income of associates and joint ventures	—	—	—	—	—	—	—	(367)	(367)	—	(367)
– effects of hyperinflation	—	—	—	—	—	—	—	877	877	—	877
– insurance finance income/ (expense) recognised in other comprehensive income	—	—	—	—	—	—	1,775	—	1,775	—	1,775
– exchange differences	—	—	—	—	(9,806)	—	—	—	(9,806)	(112)	(9,918)
Total comprehensive income for the year	—	—	(7,089)	(3,613)	(9,806)	174	1,775	16,962	(1,597)	604	(993)
Shares issued under employee remuneration and share plans	67	—	—	—	—	—	—	(67)	—	—	—
Dividends to shareholders	—	—	—	—	—	—	—	(6,544)	(6,544)	(426)	(6,970)
Redemption of securities	—	(2,668)	—	—	—	—	—	402	(2,266)	—	(2,266)
Transfers[8]	—	—	—	—	—	2,499	—	(2,499)	—	—	—
Cost of share-based payment arrangements	—	—	—	—	—	—	—	400	400	—	400
Share buy-back	—	—	—	—	—	—	—	(1,000)	(1,000)	—	(1,000)
Cancellation of shares	(174)	—	—	—	—	174	—	—	—	—	—
Other movements	—	—	2	2	—	302	—	(481)	(175)	(117)	(292)
At 31 Dec 2022	24,811	19,746	(7,038)	(3,808)	(32,575)	33,209	1,079	142,409	177,833	7,364	185,197

1 Cumulative goodwill amounting to $5,138m was charged against reserves in respect of acquisitions of subsidiaries prior to 1 January 1998, including $3,469m charged against the merger reserve arising on the acquisition of HSBC Bank plc. The balance of $1,669m was charged against retained earnings.
2 Statutory share premium relief under section 131 of the Companies Act 1985 was taken in respect of the acquisition of HSBC Bank plc in 1992, HSBC Continental Europe in 2000 and HSBC Finance Corporation in 2003, and the shares issued were recorded at their nominal value only. In HSBC's consolidated financial statements, the fair value differences of $8,290m in respect of HSBC Continental Europe and $12,768m in respect of HSBC Finance Corporation were recognised in the merger reserve. The merger reserve created on the acquisition of HSBC Finance Corporation subsequently became attached to HSBC Overseas Holdings (UK) Limited, following a number of intra-Group reorganisations, and has since been transferred to retained earnings as part of the impairment recognised in respect of HSBC Overseas Holding (UK) Limited. During 2009, pursuant to section 131 of the Companies Act 1985, statutory share premium relief was taken in respect of the rights issue and $15,796m was recognised in the merger reserve.
3 The insurance finance reserve reflects the impact of the adoption of the other comprehensive income option for our insurance business in France. Underlying assets supporting these contracts are measured at fair value through other comprehensive income. Under this option, only the amount that matches income or expenses recognised in profit or loss on underlying items is included in finance income or expenses, resulting in the elimination of income statement accounting mismatches. The remaining amount of finance income or expenses for these insurance contracts is recognised in other comprehensive income ('OCI').
4 At 31 December 2024, retained earnings included 28,744,609 own shares held. These include own shares held within HSBC's insurance business's retirement funds for the benefit of policyholders or beneficiaries within employee trusts for the settlement of shares expected to be delivered under employee share schemes or bonus plans, and the market-making activities in Markets and Securities Services.
5 At 31 December 2024, accumulated foreign currency translation reserve losses of $5,816m were recycled to the income statement, including $5,166m upon completion of the sale of our business in Argentina and $564m upon completion of the sale of our banking business in Canada.
6 HSBC Holdings issued SGD1,500m 5.250% contingent convertible securities in June 2024, and a further $1,350m 6.875% and $1,150m 6.950% contingent convertible securities in September 2024. All instruments were recorded net of issuance costs.
7 In September 2024, HSBC Holdings redeemed its $2,250m 6.375% contingent convertible securities.
8 At 31 December 2024, an impairment of $11,442m (2023: $5,512m) of HSBC Overseas Holdings (UK) Limited was recognised, resulting in a permitted transfer of $2,945m (2023: $5,130m) from the remaining historical merger reserve to retained earnings, and a realisation of nil share-based payment reserve (2023: $382m) within retained earnings. In 2022, a part-reversal of the impairment resulted in a transfer from retained earnings back to the merger reserve of $2,499m.
9 HSBC Holdings announced the following share buy-backs during the year: a share buy-back of up to $2.0bn in February 2024, which was completed in April 2024; a share buy-back of up to $3.0bn in April 2024, which was completed in July 2024; a share buy-back of up to $3.0bn in July 2024, which was completed in October 2024; and a share buy-back of up to $3.0bn in October 2024, which was completed in February 2025.

Consolidated statement of cash flows
for the year ended 31 December 2024

	2024 $m	2023 $m	2022 $m
Profit before tax	**32,309**	30,348	17,058
Adjustments for non-cash items:			
Depreciation, amortisation and impairment	**4,080**	3,466	3,850
Net loss from investing activities	**180**	1,213	11
Share of profit in associates and joint ventures	**(2,912)**	(2,807)	(2,723)
Impairment of interest in associate	**—**	3,000	—
(Gain)/loss on acquisition/disposal of subsidiaries, businesses, associates and joint ventures	**1,704**	(1,775)	2,554
Change in expected credit losses gross of recoveries and other credit impairment charges	**3,674**	3,717	3,898
Provisions including pensions	**299**	266	638
Share-based payment expense	**529**	482	400
Other non-cash items included in profit before tax	**(5,290)**	(4,299)	(774)
Elimination of exchange differences[1]	**26,734**	(10,678)	48,718
Changes in operating assets and liabilities			
Change in net trading securities and derivatives	**(41,385)**	(63,247)	20,166
Change in loans and advances to banks and customers	**7,275**	(14,145)	31,649
Change in reverse repurchase agreements – non-trading	**(4,227)**	(2,095)	(23,405)
Change in financial assets designated and otherwise mandatorily measured at fair value	**(20,662)**	(9,994)	14,164
Change in other assets[2]	**7,685**	(10,254)	(12,858)
Change in deposits by banks and customer accounts	**44,237**	45,021	(91,194)
Change in repurchase agreements – non-trading	**8,700**	43,366	4,344
Change in debt securities in issue	**11,942**	11,945	12,518
Change in financial liabilities designated at fair value	**(2,248)**	10,097	(13,654)
Change in other liabilities	**(1,603)**	8,742	6,021
Dividends received from associates	**1,062**	1,067	944
Contributions paid to defined benefit plans	**(167)**	(208)	(194)
Tax paid	**(6,611)**	(4,117)	(2,776)
Net cash from operating activities	**65,305**	39,111	19,355
Purchase of financial investments[2]	**(523,454)**	(563,561)	(511,097)
Proceeds from the sale and maturity of financial investments[2]	**453,502**	504,174	492,624
Net cash flows from the purchase and sale of property, plant and equipment	**(1,344)**	(1,145)	(1,284)
Net cash flows from disposal of loan portfolio and customer accounts	**—**	623	(3,530)
Net investment in intangible assets	**(2,542)**	(2,550)	(3,125)
Net cash inflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[3]	**9,891**	1,239	—
Net cash outflow on acquisition/disposal of subsidiaries, businesses, associates and joint ventures[4]	**(12,617)**	(1,692)	(989)
Net cash from investing activities	**(76,564)**	(62,912)	(27,401)
Issue of ordinary share capital and other equity instruments	**3,602**	1,996	—
Cancellation of shares	**(11,348)**	(5,812)	(2,285)
Net purchases of own shares for market-making and investment purposes	**(541)**	(614)	(91)
Net cash flow from change in stake of subsidiaries	**—**	(19)	(197)
Redemption of preference shares and other equity instruments	**(3,433)**	(4,003)	(2,266)
Subordinated loan capital issued	**4,361**	5,237	7,300
Subordinated loan capital repaid[5]	**(2,000)**	(2,147)	(1,777)
Dividends paid to shareholders of the parent company and non-controlling interests	**(17,100)**	(12,196)	(6,970)
Net cash from financing activities	**(26,459)**	(17,558)	(6,286)
Net decrease in cash and cash equivalents	**(37,718)**	(41,359)	(14,332)
Cash and cash equivalents at 1 Jan	**490,933**	521,671	574,032
Exchange differences in respect of cash and cash equivalents	**(18,275)**	10,621	(38,029)
Cash and cash equivalents at 31 Dec[6]	**434,940**	490,933	521,671

Consolidated statement of cash flows (continued)
for the year ended 31 December 2024

	2024	2023	2022
	$m	$m	$m
Cash and cash equivalents comprise:			
– cash and balances at central banks	**267,674**	285,868	327,002
– loans and advances to banks of one month or less	**69,803**	76,620	72,295
– reverse repurchase agreements with banks of one month or less	**58,290**	64,341	68,682
– treasury bills, other bills and certificates of deposit less than three months[8]	**27,307**	33,303	26,727
– cash collateral, net settlement accounts and items in course of collection from/transmission to other banks	**9,827**	14,866	18,878
– cash and cash equivalents held for sale[7]	**2,039**	15,935	8,087
Cash and cash equivalents at 31 Dec[6]	**434,940**	490,933	521,671

Interest received was $110,106m (2023: $98,910m; 2022: $55,664m), interest paid was $81,680m (2023: $65,980m; 2022: $22,856m) and dividends received (excluding dividends received from associates, which are presented separately above) were $2,812m (2023: $1,869m; 2022: $1,638m).

1 Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense.
2 Post adoption of IFRS 17 'Insurance Contracts', certain assets have been reclassified from 'Investing activities' to 'Operating activities'. The comparative data for 2022 have not been re-presented.
3 This includes $9.3bn from the sale of our banking business in Canada.
4 This includes $10.6bn from the sale of our retail banking business in France and $1.8bn from the sale of our business in Argentina.
5 Subordinated liabilities changes during the year are attributable to repayments of $(2.0)bn (2023: $(2.1)bn; 2022: $(1.8)bn) of securities. Non-cash changes during the year included foreign exchange gains/losses of $1.6bn gain (2023: $0.6bn loss; 2022: $1.1bn gain) and fair value gains/losses of $1.0bn gain (2023: $0.8bn loss; 2022: $3.1bn gain).
6 At 31 December 2024, $50.4bn (2023: $61.8bn; 2022: $59.3bn) was not available for use by HSBC due to a range of restrictions, including currency exchange and other restrictions.
7 Includes $1.9bn (2023: $5.6bn, 2022: $6.5bn) of cash and balances at central banks and $0.1bn (2023: $10.5bn, 2022: $0.2bn) of loans and advances to banks of one month or less. There is nil balance in 2024 for reverse repurchase agreements with banks of one month or less (2023: $0.2bn, 2022: $1.3bn) and cash collateral, net settlement accounts and items in course of collection from/transmission to other banks (2023: $(0.4)bn, 2022: $(0.2)bn).
8 The amount in this line is included in the 'Financial investments' and 'Financial assets designated and otherwise mandatorily measured at fair value through profit or loss' line items in the Consolidated balance sheet on page 343.

HSBC Holdings income statement

for the year ended 31 December 2024

	Notes*	2024 $m	2023 $m	2022 $m
Net interest expense		**(5,758)**	(5,339)	(3,074)
– interest income		**3,053**	2,864	937
– interest expense		**(8,811)**	(8,203)	(4,011)
Net fee (expense)/income		**(10)**	2	(3)
Net income from financial instruments held for trading or managed on a fair value basis	3	**2,899**	1,063	2,129
Changes in fair value of designated debt and related derivatives[1]	3	**(125)**	(1,468)	2,144
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	3	**2,086**	3,692	(2,409)
Gains less losses from financial investments		**2**	45	58
Dividend income from subsidiaries[3]		**33,846**	16,824	9,478
Other operating income		**276**	332	91
Total operating income		**33,216**	15,151	8,414
Employee compensation and benefits	5	**(29)**	(15)	(41)
General and administrative expenses		**(1,148)**	(1,327)	(1,586)
(Impairment) of subsidiaries/reversal of impairment[3]	19	**(11,490)**	(5,574)	2,493
Total operating expenses		**(12,667)**	(6,916)	866
Profit before tax		**20,549**	8,235	9,280
Tax credit[2,3]		**499**	977	3,077
Profit for the year		**21,048**	9,212	12,357

* For Notes on the financial statements, see page 353.
1 The debt instruments, issued for funding purposes, are designated under the fair value option to reduce an accounting mismatch.
2 The tax credit in 2022 includes $2.2bn arising from the recognition of a deferred tax asset from historical tax losses in HSBC Holdings. This was a result of improved profit forecasts for the UK tax group, which accelerated the expected utilisation of these losses and reduced uncertainty regarding their recoverability.
3 The amounts recorded within profit before tax with respect to dividend income from subsidiaries and impairment/reversal of impairment of subsidiaries are not subject to tax.

HSBC Holdings statement of comprehensive income

for the year ended 31 December 2024

	2024 $m	2023 $m	2022 $m
Profit for the year	**21,048**	9,212	12,357
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	**21**	(124)	326
– before income taxes	**32**	(166)	435
– income taxes	**(11)**	42	(109)
Other comprehensive income/(expense) for the year, net of tax	**21**	(124)	326
Total comprehensive income for the year	**21,069**	9,088	12,683

HSBC Holdings balance sheet

	Notes*	31 Dec 2024 $m	31 Dec 2023 $m
Assets			
Cash and balances with HSBC undertakings		**2,548**	7,029
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value		**61,286**	59,879
Derivatives	15	**3,054**	3,344
Loans and advances to HSBC undertakings		**37,677**	27,354
Trading Assets		**709**	—
Financial investments	16	**10,328**	19,558
Prepayments, accrued income and other assets		**4,353**	5,341
Current tax assets		**305**	924
Investments in subsidiaries	19	**152,337**	159,478
Intangible assets		**162**	180
Deferred tax assets		**1,498**	2,082
Total assets at 31 Dec		**274,257**	285,169
Liabilities and equity			
Liabilities			
Amounts owed to HSBC undertakings		**231**	168
Financial liabilities designated at fair value	25	**41,582**	43,638
Derivatives	15	**5,340**	6,090
Debt securities in issue	26	**64,320**	65,239
Accruals, deferred income and other liabilities		**3,097**	4,289
Subordinated liabilities	29	**23,548**	24,439
Total liabilities		**138,118**	143,863
Equity			
Called up share capital	32	**8,973**	9,631
Share premium account	32	**14,810**	14,738
Other equity instruments	32	**19,024**	17,703
Merger and other reserves		**33,664**	35,946
Retained earnings		**59,668**	63,288
Total equity		**136,139**	141,306
Total liabilities and equity at 31 Dec		**274,257**	285,169

* For Notes on the financial statements, see page 353.

The accompanying notes on pages 353 to 438, the audited sections in the Risk review on pages 126 to 235 and 'Directors' remuneration report' on pages 279 to 317 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 19 February 2025 and signed on its behalf by:

Sir Mark E Tucker
Group Chairman

Pam Kaur
Group Chief Financial Officer

HSBC Holdings statement of changes in equity

for the year ended 31 December 2024

	Called up share capital	Share premium	Other equity instruments	Retained earnings[1,2]	Other reserves: Merger and other reserves	Total shareholders' equity
	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	**9,631**	**14,738**	**17,703**	**63,288**	**35,946**	**141,306**
Profit for the year	**—**	**—**	**—**	**21,048**	**—**	**21,048**
Other comprehensive income (net of tax)	**—**	**—**	**—**	**21**	**—**	**21**
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	**—**	**—**	**—**	**21**	**—**	**21**
Total comprehensive income for the year	**—**	**—**	**—**	**21,069**	**—**	**21,069**
Shares issued under employee share plans	**5**	**72**	**—**	**(181)**	**—**	**(104)**
Capital securities issued[3]	**—**	**—**	**3,571**	**—**	**—**	**3,571**
Purchase and cancellation of shares[4]	**(663)**	**—**	**—**	**(11,043)**	**663**	**(11,043)**
Dividends to shareholders	**—**	**—**	**—**	**(16,410)**	**—**	**(16,410)**
Redemption of capital securities[5]	**—**	**—**	**(2,250)**	**—**	**—**	**(2,250)**
Transfers[6]	**—**	**—**	**—**	**2,945**	**(2,945)**	**—**
At 31 Dec 2024	**8,973**	**14,810**	**19,024**	**59,668**	**33,664**	**136,139**
At 1 Jan 2023	10,147	14,664	19,746	67,996	40,555	153,108
Profit for the year	—	—	—	9,212	—	9,212
Other comprehensive income (net of tax)	—	—	—	(124)	—	(124)
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	—	(124)	—	(124)
Total comprehensive income for the year	—	—	—	9,088	—	9,088
Shares issued under employee share plans	5	74	—	(328)	—	(249)
Capital securities issued	—	—	1,980	—	—	1,980
Purchase and cancellation of shares	(521)	—	—	(7,025)	521	(7,025)
Dividends to shareholders	—	—	—	(11,593)	—	(11,593)
Redemption of capital securities	—	—	(4,023)	20	—	(4,003)
Transfers[6]	—	—	—	5,130	(5,130)	—
At 31 Dec 2023	9,631	14,738	17,703	63,288	35,946	141,306
At 1 Jan 2022	10,316	14,602	22,414	65,116	37,882	150,330
Profit for the year	—	—	—	12,357	—	12,357
Other comprehensive income (net of tax)	—	—	—	326	—	326
– changes in fair value of financial liabilities designated at fair value due to movement in own credit risk	—	—	—	326	—	326
Total comprehensive income for the year	—	—	—	12,683	—	12,683
Shares issued under employee share plans	5	62	—	(161)	—	(94)
Capital securities issued	—	—	—	—	—	—
Purchase and cancellation of shares	(174)	—	—	(1,001)	174	(1,001)
Dividends to shareholders	—	—	—	(6,544)	—	(6,544)
Redemption of capital securities	—	—	(2,668)	402	—	(2,266)
Transfers[6]	—	—	—	(2,499)	2,499	—
At 31 Dec 2022	10,147	14,664	19,746	67,996	40,555	153,108

Dividends per ordinary share at 31 December 2024 were $0.82 (2023: $0.53; 2022: $0.27).

1 Retained earnings include unrealised profits from intercompany transactions and share-based payment reserves, which are excluded from distributable reserves. Distributable reserves include the distributable portions of retained earnings and the merger reserve. Distributable reserves are reduced by ordinary dividend payments, distributions on additional tier 1 instruments, share buy-backs and impairments in investments in subsidiaries. They are increased by profits and the realisation of retained earnings or merger reserves upon impairment of an associated investment in subsidiary.

2 At 31 December 2024, retained earnings included 29,739,384 own shares held. These include own shares held by HSBC Holdings for the benefit of beneficiaries within employee trusts for the settlement of shares expected to be delivered under employee share schemes or bonus plans.

3 HSBC Holdings issued SGD1,500m 5.250% contingent convertible securities in June 2024, and a further $1,350m 6.875% and $1,150m 6.950% contingent convertible securities in September 2024. All instruments were recorded net of issuance cost.

4 HSBC Holdings announced the following share buy-backs during the year: a share buy-back of up to $2.0bn in February 2024, which was completed in April 2024; a share buy-back of up to $3.0bn in April 2024, which was completed in July 2024; a share buy-back of up to $3.0bn in July 2024, which was completed in October 2024; and a share buy-back of up to $3.0bn in October 2024, which was completed in February 2025.

5 In September 2024, HSBC Holdings redeemed its $2,250m 6.375% contingent convertible securities.

6 At 31 December 2024, an impairment of $11,442m (2023: $5,512m) of HSBC Overseas Holdings (UK) Limited was recognised, resulting in a permitted transfer of $2,945m (2023: $5,130m) from the remaining historical associated merger reserve to retained earnings, and a realisation of nil share-based payment reserves (2023: $382m) to retained earnings. In 2022, a part-reversal of the impairment resulted in a transfer from retained earnings back to the merger reserve of $2,499m.

HSBC Holdings statement of cash flows

for the year ended 31 December 2024

	2024	2023	2022
	$m	$m	$m
Profit before tax	**20,549**	8,235	9,280
Adjustments for non-cash items	**11,721**	5,611	(2,500)
– depreciation, amortisation and impairment/expected credit losses	**11,552**	5,629	(2,428)
– share-based payment expense	**1**	—	1
– other non-cash items included in profit before tax	**53**	(38)	(73)
– elimination of exchange differences[1]	**115**	20	—
Changes in operating assets and liabilities			
Change in loans and advances to HSBC undertakings	**(2,753)**	(1,267)	(1,657)
Change in financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**(1,978)**	(7,767)	(914)
Change in net trading securities and net derivatives	**(1,537)**	(529)	4,712
Change in other assets	**603**	363	51
Change in financial investments	**—**	—	196
Change in debt securities in issue	**469**	1,964	(5,625)
Change in financial liabilities designated at fair value	**292**	3,096	(4,755)
Change in other liabilities	**(1,897)**	1,947	(3,394)
Tax received	**1,691**	577	215
Net cash from operating activities	**27,160**	12,230	(4,391)
Purchase of financial investments	**(29,812)**	(7,803)	(21,481)
Proceeds from the sale and maturity of financial investments	**31,779**	20,074	17,165
Net cash outflow from acquisition of or increase in stake of subsidiaries	**(7,473)**	(2,517)	(5,696)
Repayment of capital from subsidiaries	**2,963**	4,993	3,860
Net investment in intangible assets	**(43)**	(46)	(39)
Net cash from investing activities	**(2,586)**	14,701	(6,191)
Issue of ordinary share capital and other equity instruments	**3,648**	2,059	67
Redemption of preference shares and other equity instruments	**(2,250)**	(4,003)	(2,266)
Purchase of own shares	**(532)**	(855)	(438)
Cancellation of shares	**(11,204)**	(5,812)	(2,298)
Subordinated loan capital issued	**4,268**	5,270	7,300
Subordinated loan capital repaid	**(3,994)**	—	—
Debt securities issued	**16,102**	17,180	18,076
Debt securities repaid	**(18,179)**	(13,047)	(10,094)
Dividends paid on ordinary shares	**(15,348)**	(10,492)	(5,330)
Dividends paid to holders of other equity instruments	**(1,062)**	(1,101)	(1,214)
Net cash from financing activities	**(28,551)**	(10,801)	3,803
Net increase/(decrease) in cash and cash equivalents	**(3,977)**	16,130	(6,779)
Cash and cash equivalents at 1 January	**22,814**	6,756	13,535
Exchange differences in respect of cash and cash equivalents[2]	**(144)**	(72)	—
Cash and cash equivalents at 31 Dec	**18,693**	22,814	6,756
Cash and cash equivalents comprise:			
– cash at bank with HSBC undertakings	**2,548**	7,029	3,210
– cash collateral and net settlement accounts	**2,544**	3,422	3,544
– loans and advances to HSBC undertakings of one month or less	**8,500**	—	—
– treasury and other eligible bills	**5,101**	12,363	2

Interest received was $6,624m (2023: $5,695m; 2022: $2,410m), interest paid was $8,800m (2023: $7,754m; 2022: $3,813m) and dividends received were $33,846m (2023: $16,824m; 2022: $9,478m).

1 Adjustment to bring changes between opening and closing balance sheet amounts to average rates. This is not done on a line-by-line basis, as details cannot be determined without unreasonable expense. As this change has immaterial impact, 2022 prior period comparatives have not been restated.
2 In 2023, additional disclosure has been made in respect of exchange differences on cash and cash equivalents. As this change has immaterial impact, 2022 prior period comparatives have not been restated.

Notes on the financial statements

Contents

1 Basis of preparation and material accounting policies

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings comply with UK-adopted international accounting standards and with the requirements of the Companies Act 2006, and have also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These financial statements are also prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards'), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS Accounting Standards for the periods presented. There were no unendorsed standards effective for the year ended 31 December 2024 affecting these consolidated and separate financial statements.

IFRS Accounting Standards adopted during the year ended 31 December 2024

There were no new standards, amendments to standards or interpretations that had an effect on these financial statements. Accounting policies have been applied consistently.

(b) Differences between IFRS Accounting Standards and Hong Kong Financial Reporting Standards

There are no significant differences between IFRS Accounting Standards and Hong Kong Financial Reporting Standards in terms of their application to HSBC, and consequently there would be no significant differences had the financial statements been prepared in accordance with Hong Kong Financial Reporting Standards. The 'Notes on the financial statements', taken together with the 'Report of the Directors', include the aggregate of all disclosures necessary to satisfy IFRS Accounting Standards and Hong Kong Financial Reporting Standards.

(c) Future accounting developments

Minor amendments to IFRS Accounting Standards

The International Accounting Standards Board ('IASB') has published a number of minor amendments to IFRS Accounting Standards that are effective from 1 January 2025. HSBC expects they will have an insignificant effect, when adopted, on the consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings.

Other amendments and new IFRS Accounting Standards

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features. The Group is undertaking an assessment of the potential impact.

IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it may have an impact on presenting information in the financial statements, in particular the income statement and to a lesser extent the cash flow statement. HSBC are currently assessing impacts and data readiness before developing a more detailed implementation plan.

(d) Foreign currencies

HSBC's consolidated financial statements are presented in US dollars because the US dollar and currencies linked to it form the major currency bloc in which HSBC transacts and funds its business. The US dollar is also HSBC Holdings' functional currency because the US dollar and currencies linked to it are the most significant currencies relevant to the underlying transactions, events and conditions of its subsidiaries, as well as representing a significant proportion of its funds generated from financing activities.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date, except non-monetary assets and liabilities measured at historical cost, which are translated using the rate of exchange at the initial transaction date. Exchange differences are included in other comprehensive income or in the income statement depending on where the gain or loss on the underlying item is recognised. Except for subsidiaries operating in hyperinflationary economies, in the consolidated financial statements, the assets and liabilities of branches, subsidiaries, joint ventures and associates whose functional currency is not US dollars are translated into the Group's presentation currency at the rate of exchange at the balance sheet date, while their results are translated into US dollars at the average rates of exchange for the reporting period. Exchange differences arising are recognised in other comprehensive income. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

(e) Presentation of information

Certain disclosures required by IFRS Accounting Standards have been included in the sections marked as ('Audited') in the Annual Report and Accounts 2024 as follows:

- Disclosures concerning the nature and extent of risks relating to insurance contracts and financial instruments are included in the 'Risk review' on pages 126 to 235.
- The 'Own funds disclosure' is included in the 'Risk review' on page 205.

HSBC follows the UK Finance Disclosure Code. The UK Finance Disclosure Code aims to increase the quality and comparability of UK banks' disclosures and sets out five disclosure principles together with supporting guidance agreed in 2010. In line with the principles of the UK Finance Disclosure Code, HSBC assesses good practice recommendations issued from time to time by relevant regulators and standard setters, and will assess the applicability and relevance of such guidance, enhancing disclosures where appropriate.

(f) Critical estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical estimates and judgements' in section 1.2 below, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of these financial statements. Management's selection of HSBC's accounting policies that contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

Management has considered the impact of climate-related risks on HSBC's financial position and performance. While the effects of climate change are a source of uncertainty, as at 31 December 2024 management did not consider there to be a material impact on our critical judgements and estimates from the physical, transition and other climate-related risks in the short to medium term. In particular, management has considered the known and observable potential impacts of climate-related risks of associated judgements and estimates in our value in use calculations.

(g) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and parent company have the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, liquidity, capital requirements and capital resources.

These considerations include stressed scenarios that reflect the uncertainty in the macroeconomic environment following uncertain inflation, rapidly changing interest rates, slower Chinese economic activity, and disrupted supply chains as a result of the Russia-Ukraine war, conflict in the Middle East and US-China tensions. They also included other top and emerging risks, including climate change, as well as the related impacts on profitability, capital and liquidity.

1.2 Summary of material accounting policies

(a) Consolidation and related policies

Investments in subsidiaries

Where an entity is governed by voting rights, HSBC consolidates when it holds – directly or indirectly – the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as agent or principal.

Business combinations are accounted for using the acquisition method. The amount of non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This election is made for each business combination. HSBC Holdings' investments in subsidiaries are stated at cost less impairment losses.

Impairment testing is performed where there is an indication of impairment, by comparing the recoverable amount of the relevant investment to its carrying amount. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised, and to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

Critical estimates and judgements

Investments in subsidiaries are tested for impairment when there is an indication that the investment may be impaired, which involves estimations of value in use reflecting management's best estimate of the future cash flows of the investment and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
– The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests for impairment or reversal more frequently than once a year when indicators exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future business prospects.	– The future cash flows of each investment are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. – The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to the investment. The cost of equity percentage is generally derived from a capital asset pricing model and the market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. – Key assumptions used in estimating impairment in subsidiaries and their reversal where relevant are described in Note 19.

Goodwill

Goodwill is allocated to cash-generating units ('CGUs') for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. HSBC's CGUs are based on its main legal entities subdivided by global business, except for Global Banking and Markets, for which goodwill is monitored on a global basis.

Impairment testing is performed at least once a year, or whenever there is an indication of impairment, by comparing the recoverable amount of a CGU with its carrying amount.

Goodwill is included in a disposal group if the disposal group is a CGU to which goodwill has been allocated or it is an operation within such a CGU. The amount of goodwill included in a disposal group is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

Critical estimates and judgements

The review of goodwill and non-financial assets (see Note 1.2(n)) for impairment reflects management's best estimate of the future cash flows of the CGUs and the rates used to discount these cash flows, both of which are subject to uncertain factors as follows:

Judgements	Estimates
– The accuracy of forecast cash flows is subject to a high degree of uncertainty in volatile market conditions. Where such circumstances are determined to exist, management re-tests goodwill for impairment more frequently than once a year when indicators of impairment exist. This ensures that the assumptions on which the cash flow forecasts are based continue to reflect current market conditions and management's best estimate of future business prospects.	– The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. – The rates used to discount future expected cash flows can have a significant effect on their valuation, and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. – Key assumptions used in estimating goodwill and non-financial asset impairment are described in Note 21.

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of goodwill in the next financial year, but does consider this to be an area that is inherently judgemental. The Group's consideration of this risk includes taking account of the potential implications for CGUs arising from the revised organisational structure effective from 1 January 2025.

HSBC sponsored structured entities

HSBC is considered to sponsor another entity if, in addition to ongoing involvement with the entity, it had a key role in establishing that entity or in bringing together relevant counterparties so the transaction that is the purpose of the entity could occur. HSBC is generally not considered a sponsor if the only involvement with the entity is merely administrative.

Interests in associates and joint arrangements

Joint arrangements are investments in which HSBC, together with one or more parties, has joint control. Depending on HSBC's rights and obligations, the joint arrangement is classified as either a joint operation or a joint venture.

HSBC classifies investments in entities over which it has significant influence, and those that are neither subsidiaries nor joint arrangements, as associates.

HSBC recognises its share of the assets, liabilities and results in a joint operation. Investments in associates and interests in joint ventures are recognised using the equity method. The attributable share of the results and reserves of joint ventures and associates is included in the consolidated financial statements of HSBC based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisition of interests in joint ventures and associates is not tested separately for impairment, but is assessed as part of the carrying amount of the investment. Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise only from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

Critical estimates and judgements

The most significant critical estimates relate to the assessment of impairment or its reversal of our investment in Bank of Communications Co., Limited ('BoCom'), which involves estimations of value in use:

Judgements	Estimates
	– The value in use calculation uses discounted cash flow projections based on management's best estimate of future earnings available to ordinary shareholders prepared in accordance with IAS 36 'Impairment of Assets'. Those cash flows use estimates based on BoCom's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment which will be considered at the relevant time should they arise. – Key assumptions used in estimating BoCom's value in use and the sensitivity of the value in use calculations to different assumptions are described in Note 18.

(b) Income and expense

Operating income

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value, is recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method. However, as an exception to this, interest on debt instruments issued by HSBC for funding purposes that are designated under the fair value option to reduce an accounting mismatch and on derivatives managed in conjunction with those debt instruments is included in interest expense.

Interest on credit-impaired financial assets is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount of the asset less allowance for expected credit losses).

Non-interest income and expense

HSBC generates fee income from services provided over time, such as account service and card fees, or when HSBC delivers a specific transaction at a point in time, such as broking services and import/export services. With the exception of certain fund management and performance fees, all other fees are generated at a fixed price. Fund management and performance fees can be variable depending on the size of the customer portfolio and HSBC's performance as fund manager. Variable fees are recognised when all uncertainties are resolved. Fee income is generally earned from short-term contracts with payment terms that do not include a significant financing component.

HSBC acts as principal in the majority of contracts with customers, with the exception of broking services. For most brokerage trades, HSBC acts as agent in the transaction and recognises broking income net of fees payable to other parties in the arrangement.

HSBC recognises fees earned on transaction-based arrangements at a point in time when it has fully provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Where HSBC offers a package of services that contains multiple non-distinct performance obligations, such as those included in account service packages, the promised services are treated as a single performance obligation. If a package of services contains distinct performance obligations, the corresponding transaction price is allocated to each performance obligation based on the estimated stand-alone selling prices.

Dividend income is recognised when the right to receive payment is established.

Net income/(expense) from financial instruments measured at fair value through profit or loss includes the following:

– 'Net income from financial instruments held for trading or managed on a fair value basis': This comprises net trading activities, which includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading and other financial instruments managed on a fair value basis, together with the related interest income, interest expense and dividend income, excluding the effect of changes in the credit risk of liabilities managed on a fair value basis. It also includes all gains and losses from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities measured at fair value through profit or loss.

– 'Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss': This includes all gains and losses from changes in the fair value, together with related interest income, interest expense and dividend income in respect of financial assets and liabilities measured at fair value through profit or loss, and those derivatives managed in conjunction with the above that can be separately identifiable from other trading derivatives.

– 'Changes in fair value of designated debt instruments and related derivatives': Interest paid on debt instruments and interest cash flows on related derivatives is presented in interest expense where doing so reduces an accounting mismatch.

– 'Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss': This includes interest on instruments that fail the solely payments of principal and interest ('SPPI') test, see (d) below.

The accounting policies for insurance service result and insurance finance income/(expense) are disclosed in Note 1.2(j).

(c) Valuation of financial instruments

All financial instruments are initially recognised at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is generally its transaction price (that is, the fair value of the consideration given or received). However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, HSBC recognises the difference as a trading gain or loss at inception (a 'day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognised in the income statement over the life of the transaction until the transaction matures, is closed out, the valuation inputs become observable or HSBC enters into an offsetting transaction.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where HSBC manages a group of financial assets and liabilities according to its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis but the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria. Financial instruments are classified into one of three fair value hierarchy levels, described in Note 12, 'Fair values of financial instruments carried at fair value'.

Critical estimates and judgements

The majority of valuation techniques employ only observable market data. However, certain financial instruments are classified on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

Judgements	Estimates
– An instrument in its entirety is classified as valued using significant unobservable inputs if, in the opinion of management, greater than 5% of the instrument's valuation is driven by unobservable inputs. – 'Unobservable' in this context means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no data available at all upon which to base a determination of fair value (consensus pricing data may, for example, be used).	– Details on the Group's Level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonably possible alternative assumptions in determining their fair value are set out in Note 12.

(d) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include most loans and advances to banks and customers and some debt securities. In addition, most financial liabilities are measured at amortised cost. HSBC accounts for regular way amortised cost financial instruments using trade date accounting. The carrying amount of these financial assets at initial recognition includes any directly attributable transactions costs.

HSBC may commit to underwriting loans on fixed contractual terms for specified periods of time. When the loan arising from the lending commitment is expected to be sold shortly after origination, the commitment to lend is recorded as a derivative. When HSBC intends to hold the loan, the loan commitment is included in the impairment calculations set out below.

Financial assets are reclassified only when the business model for their management changes. Such changes, which are expected to be infrequent, are determined by senior management as a result of external or internal changes and must be significant to operations and demonstrable to external parties. Reclassifications are applied prospectively from the first day of the first reporting period following the change of business model. Where a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category its fair value is measured at the date of reclassification. Any gain or loss arising from a difference between the previous amortised cost and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Non-trading reverse repurchase, repurchase and similar agreements

When debt securities are sold subject to a commitment to repurchase them at a predetermined price ('repos'), they remain on the balance sheet and a liability is recorded in respect of the consideration received. Securities purchased under commitments to resell ('reverse repos') are not recognised on the balance sheet and an asset is recorded in respect of the initial consideration paid. Non-trading repos and reverse repos are measured at amortised cost. The difference between the sale and repurchase price or between the purchase and resale price is treated as interest and recognised in net interest income over the life of the agreement.

Contracts that are economically equivalent to reverse repo or repo agreements (such as sales or purchases of debt securities entered into together with total return swaps with the same counterparty) are accounted for similarly to, and presented together with, reverse repo or repo agreements.

(e) Financial assets measured at fair value through other comprehensive income

Financial assets managed within a business model that is achieved by both collecting contractual cash flows and selling and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at fair value through other comprehensive income ('FVOCI'). These comprise primarily debt securities. They are recognised on trade date when HSBC enters into contractual arrangements to purchase and are generally derecognised when they are either sold or redeemed. They are subsequently remeasured at fair value with changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) recognised in other comprehensive income until the assets are sold. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Gains less losses from financial instruments'. Financial assets measured at FVOCI are included in the impairment calculations set out below and impairment is recognised in profit or loss.

(f) Equity securities measured at fair value with fair value movements presented in other comprehensive income

The equity securities for which fair value movements are shown in other comprehensive income are business facilitation and other similar investments where HSBC holds the investments other than to generate a capital return. Dividends from such investments are recognised in profit or loss. Gains or losses on the derecognition of these equity securities are not transferred to profit or loss. Otherwise, equity securities are measured at fair value through profit or loss.

(g) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

– The use of the designation removes or significantly reduces an accounting mismatch.
– A group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
– The financial liability contains one or more non-closely related embedded derivatives.

Designated financial assets are recognised when HSBC enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred. Designated financial liabilities are recognised when HSBC enters into contracts with counterparties, which is generally on settlement date, and are normally derecognised when extinguished. Subsequent changes in fair values are recognised in the income statement in 'Net income from financial instruments held for trading or managed on a fair value basis' or 'Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss' or 'Changes in fair value of designated debt and related derivatives' except for the effect of changes in the liabilities' credit risk, which is presented in 'Other comprehensive income', unless that treatment would create or enlarge an accounting mismatch in profit or loss.

Under the above criteria, the main classes of financial instruments designated by HSBC are:

– Debt instruments for funding purposes that are designated to reduce an accounting mismatch: The interest and/or foreign exchange exposure on certain fixed-rate debt securities issued has been matched with the interest and/or foreign exchange exposure on certain swaps as part of a documented risk management strategy.
– Financial assets and financial liabilities under unit-linked and non-linked investment contracts: A contract under which HSBC does not accept significant insurance risk from another party is not classified as an insurance contract, other than investment contracts with discretionary participation features ('DPF'), but is accounted for as a financial liability. Customer liabilities under linked and certain non-linked investment contracts issued by insurance subsidiaries are determined based on the fair value of the assets held in the linked funds or by a valuation method. The related financial assets and liabilities are managed and reported to management on a fair value basis. Designation at fair value of the financial assets and related liabilities allows changes in fair values to be recorded in the income statement and presented in the same line.
– Financial liabilities that contain both deposit and derivative components: These financial liabilities are managed and their performance evaluated on a fair value basis.

(h) Derivatives

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes embedded derivatives in financial liabilities, which are bifurcated from the host contract when they meet the definition of a derivative on a stand-alone basis.

Where the derivatives are managed with debt securities issued by HSBC that are designated at fair value where doing so reduces an accounting mismatch, the contractual interest is shown in 'Interest expense' together with the interest payable on the issued debt.

Hedge accounting

When derivatives are not part of fair value designated relationships, if held for risk management purposes they are designated in hedge accounting relationships where the required criteria for documentation and hedge effectiveness are met. HSBC uses these derivatives or, where allowed, other non-derivative hedging instruments in fair value hedges, cash flow hedges or hedges of net investments in foreign operations as appropriate to the risk being hedged.

Fair value hedge

Fair value hedge accounting does not change the recording of gains and losses on derivatives and other hedging instruments, but results in recognising changes in the fair value of the hedged assets or liabilities attributable to the hedged risk that would not otherwise be recognised in the income statement. If a hedge relationship no longer meets the criteria for hedge accounting, hedge accounting is discontinued and the cumulative adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortised to the income statement on a recalculated effective interest rate, unless the hedged item has been derecognised, in which case it is recognised in the income statement immediately.

Cash flow hedge

The effective portion of gains and losses on hedging instruments is recognised in other comprehensive income and the ineffective portion of the change in fair value of derivative hedging instruments that are part of a cash flow hedge relationship is recognised immediately in the income statement within 'Net income from financial instruments held for trading or managed on a fair value basis'. The accumulated gains and losses recognised in other comprehensive income are reclassified to the income statement in the same periods in which the hedged item affects profit or loss. When a hedge relationship is discontinued, or partially discontinued, any cumulative gain or loss recognised in other comprehensive income remains in equity until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified to the income statement.

Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The effective portion of gains and losses on the hedging instrument is recognised in other comprehensive income and other gains and losses are recognised immediately in the income statement. Gains and losses previously recognised in other comprehensive income are reclassified to the income statement on the disposal, or part-disposal, of the foreign operation.

Derivatives that do not qualify for hedge accounting

Non-qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied.

(i) Impairment of amortised cost and FVOCI financial assets

Expected credit losses ('ECL') are recognised for loans and advances to banks and customers, non-trading reverse repurchase agreements, other financial assets held at amortised cost, debt instruments measured at FVOCI, and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is recognised for ECL resulting from possible default events within the next 12 months, or less, where the remaining life is less than 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is recognised for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, and so are considered to be in default or otherwise credit impaired are in 'stage 3'. Purchased or originated credit-impaired financial assets ('POCI') are treated differently as set out below.

Credit impaired (stage 3)

HSBC determines that a financial instrument is credit impaired and in stage 3 by considering relevant objective evidence, primarily whether contractual payments of either principal or interest are past due for more than 90 days, there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition, or the loan is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due. Therefore, the definitions of credit impaired and default are aligned as far as possible so that stage 3 represents all loans that are considered defaulted or otherwise credit impaired.

Interest income is recognised by applying the effective interest rate to the amortised cost (i.e. gross carrying amount less allowance for ECL).

Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Forbearance

Loans are identified as forborne and classified as either performing or non-performing when HSBC modifies the contractual terms due to financial difficulty of the borrower. Non-performing forborne loans are stage 3 and classified as non-performing until they meet the curing criteria, as specified by applicable credit risk policy (for example, when the loan is no longer in default and no other indicators of default have been present for at least 12 months). Any amount written off as a result of any modification of contractual terms upon entering forbearance would not be reversed.

The Group applies the EBA Guidelines on the application of definition of default for our retail portfolios, which affect credit risk policies and our reporting in respect of the status of loans as credit impaired principally due to forbearance (or curing thereof). Further details are provided under 'Forborne loans and advances' on page 140.

Performing forborne loans are initially stage 2 and remain classified as forborne until they meet applicable curing criteria (for example, they continue to not be in default and no other indicators of default are present for a period of at least 24 months). At this point, the loan is either stage 1 or stage 2 as determined by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A forborne loan is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the forborne loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances would generally be classified as POCI and will continue to be disclosed as forborne.

Loan modifications other than forborne loans

Loan modifications that are not identified as forborne are considered to be commercial restructurings. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that HSBC's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructuring is at market rates and no payment-related concession has been provided. Modifications of certain higher credit risk wholesale loans are assessed for derecognition, having regard to changes in contractual terms that either individually or in combination are judged to result in a substantially different financial instrument. Mandatory and general offer loan modifications that are not borrower specific, for example market-wide customer relief programmes, generally do not result in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy. Changes made to these financial instruments that are economically equivalent and required by interest rate benchmark reform do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change of the interest rate benchmark.

Significant increase in credit risk (stage 2)
An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The assessment explicitly or implicitly compares the risk of default occurring at the reporting date compared with that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions. The assessment is unbiased, probability-weighted, and to the extent relevant, uses forward-looking information consistent with that used in the measurement of ECL. The analysis of credit risk is multifactor. The determination of whether a specific factor is relevant and its weight compared with other factors depends on the type of product, the characteristics of the financial instrument and the borrower, and the geographical region. Therefore, it is not possible to provide a single set of criteria that will determine what is considered to be a significant increase in credit risk, and these criteria will differ for different types of lending, particularly between retail and wholesale. However, unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when 30 days past due. In addition, wholesale loans that are individually assessed, which are typically corporate and commercial customers, and included on a watch or worry list, are included in stage 2.

For wholesale portfolios, the quantitative comparison assesses default risk using a lifetime probability of default ('PD'), which encompasses a wide range of information including the obligor's customer risk rating ('CRR'), macroeconomic condition forecasts and credit transition probabilities. For origination CRRs up to 3.3, significant increase in credit risk is measured by comparing the average PD for the remaining term estimated at origination with the equivalent estimation at the reporting date. The quantitative measure of significance varies depending on the credit quality at origination as follows:

Origination CRR	Significance trigger – PD to increase by
0.1–1.2	15bps
2.1–3.3	30bps

For CRRs greater than 3.3 that are not impaired, a significant increase in credit risk is considered to have occurred when the origination PD has doubled. The significance of changes in PD was informed by expert credit risk judgement, referenced to historical credit migrations and to relative changes in external market rates.

For loans originated prior to the implementation of IFRS 9, the origination PD does not include adjustments to reflect expectations of future macroeconomic conditions since these are not available without the use of hindsight. In the absence of this data, origination PD must be approximated assuming through-the-cycle PDs and through-the-cycle migration probabilities, consistent with the instrument's underlying modelling approach and the CRR at origination. For these loans, the quantitative comparison is supplemented with additional CRR deterioration-based thresholds, as set out in the table below:

Origination CRR	Additional significance criteria – number of CRR grade notches deterioration required to identify as significant credit deterioration (stage 2) (> or equal to)
0.1	5 notches
1.1–4.2	4 notches
4.3–5.1	3 notches
5.2–7.1	2 notches
7.2–8.2	1 notch
8.3	0 notch

Further information about the 23-grade scale used for CRR can be found on page 139.

For retail portfolios, default risk is assessed using a reporting date 12-month PD derived from internal models, which incorporate all available information about the customer. This PD is adjusted for the effect of macroeconomic forecasts for periods longer than 12 months and is considered to be a reasonable approximation of a lifetime PD measure. Retail exposures are first segmented into homogenous portfolios, generally by country, product and brand. Within each portfolio, the stage 2 accounts are defined as accounts with an adjusted 12-month PD greater than the average 12-month PD of loans in that portfolio 12 months before they become 30 days past due. The expert credit risk judgement is that no prior increase in credit risk is significant. This portfolio-specific threshold therefore identifies loans with a PD higher than would be expected from loans that are performing as originally expected and higher than that which would have been acceptable at origination. It therefore approximates a comparison of origination to reporting date PDs.

We continue to refine the retail transfer criteria approach for certain portfolios as additional data becomes available, in order to utilise a more relative approach. These enhancements take advantage of the increase in origination-related data in the assessment of significant increases in credit risk by comparing remaining lifetime PD to the comparable remaining term lifetime PD at origination based on portfolio-specific origination segments.

Unimpaired and without significant increase in credit risk (stage 1)
ECL resulting from default events that are possible within the next 12 months ('12-month ECL') are recognised for financial instruments that remain in stage 1.

Purchased or originated credit impaired
Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are considered to be POCI. This population includes new financial instruments recognised in most cases following the derecognition of forborne loans. The amount of change in lifetime ECL for a POCI loan is recognised in profit or loss until the POCI loan is derecognised, even if the lifetime ECL are less than the amount of ECL included in the estimated cash flows on initial recognition.

Movement between stages
Financial assets can be transferred between the different categories (other than POCI) depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. In the case of non-performing forborne loans, such financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment and meet the curing criteria as described above.

Measurement of ECL
The assessment of credit risk and the estimation of ECL are unbiased and probability-weighted, and incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money and considers other factors such as climate-related risks.

In general, HSBC calculates ECL using three main components: a probability of default ('PD'), a loss given default ('LGD') and the exposure at default ('EAD').

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD instead. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

HSBC makes use of the IRB framework where possible, with recalibration to meet the differing IFRS 9 requirements as set out in the following table:

Model	Regulatory capital	IFRS 9
PD	– Represents long-run average PD throughout a full economic cycle (for mortgage portfolios a hybrid approach, which sits between the extremes of point in time and through the cycle, is used for calculating long-run averages as required by the PRA) – Default backstop of 90+ days past due for all portfolios (includes unlikely to pay ('UTP') criteria in line with internal policy) – May be subject to a sovereign cap	– Represents current portfolio quality and performance, adjusted for the impact of multiple forward-looking macroeconomic scenarios – Default backstop of 90+ days past due for all portfolios (includes UTP criteria in line with internal policy)
EAD	– Cannot be lower than current balance	– Amortisation captured for term products – Future drawdown captured for revolving products
LGD	– Downturn LGD (consistent with losses we would expect to suffer during a severe but plausible economic downturn) – Regulatory floors may apply to mitigate risk of underestimating downturn LGD due to lack of historical data – Discounted using appropriate index (minimum 9%) – All collection costs included	– LGD based on recent portfolio performance data and includes the expected impact of future economic conditions such as change in the value of collateral – No floors applied, discounted using the original effective interest rate – Only costs associated with selling collateral and certain third-party costs are included
Other		– Discounted back from point of default to balance sheet date

While 12-month PDs are recalibrated from IRB models where possible, the lifetime PDs are determined by projecting the 12-month PD using a term structure. For the wholesale methodology, the lifetime PD also takes into account credit migration, i.e. a customer migrating through the CRR bands over its life.

The ECL for wholesale stage 3 is determined primarily on an individual basis using a discounted cash flow ('DCF') methodology. The expected future cash flows are based on estimates as of the reporting date, reflecting reasonable and supportable assumptions and projections of future recoveries and expected future receipts of interest.

Collateral is taken into account if it is likely that the recovery of the outstanding amount will include realisation of collateral based on its estimated fair value of collateral at the time of expected realisation, less costs for obtaining and selling the collateral.

The cash flows are discounted at a reasonable approximation of the original effective interest rate. For significant cases, cash flows under up to four different scenarios are probability-weighted by reference to the status of the borrower, economic scenarios applied more generally by the Group and judgement in relation to the likelihood of the work-out strategy succeeding or receivership being required. For less significant cases where an individual assessment is undertaken, the effect of different economic scenarios and work-out strategies results in an ECL calculation based on a most likely outcome which is adjusted to capture losses resulting from less likely but possible outcomes. For certain less significant cases, the bank may use an LGD-based modelled approach to ECL assessment, which factors in a range of economic scenarios.

Period over which ECL is measured
Expected credit loss is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which HSBC is exposed to credit risk. However, where the financial instrument includes both a drawn and undrawn commitment and the contractual ability to demand repayment and cancel the undrawn commitment does not serve to limit HSBC's exposure to credit risk to the contractual notice period, the contractual period does not determine the maximum period considered. Instead, ECL is measured over the period HSBC remains exposed to credit risk that is not mitigated by credit risk management actions. This applies to retail overdrafts and credit cards, where the period is the average time taken for stage 2 exposures to default or close as performing accounts, determined on a portfolio basis and ranging from between two and six years. In addition, for these facilities it is not possible to identify the ECL on the loan commitment component separately from the financial asset component. As a result, the total ECL is recognised in the loss allowance for the financial asset unless the total ECL exceeds the gross carrying amount of the financial asset, in which case the ECL is recognised as a provision. For wholesale overdraft facilities, credit risk management actions are taken no less frequently than on an annual basis.

Forward-looking economic inputs
HSBC applies multiple forward-looking global economic scenarios determined with reference to external forecast distributions representative of its view of forecast economic conditions. This approach is considered sufficient to calculate unbiased expected credit losses in most economic environments. In certain economic environments, additional analysis may be necessary and may result in additional scenarios or adjustments, to reflect a range of possible economic outcomes sufficient for an unbiased estimate. The detailed methodology is disclosed in 'Measurement uncertainty and sensitivity analysis of ECL estimates' on page 147.

Critical estimates and judgements

The calculation of the Group's ECL under IFRS 9 requires the Group to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements	Estimates
– Defining what is considered to be a significant increase in credit risk – Determining the lifetime and point of initial recognition of overdrafts and credit cards – Selecting and calibrating the PD, LGD and EAD models, which support the calculations, including making reasonable and supportable judgements about how models react to current and future economic conditions – Selecting model inputs and economic forecasts, including determining whether sufficient and appropriately weighted economic forecasts are incorporated to calculate unbiased expected credit loss – Making management adjustments to account for late-breaking events, model and data limitations and deficiencies, and expert credit judgements – Selecting applicable recovery strategies for certain wholesale credit-impaired loans	– The section 'Measurement uncertainty and sensitivity analysis of ECL estimates', marked as audited from page 147, sets out the assumptions used in determining ECL, and provides an indication of the sensitivity of the result to the application of different weightings being applied to different economic assumptions

(j) Insurance contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk from another party by agreeing to compensate that party if it is adversely affected by a specified uncertain future event. An insurance contract may also transfer financial risk, but is accounted for as an insurance contract if the insurance risk is significant. In addition, the Group issues investment contracts with discretionary participation features ('DPF'), which are also accounted under IFRS 17 'Insurance Contracts'.

Aggregation of insurance contracts

Individual insurance contracts that are managed together and subject to similar risks are identified as a portfolio. Contracts that are managed together usually belong to the same product group, and have similar characteristics such as being subject to a similar pricing framework or similar product management, and are issued by the same legal entity. If a contract is exposed to more than one risk, the dominant risk of the contract is used to assess whether the contract features similar risks. Each portfolio is further separated by the contract's expected profitability. The portfolios are split by their profitability into: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and (iii) the remaining contracts. These profitability groups are then divided by issue date, with most contracts the Group issues after the transition date being grouped into calendar quarter cohorts. For multi-currency groups of contracts, the Group considers its groups of contracts as being denominated in a single currency.

The measurement of the insurance contract liability is based on groups of insurance contracts as established at initial recognition, and will include fulfilment cash flows as well as the CSM representing the unearned profit. The Group's accounting policy is to update the estimates used in the measurement on a year-to-date basis.

Fulfilment cash flows

The fulfilment cash flows comprise the following:

Best estimates of future cash flows

The cash flows within the contract boundary of each contract in the Group include amounts expected to be collected from premiums and payouts for claims, benefits and expenses, and are projected using a range of scenarios and assumptions in an unbiased way based on the Group's demographic and operating experience along with external mortality data where the Group's own experience data is not sufficiently large in size to be credible.

Adjustment for the time value of money and financial risks associated with the future cash flows

The estimates of future cash flows are adjusted to reflect the time value of money (i.e. discounting) and the financial risks to derive an expected present value. The Group generally makes use of stochastic modelling techniques in the estimation for products with options and guarantees.

A bottom-up approach is used to determine the discount rate to be applied to a given set of expected future cash flows. This is derived as the sum of the risk-free yield and an illiquidity premium. The risk-free yield is determined based on observable market data, where such markets are considered to be deep, liquid and transparent. When information is not available, management judgement is applied to determine the appropriate risk-free yield. Illiquidity premiums reflect the liquidity characteristics of the associated insurance contracts.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation required for bearing the uncertainty about the amount and timing of future cash flows that arises from non-financial risk. It is calculated as a 75th percentile level of stress over a one-year period. The level of the stress is determined with reference to external regulatory stresses and internal economic capital stresses.

For the main insurance manufacturing entity in these locations, the one-year 75th percentile level of stress corresponds to the following percentiles based on an ultimate view of risk over all future years:

– Asia-Pacific (Hong Kong): 60th percentile (2023: 60th percentile).

– Europe (France): 60th percentile (2023: 60th percentile).

– Latin America (Mexico): 64th percentile (2023: 65th percentile).

The Group does not disaggregate changes in the risk adjustment between insurance service result (comprising insurance revenue and insurance service expense) and insurance finance income or expenses. All changes are included in the insurance service result.

Measurement models

The variable fee approach ('VFA') measurement model is used for most of the contracts issued by the Group, which is mandatory upon meeting the following eligibility criteria at inception:

– the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

– the Group expects to pay to the policyholder a substantial share of the fair value returns on the underlying items. The Group considers that a substantial share is a majority of returns; and

– the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items. The Group considers that a substantial proportion is a majority proportion of change on a present value probability-weighted average of all scenarios.

For some contracts measured under VFA, the other comprehensive income ('OCI') option is used. The OCI option is applied where the underlying items held by the Group are not accounted for at fair value through profit or loss. Under this option, only the amount that matches income or expenses recognised in profit or loss on underlying items is included in finance income or expenses for these insurance contracts, and hence results in the elimination of accounting mismatches. The remaining amount of finance income or expenses for these insurance contracts issued for the period is recognised in OCI. In addition, the risk mitigation option is used for a number of economic offsets against the instruments that meet specific requirements.

The remaining contracts issued and the reinsurance contracts held are accounted for under the general measurement model ('GMM').

CSM and coverage units

The CSM represents the unearned profit and results in no income or expense at initial recognition when the group of contracts is profitable. The CSM is adjusted at each subsequent reporting period for changes in fulfilment cash flows relating to future service (e.g. changes in non-economic assumptions, including mortality and morbidity rates). For initial recognition of onerous groups of contracts and when groups of contracts become onerous subsequently, losses are recognised in insurance service expense immediately.

For groups of contracts measured using the VFA, changes in the Group's share of the underlying items, and economic experience and economic assumption changes adjust the CSM, whereas these changes do not adjust the CSM under the GMM, but are recognised in profit or loss as they arise. However, under the risk mitigation option for VFA contracts, the changes in the fulfilment cash flows and the changes in the Group's share in the fair value return on underlying items that the instruments mitigate are not adjusted in CSM but recognised in profit or loss. The risk mitigating instruments are primarily reinsurance contracts held.

The CSM is systematically recognised in insurance revenue to reflect the insurance contract services provided, based on the coverage units of the group of contracts. Coverage units are determined by the quantity of benefits and the expected coverage period of the contracts.

The Group identifies the quantity of the benefits provided as follows:

– Insurance coverage: This is based on the expected net policyholder insurance benefit at each period after allowance for decrements, where net policyholder insurance benefit refers to the amount of sum assured less the fund value or surrender value.

– Investment services (including both investment-return service and investment-related service): This is based on a constant measure basis which reflects the provision of access for the policyholder to the facility.

For contracts that provide both insurance coverage and investment services, coverage units are weighted according to the expected present value of the future cash outflows for each service.

Insurance service result

Insurance revenue reflects the consideration to which the Group expects to be entitled in exchange for the provision of coverage and other insurance contract services (excluding any investment components). Insurance service expenses comprise the incurred claims and other incurred insurance service expenses (excluding any investment components), and losses on onerous groups of contracts and reversals of such losses.

Insurance finance income and expenses

Insurance finance income and expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effects of the time value of money, financial risk and changes therein. For VFA contracts, changes in the fair value of underlying items (excluding additions and withdrawals) are recognised in insurance finance income or expenses.

(k) Employee compensation and benefits

Share-based payments

HSBC enters into both equity-settled and cash-settled share-based payment arrangements with its employees as compensation for the provision of their services.

The vesting period for these schemes may commence before the legal grant date if the employees have started to render services in respect of the award before the legal grant date, where there is a shared understanding of the terms and conditions of the arrangement. Expenses are recognised when the employee starts to render service to which the award relates.

Cancellations result from the failure to meet a non-vesting condition during the vesting period, and are treated as an acceleration of vesting recognised immediately in the income statement. Failure to meet a vesting condition by the employee is not treated as a cancellation, and the amount of expense recognised for the award is adjusted to reflect the number of awards expected to vest.

Post-employment benefit plans

HSBC operates a number of pension schemes including defined benefit, defined contribution and other post-employment benefit schemes.

Payments to defined contribution schemes are charged as an expense as the employees render service.

Defined benefit pension obligations are calculated using the projected unit credit method. The net charge to the income statement mainly comprises the service cost and the net interest on the net defined benefit asset or liability, and is presented in operating expenses.

Remeasurements of the net defined benefit asset or liability, which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The net defined benefit asset or liability represents the present value of defined benefit obligations reduced by the fair value of plan assets (see Note 1.2(c)), after applying the asset ceiling test, where the net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the plan.

The costs of obligations arising from other post-employment plans are accounted for on the same basis as defined benefit pension plans.

Critical estimates and judgements

The most significant critical estimates relate to the determination of key assumptions applied in calculating the defined benefit pension obligation for the principal plan.

Judgements	Estimates
	– A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit obligation and the amounts recognised in profit or loss or OCI. – The calculation of the defined benefit pension obligation includes assumptions with regard to the discount rate, inflation rate, pension payments and deferred pensions, pay and mortality. Management determines these assumptions in consultation with the plan's actuaries. – Key assumptions used in calculating the defined benefit pension obligation for the principal plan and the sensitivity of the calculation to different assumptions are described in Note 5.

(l) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement as the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. HSBC provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled.

In assessing the probability and sufficiency of future taxable profit, management considers the availability of evidence to support the recognition of deferred tax assets, taking into account the inherent risks in long-term forecasting, including climate change-related, and drivers of recent history of tax losses where applicable. Management also considers the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganisations.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Critical estimates and judgements

The recognition of deferred tax assets depends on judgements and estimates.

Judgements	Estimates
– Specific judgements supporting deferred tax assets are described in Note 7.	– The recognition of deferred tax assets is sensitive to estimates of future cash flows projected for periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of cash flows thereafter, on which forecasts of future taxable profit are based, and which affect the expected recovery periods and the pattern of utilisation of tax losses and tax credits. See Note 7 for further detail.

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of deferred tax assets in the next financial year, but does consider this to be an area that is inherently judgemental.

(m) Provisions, contingent liabilities and guarantees

Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made.

Critical estimates and judgements

The recognition and measurement of provisions requires the Group to make a number of judgements, assumptions and estimates. The most significant are set out below:

Judgements	Estimates
– Determining whether a present obligation exists. Professional advice is taken on the assessment of litigation and similar obligations. – Provisions for legal proceedings and regulatory matters typically require a higher degree of judgement than other types of provisions. When matters are at an early stage, accounting judgements can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists, and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised, revising previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better defined set of possible outcomes.	– Provisions for legal proceedings and regulatory matters remain very sensitive to the assumptions used in the estimate. There could be a wider range of possible outcomes for any pending legal proceedings, investigations or inquiries. As a result it is often not practicable to quantify a range of possible outcomes for individual matters. It is also not practicable to meaningfully quantify ranges of potential outcomes in aggregate for these types of provisions because of the diverse nature and circumstances of such matters and the wide range of uncertainties involved.

Contingent liabilities, contractual commitments and guarantees

Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

Financial guarantee contracts

Liabilities under financial guarantee contracts that are not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable.

(n) Impairment of non-financial assets

Software under development is tested for impairment at least annually. Other non-financial assets are property, plant and equipment, intangible assets (excluding goodwill) and right-of-use assets. They are tested for impairment at the individual asset level when there is indication of impairment at that level, or at the CGU level for assets that do not have a recoverable amount at the individual asset level. In addition, impairment is also tested at the CGU level when there is indication of impairment at that level. For this purpose, CGUs are considered to be the principal operating legal entities divided by global business. Impairment testing compares the carrying amount of the non-financial asset or CGU with its recoverable amount, which is the higher of the fair value less costs of disposal or the value in use. The carrying amount of a CGU comprises the carrying amount of its assets and liabilities, including non-financial assets that are directly attributable to it and non-financial assets that can be allocated to it on a reasonable and consistent basis. Non-financial assets that cannot be allocated to an individual CGU are tested for impairment at an appropriate grouping of CGUs. The recoverable amount of the CGU is the higher of the fair value less costs of disposal of the CGU, which is determined by independent and qualified valuers where relevant, and the value in use, which is calculated based on appropriate inputs (see Note 21).

When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognised in the income statement to the extent that the impairment can be allocated on a pro-rata basis to the non-financial assets by reducing their carrying amounts to the higher of their respective individual recoverable amount or nil. Impairment is not allocated to the financial assets in a CGU.

Impairment losses recognised in prior periods for non-financial assets are reversed when there has been a change in the estimate used to determine the recoverable amount. The impairment loss is reversed to the extent that the carrying amount of the non-financial assets would not exceed the amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in prior periods.

Critical estimates and judgements

The review of goodwill and other non-financial assets for impairment reflects management's best estimate of the future cash flows of the CGUs and the rates used to discount these cash flows, both of which are subject to uncertain factors as described in the 'Critical estimates and judgements' in Note 1.2(a).

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of goodwill and non-financial assets in the next financial year, but does consider this to be an area that is inherently judgemental.

(o) Non-current assets and disposal groups held for sale

HSBC classifies non-current assets or disposal groups (including assets and liabilities) as held for sale when their carrying amounts will be recovered principally through sale rather than through continuing use. To be classified as held for sale, the non-current asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and the sale must be highly probable. For a sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Held for sale assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS 5. If the carrying amount of the non-current asset (or disposal group) is greater than the fair value less costs to sell, an impairment loss for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell is recognised. Any such impairment loss is first allocated against the non-current assets that are in scope of IFRS 5 for measurement. This first reduces the carrying amount of any goodwill allocated to the disposal group, and then to the other non-current assets of the disposal group pro rata on the basis of the carrying amount of each asset in the disposal group. Thereafter, any impairment loss in excess of the carrying amount of the non-current assets in scope of IFRS 5 for measurement is recognised against the total assets of the disposal group.

2 Net fee income

Net fee income by global business

	2024				
	Wealth and Personal Banking	**Commercial Banking**	**Global Banking and Markets**	**Corporate Centre**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Funds under management	**1,864**	**78**	**497**	**—**	**2,439**
Cards	**2,448**	**351**	**44**	**—**	**2,843**
Credit facilities	**85**	**722**	**621**	**—**	**1,428**
Broking income	**561**	**13**	**716**	**—**	**1,290**
Account services	**348**	**791**	**360**	**—**	**1,499**
Unit trusts	**1,060**	**10**	**1**	**—**	**1,071**
Underwriting	**—**	**8**	**683**	**—**	**691**
Global custody	**120**	**7**	**704**	**—**	**831**
Remittances	**77**	**387**	**361**	**—**	**825**
Imports/exports	**—**	**463**	**182**	**—**	**645**
Insurance agency commission	**329**	**18**	**—**	**—**	**347**
Other	**1,551**	**1,249**	**2,725**	**(3,168)**	**2,357**
Fee income	**8,443**	**4,097**	**6,894**	**(3,168)**	**16,266**
Less: fee expense	**(2,513)**	**(245)**	**(4,348)**	**3,141**	**(3,965)**
Net fee income	**5,930**	**3,852**	**2,546**	**(27)**	**12,301**

	2023				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Funds under management	1,763	71	539	—	2,373
Cards	2,385	353	38	—	2,776
Credit facilities	103	856	615	—	1,574
Broking income	463	22	592	—	1,077
Account services	402	788	347	—	1,537
Unit trusts	727	10	1	—	738
Underwriting	—	3	583	—	586
Global custody	128	6	730	—	864
Remittances	86	389	347	1	823
Imports/exports	—	470	154	—	624
Insurance agency commission	280	18	—	—	298
Other	1,433	1,161	2,458	(2,706)	2,346
Fee income	7,770	4,147	6,404	(2,705)	15,616
Less: fee expense	(2,416)	(210)	(3,858)	2,713	(3,771)
Net fee income	5,354	3,937	2,546	8	11,845

	2022				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Funds under management	1,765	107	500	(12)	2,360
Cards	2,146	313	32	—	2,491
Credit facilities	100	783	591	—	1,474
Broking income	576	40	635	—	1,251
Account services	337	730	344	1	1,412
Unit trusts	682	14	—	—	696
Underwriting	1	2	443	(5)	441
Global custody	140	19	762	—	921
Remittances	72	380	346	1	799
Imports/exports	—	493	141	—	634
Insurance agency commission	283	16	1	—	300
Other	1,330	1,102	2,376	(2,463)	2,345
Fee income	7,432	3,999	6,171	(2,478)	15,124
Less: fee expense	(2,128)	(212)	(3,459)	2,445	(3,354)
Net fee income	5,304	3,787	2,712	(33)	11,770

Net fee income included $6,816m of fees earned on financial assets that were not at fair value through profit or loss, other than amounts included in determining the effective interest rate (2023: $6,971m; 2022: $6,410m), $1,951m of fees payable on financial liabilities that were not at fair value through profit or loss, other than amounts included in determining the effective interest rate (2023: $1,872m; 2022: $1,613m), $3,480m of fees earned on trust and other fiduciary activities (2023: $3,452m; 2022: $3,492m) and $401m of fees payable relating to trust and other fiduciary activities (2023: $333m; 2022: $370m).

3 Net income/(expense) from financial instruments measured at fair value through profit or loss

	2024 $m	2023 $m	2022 $m
Net income/(expense) arising on:			
Net trading activities	**23,186**	20,391	2,372
Other instruments managed on a fair value basis	**(2,070)**	(3,730)	7,906
Net income from financial instruments held for trading or managed on a fair value basis	**21,116**	16,661	10,278
Financial assets held to meet liabilities under insurance and investment contracts	**6,210**	8,086	(14,392)
Liabilities to customers under investment contracts	**(309)**	(199)	561
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**5,901**	7,887	(13,831)

HSBC Holdings

	2024 $m	2023 $m	2022 $m
Net income/(expense) arising on:			
Net trading activities	**984**	(546)	2,094
Other instruments managed on a fair value basis	**1,915**	1,609	35
Net income from financial instruments held for trading or managed on a fair value basis	**2,899**	1,063	2,129
Derivatives managed in conjunction with HSBC Holdings-issued debt securities	**93**	426	(1,529)
Other changes in fair value	**(218)**	(1,894)	3,673
Changes in fair value of designated debt and related derivatives	**(125)**	(1,468)	2,144
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**2,086**	3,692	(2,409)
Year ended 31 Dec	**4,860**	3,287	1,864

4 Insurance business

Insurance service result

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
	Life direct participating and investment DPF contracts[1] **$m**	**Life other contracts[2]** **$m**	**Total** **$m**	Life direct participating and investment DPF contracts[1] $m	Life other contracts[2] $m	Total $m
Insurance revenue						
Amounts relating to changes in liabilities for remaining coverage	**1,890**	**566**	**2,456**	1,626	470	2,096
– Contractual service margin recognised for services provided	**1,143**	**188**	**1,331**	975	151	1,126
– Change in risk adjustment for non-financial risk for risk expired	**46**	**20**	**66**	21	15	36
– Expected incurred claims and other insurance service expenses	**698**	**358**	**1,056**	594	304	898
– Other	**3**	**—**	**3**	36	—	36
Recovery of insurance acquisition cash flows	**195**	**101**	**296**	109	54	163
Total insurance revenue	**2,085**	**667**	**2,752**	1,735	524	2,259
Insurance service expenses						
Incurred claims and other insurance service expenses	**(616)**	**(428)**	**(1,044)**	(615)	(292)	(907)
Losses and reversal of losses on onerous contracts	**(50)**	**(73)**	**(123)**	(32)	(77)	(109)
Amortisation of insurance acquisition cash flows	**(195)**	**(101)**	**(296)**	(109)	(54)	(163)
Adjustments to liabilities for incurred claims	**(6)**	**27**	**21**	(1)	(1)	(2)
Total insurance service expenses	**(867)**	**(575)**	**(1,442)**	(757)	(424)	(1,181)
Total insurance service result	**1,218**	**92**	**1,310**	978	100	1,078

1 'Life direct participating and investment DPF contracts' are substantially measured under the variable fee approach measurement model.
2 'Life other contracts' are measured under the general measurement model.

Financial statements

Net investment return

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
	Life direct participating and investment DPF contracts	Life other contracts	Total	Life direct participating and investment DPF contracts	Life other contracts	Total
	$m	$m	$m	$m	$m	$m
Investment return						
Amounts recognised in profit or loss[1]	**5,644**	**273**	**5,917**	7,663	214	7,877
Amounts recognised in OCI[2]	**185**	**—**	**185**	493	—	493
Total investment return (memorandum)	**5,829**	**273**	**6,102**	8,156	214	8,370
Net finance expense						
Changes in fair value of underlying items of direct participating contracts	**(5,805)**	**—**	**(5,805)**	(7,995)	—	(7,995)
Effect of risk mitigation option	**44**	**—**	**44**	(35)	—	(35)
Interest accreted	**—**	**(110)**	**(110)**	—	(127)	(127)
Effect of changes in interest rates and other financial assumptions	**—**	**(298)**	**(298)**	(12)	(121)	(133)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	**—**	**—**	**—**	—	(10)	(10)
Total net finance expense from insurance contracts	**(5,761)**	**(408)**	**(6,169)**	(8,042)	(258)	(8,300)
Represented by:						
Amounts recognised in profit or loss	**(5,570)**	**(408)**	**(5,978)**	(7,551)	(258)	(7,809)
Amounts recognised in OCI	**(191)**	**—**	**(191)**	(491)	—	(491)
Total net investment return	**68**	**(135)**	**(67)**	114	(44)	70
Represented by:						
Amounts recognised in profit or loss	**74**	**(135)**	**(61)**	112	(44)	68
Amounts recognised in OCI	**(6)**	**—**	**(6)**	2	—	2

1 Total Group 'Net income/(expense) from assets and liabilities of insurance business, including related derivatives, measured at fair value through profit or loss' of $5,901m gain (2023: $7,886m gain) includes returns on assets and liabilities supporting insurance policies of $5,685m (2023: $7,627m loss) and on shareholder assets of $216m (2023: $259m gain). Investment returns of $5,917m (2023: $7,877m gain) include gains of $5,685m (2023: $7,627m gain) on underlying assets supporting insurance liabilities reported in 'Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss', $235m gains (2023: $257m gain) reported in 'Net interest income' and $3m loss (2023: $7m loss) reported in 'Other operating income'.

2 'Amounts recognised in OCI' insurance investment income comprises of fair value gains of $185m (2023: $497m gain) and expected credit (recoveries)/losses of nil (2023: $4m loss). The Group statement of comprehensive income statement 'Debt instruments at fair value through other comprehensive income – fair value gains/(losses)' gain of $41m (2023: $2,381m gain) includes insurance investment income recognised in OCI of $185m gain (2023: $497m gain) and 'Debt instruments at fair value through other comprehensive income - expected credit (recoveries)/losses recognised in the income statement' recovery of $6m (2023: $59m loss) includes insurance expected credit (recoveries)/losses recognised in OCI of nil (2023: $4m loss).

Reconciliation of amounts included in other comprehensive income for financial assets measured at fair value through other comprehensive income – assets supporting contracts measured under the modified retrospective approach

	2024	2023
	$m	$m
Balance at 1 Jan	**(670)**	(973)
Net change in fair value	**(153)**	451
Net amount reclassified to profit or loss	**3**	(6)
Related income tax	**39**	(115)
Foreign exchange and other	**45**	(27)
Balance at 31 Dec	**(736)**	(670)

Movements in carrying amounts of insurance contracts – analysis by remaining coverage and incurred claims

	Year ended 31 Dec 2024								
	Life direct participating and investment DPF contracts				Life other contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(15)	1	1	(13)	(279)	(16)	56	(239)	(252)
Opening liabilities	116,546	121	370	117,037	3,400	191	223	3,814	120,851
Net opening balance at 1 Jan 2024	116,531	122	371	117,024	3,121	175	279	3,575	120,599
Changes in the consolidated income statement and statement of comprehensive income									
Insurance revenue									
Contracts under the fair value approach[1]	(715)	—	—	(715)	(217)	—	—	(217)	(932)
Contracts under the modified retrospective approach	(141)	—	—	(141)	(18)	—	—	(18)	(159)
Other contracts[2]	(1,229)	—	—	(1,229)	(432)	—	—	(432)	(1,661)
Total insurance revenue	(2,085)	—	—	(2,085)	(667)	—	—	(667)	(2,752)
Insurance service expenses									
Incurred claims and other insurance service expenses	—	(7)	623	616	—	(49)	477	428	1,044
Amortisation of insurance acquisition cash flows	195	—	—	195	101	—	—	101	296
Losses and reversal of losses on onerous contracts	—	50	—	50	—	73	—	73	123
Adjustments to liabilities for incurred claims	—	—	6	6	—	—	(27)	(27)	(21)
Total insurance service expenses	195	43	629	867	101	24	450	575	1,442
Investment components	(8,284)	—	8,284	—	(1,058)	—	1,058	—	—
Insurance service result	(10,174)	43	8,913	(1,218)	(1,624)	24	1,508	(92)	(1,310)
Net finance expense from insurance contracts[3]	5,720	41	—	5,761	405	3	—	408	6,169
Other movements recognised in the statement of profit or loss	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	(1,162)	(5)	(9)	(1,176)	(76)	1	(24)	(99)	(1,275)
Total changes in the consolidated income statement and statement of comprehensive income	(5,616)	79	8,904	3,367	(1,295)	28	1,484	217	3,584
Cash flows									
Premiums received	16,442	—	—	16,442	1,950	—	—	1,950	18,392
Claims, other insurance service expenses paid and other cash flows	2	—	(9,020)	(9,018)	2	—	(1,508)	(1,506)	(10,524)
Insurance acquisition cash flows	(835)	—	—	(835)	(260)	—	—	(260)	(1,095)
Total cash flows	15,609	—	(9,020)	6,589	1,692	—	(1,508)	184	6,773
Other movements[4]	(23,495)	(54)	(31)	(23,580)	53	8	60	121	(23,459)
Net closing balance at 31 Dec 2024	103,029	147	224	103,400	3,571	211	315	4,097	107,497
Closing assets	(16)	1	1	(14)	(177)	(13)	72	(118)	(132)
Closing liabilities	103,045	146	223	103,414	3,748	224	243	4,215	107,629
Net closing balance at 31 Dec 2024	103,029	147	224	103,400	3,571	211	315	4,097	107,497

Movements in carrying amounts of insurance contracts – analysis by remaining coverage and incurred claims (continued)

	Year ended 31 Dec 2023								
	Life direct participating and investment DPF contracts				Life other contracts				
	Liabilities for remaining coverage:				Liabilities for remaining coverage:				
	Excluding loss component	Loss component	Incurred claims	Total	Excluding loss component	Loss component	Incurred claims	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(5)	—	—	(5)	(187)	21	35	(131)	(136)
Opening liabilities	104,676	114	355	105,145	3,359	109	203	3,671	108,816
Net opening balance at 1 Jan 2023	104,671	114	355	105,140	3,172	130	238	3,540	108,680
Changes in the consolidated income statement and statement of comprehensive income									
Insurance revenue									
Contracts under the fair value approach[1]	(508)	—	—	(508)	(196)	—	—	(196)	(704)
Contracts under the modified retrospective approach	(148)	—	—	(148)	(22)	—	—	(22)	(170)
Other contracts[2]	(1,079)	—	—	(1,079)	(306)	—	—	(306)	(1,385)
Total insurance revenue	(1,735)	—	—	(1,735)	(524)	—	—	(524)	(2,259)
Insurance service expenses									
Incurred claims and other insurance service expenses	—	(6)	621	615	—	(24)	316	292	907
Amortisation of insurance acquisition cash flows	109	—	—	109	54	—	—	54	163
Losses and reversal of losses on onerous contracts	—	32	—	32	—	77	—	77	109
Adjustments to liabilities for incurred claims	—	—	1	1	—	—	1	1	2
Total insurance service expenses	109	26	622	757	54	53	317	424	1,181
Investment components	(8,104)	—	8,104	—	(818)	—	818	—	—
Insurance service result	(9,730)	26	8,726	(978)	(1,288)	53	1,135	(100)	(1,078)
Net finance expense from insurance contracts[3]	8,042	—	—	8,042	254	3	1	258	8,300
Other movements recognised in the statement of profit or loss	513	(5)	(214)	294	(8)	4	(13)	(17)	277
Effect of movements in exchange rates	942	1	6	949	25	(2)	8	31	980
Total changes in the consolidated income statement and statement of comprehensive income	(233)	22	8,518	8,307	(1,017)	58	1,131	172	8,479
Cash flows									
Premiums received	12,616	—	—	12,616	1,256	—	—	1,256	13,872
Claims, other insurance service expenses paid and other cash flows	(15)	—	(8,502)	(8,517)	1	—	(1,112)	(1,111)	(9,628)
Insurance acquisition cash flows	(522)	—	—	(522)	(282)	—	—	(282)	(804)
Total cash flows	12,079	—	(8,502)	3,577	975	—	(1,112)	(137)	3,440
Acquisition of subsidiaries and other movements	14	(14)	—	—	(9)	(13)	22	—	—
Net closing balance at 31 Dec 2023	116,531	122	371	117,024	3,121	175	279	3,575	120,599
Closing assets	(15)	1	1	(13)	(279)	(16)	56	(239)	(252)
Closing liabilities	116,546	121	370	117,037	3,400	191	223	3,814	120,851
Net closing balance at 31 Dec 2023	116,531	122	371	117,024	3,121	175	279	3,575	120,599

1 On transition to IFRS 17 the Group applied the full retrospective approach to new business written from 2018 at the earliest. Where applying the full retrospective approach was impracticable, the Group primarily applied the fair value approach.
2 'Other contracts' are those contracts measured by applying IFRS 17 from inception of the contracts. These include contracts measured under the full retrospective approach at transition and contracts incepted after transition.
3 'Net finance expense from insurance contracts' expense of $6,169m (2023: $8,300m expense) comprises expense of $5,978m (2023: $7,809m expense) recognised in the income statement and expense of $191m (2023: $491m expense) recognised in other comprehensive income.
4 The 'Other movements' reduction of $23,459m in insurance contracts includes $21,811m in respect of our French insurance business, classified as held for sale at 31 December 2024. Further details are provided on page 412.

Movements in carrying amounts of insurance contracts – analysis by measurement component

	Year ended 31 Dec 2024										
	Life direct participating and investment DPF contracts					Life other contracts					
	Estimates of present value of future cash flows and risk adjustment	Contractual service margin				Estimates of present value of future cash flows and risk adjustment	Contractual service margin				
		Contracts under the fair value approach[1]	Contracts under the modified retros-pective approach	Other contracts[2]	Total		Contracts under the fair value approach[1]	Contracts under the modified retros-pective approach	Other contracts[2]	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(30)	3	—	14	(13)	(339)	36	—	64	(239)	(252)
Opening liabilities	106,440	4,679	715	5,203	117,037	3,113	361	19	321	3,814	120,851
Net opening balance at 1 Jan 2024	106,410	4,682	715	5,217	117,024	2,774	397	19	385	3,575	120,599
Changes in the consolidated income statement and statement of comprehensive income											
Changes that relate to current services											
Contractual service margin recognised for services provided	—	(488)	(59)	(596)	(1,143)	—	(77)	(6)	(105)	(188)	(1,331)
Change in risk adjustment for non-financial risk expired	(46)	—	—	—	(46)	(20)	—	—	—	(20)	(66)
Experience adjustments	(82)	—	—	—	(82)	70	—	—	—	70	(12)
Other movements recognised in insurance service result	—	52	—	(55)	(3)	—	—	—	—	—	(3)
Changes that relate to future services											
Contracts initially recognised in the year	(2,384)	—	—	2,400	16	(201)	—	—	220	19	35
Changes in estimates that adjust the contractual service margin[3]	(914)	229	(6)	691	—	(7)	30	7	(30)	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	34	—	—	—	34	54	—	—	—	54	88
Changes that relate to past services											
Adjustments to liabilities for incurred claims	6	—	—	—	6	(27)	—	—	—	(27)	(21)
Insurance service result	(3,386)	(207)	(65)	2,440	(1,218)	(131)	(47)	1	85	(92)	(1,310)
Net finance expense from insurance contracts[4]	5,761	—	—	—	5,761	380	12	—	16	408	6,169
Other movements recognised in the statement of profit or loss	—	—	—	—	—	—	—	—	—	—	—
Effect of movements in exchange rates	(1,167)	51	(24)	(36)	(1,176)	(50)	(11)	—	(38)	(99)	(1,275)
Total changes in the consolidated income statement and statement of comprehensive income	1,208	(156)	(89)	2,404	3,367	199	(46)	1	63	217	3,584
Cash flows											
Premiums received	16,442	—	—	—	16,442	1,950	—	—	—	1,950	18,392
Claims, other insurance service expenses paid and other cash flows	(9,018)	—	—	—	(9,018)	(1,506)	—	—	—	(1,506)	(10,524)
Insurance acquisition cash flows	(835)	—	—	—	(835)	(260)	—	—	—	(260)	(1,095)
Total cash flows	6,589	—	—	—	6,589	184	—	—	—	184	6,773
Other movements[5]	(22,736)	(23)	(626)	(195)	(23,580)	153	2	(20)	(14)	121	(23,459)
Net closing balance at 31 Dec 2024	91,471	4,503	—	7,426	103,400	3,310	353	—	434	4,097	107,497
Closing assets	(27)	3	—	10	(14)	(359)	73	—	168	(118)	(132)
Closing liabilities	91,498	4,500	—	7,416	103,414	3,669	280	—	266	4,215	107,629
Net closing balance at 31 Dec 2024	91,471	4,503	—	7,426	103,400	3,310	353	—	434	4,097	107,497

Movements in carrying amounts of insurance contracts – analysis by measurement component (continued)

	Year ended 31 Dec 2023										
	Life direct participating and investment DPF contracts					Life other contracts					
	Estimates of present value of future cash flows and risk adjustment	Contractual service margin				Estimates of present value of future cash flows and risk adjustment	Contractual service margin				
		Contracts under the fair value approach[1]	Contracts under the modified retros-pective approach	Other contracts[2]	Total		Contracts under the fair value approach[1]	Contracts under the modified retros-pective approach	Other contracts[2]	Total	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Opening assets	(18)	3	—	10	(5)	(308)	86	—	91	(131)	(136)
Opening liabilities	96,174	4,364	792	3,815	105,145	3,162	325	18	166	3,671	108,816
Net opening balance at 1 Jan 2023	96,156	4,367	792	3,825	105,140	2,854	411	18	257	3,540	108,680
Changes in the consolidated income statement and statement of comprehensive income											
Changes that relate to current services											
Contractual service margin recognised for services provided	—	(188)	(70)	(717)	(975)	—	(69)	(6)	(76)	(151)	(1,126)
Change in risk adjustment for non-financial risk expired	(21)	—	—	—	(21)	(15)	—	—	—	(15)	(36)
Experience adjustments	21	—	—	—	21	(12)	—	—	—	(12)	9
Other movements recognised in insurance service result	(36)	—	—	—	(36)	—	—	—	—	—	(36)
Changes that relate to future services											
Contracts initially recognised in the year	(1,606)	—	—	1,619	13	(176)	—	—	207	31	44
Changes in estimates that adjust contractual service margin[3]	(771)	368	(33)	436	—	21	26	6	(53)	—	—
Changes in estimates that result in losses and reversal of losses on onerous contracts	19	—	—	—	19	46	—	—	—	46	65
Changes that relate to past services											
Adjustments to liabilities for incurred claims	1	—	—	—	1	1	—	—	—	1	2
Insurance service result	(2,393)	180	(103)	1,338	(978)	(135)	(43)	—	78	(100)	(1,078)
Net finance expense from insurance contracts[4]	8,042	—	—	—	8,042	235	11	—	12	258	8,300
Other movements recognised in the statement of profit or loss	145	133	(1)	17	294	(43)	6	—	20	(17)	277
Effect of movements in exchange rates	883	2	27	37	949	—	12	1	18	31	980
Total changes in the consolidated income statement and statement of comprehensive income	6,677	315	(77)	1,392	8,307	57	(14)	1	128	172	8,479
Cash flows											
Premiums received	12,616	—	—	—	12,616	1,256	—	—	—	1,256	13,872
Claims, other insurance service expenses paid and other cash flows	(8,517)	—	—	—	(8,517)	(1,111)	—	—	—	(1,111)	(9,628)
Insurance acquisition cash flows	(522)	—	—	—	(522)	(282)	—	—	—	(282)	(804)
Total cash flows	3,577	—	—	—	3,577	(137)	—	—	—	(137)	3,440
Other movements	—	—	—	—	—	—	—	—	—	—	—
Net closing balance at 31 Dec 2023	106,410	4,682	715	5,217	117,024	2,774	397	19	385	3,575	120,599
Closing assets	(30)	3	—	14	(13)	(339)	36	—	64	(239)	(252)
Closing liabilities	106,440	4,679	715	5,203	117,037	3,113	361	19	321	3,814	120,851
Net closing balance at 31 Dec 2023	106,410	4,682	715	5,217	117,024	2,774	397	19	385	3,575	120,599

1 On transition to IFRS 17 the Group applied the full retrospective approach to new business written from 2018 at the earliest. Where applying the full retrospective approach was impracticable, the Group primarily applied the fair value approach.

2 'Other contracts' are those contracts measured by applying IFRS 17 from inception of the contracts. These include contracts measured under the full retrospective approach at transition and contracts incepted after transition.

3 'Changes in estimates that adjust contractual service margin' increase of $921m (2023: $750m increase) includes an increase of $651m (2023: $233m increase) from economic factors and an increase of $270m (2023: $517m increase) from non-economic factors.

4 'Net finance expense from insurance contracts' expense of $6,169m (2023: $8,300m expense) comprises expense of $5,978m (2023: $7,809m expense) recognised in the income statement and expense of $191m (2023: $491m expense) recognised in other comprehensive income.

5 'Other movements' $23,459m reduction in insurance contracts includes $21,811m in respect of the classification of the France insurance business to held for sale at 31 December 2024. Further details are provided on page 412.

Effect of contracts initially recognised in the year

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
	$m	$m	$m	$m	$m	$m
Life direct participating and investment DPF contracts						
Estimates of present value of cash outflows	**16,878**	**495**	**17,373**	12,418	215	12,633
– insurance acquisition cash flows	**805**	**38**	**843**	602	21	623
– claims and other insurance service expenses payable	**16,073**	**457**	**16,530**	11,816	194	12,010
Estimates of present value of cash inflows	**(19,326)**	**(481)**	**(19,807)**	(14,074)	(204)	(14,278)
Risk adjustment for non-financial risk	**48**	**2**	**50**	37	2	39
Contractual service margin	**2,400**	**—**	**2,400**	1,619	—	1,619
(Losses) recognised on initial recognition	**—**	**(16)**	**(16)**	—	(13)	(13)
Life other contracts						
Estimates of present value of cash outflows	**1,484**	**476**	**1,960**	1,116	464	1,580
– insurance acquisition cash flows	**125**	**65**	**190**	106	50	156
– claims and other insurance service expenses payable	**1,359**	**411**	**1,770**	1,010	414	1,424
Estimates of present value of cash inflows	**(1,731)**	**(460)**	**(2,191)**	(1,350)	(438)	(1,788)
Risk adjustment for non-financial risk	**27**	**3**	**30**	27	5	32
Contractual service margin	**220**	**—**	**220**	207	—	207
(Losses) recognised on initial recognition	**—**	**(19)**	**(19)**	—	(31)	(31)

Present value of expected future cash flows of insurance contract liabilities and contractual service margin

	Less than 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	10–20 years	Over 20 years	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
2024									
Insurance liability future cash flows[1]									
Life direct participating and investment DPF contracts	**(3,526)**	**(455)**	**2,464**	**2,968**	**3,219**	**11,332**	**22,005**	**53,120**	**91,127**
Life other contracts	**971**	**(96)**	**(101)**	**(53)**	**7**	**63**	**279**	**2,529**	**3,599**
Insurance liability future cash flows at 31 Dec	**(2,555)**	**(551)**	**2,363**	**2,915**	**3,226**	**11,395**	**22,284**	**55,649**	**94,726**
Remaining contractual service margin[1]									
Life direct participating and investment DPF contracts	**1,052**	**961**	**880**	**810**	**746**	**2,892**	**2,954**	**1,634**	**11,929**
Life other contracts	**128**	**104**	**85**	**69**	**53**	**159**	**127**	**62**	**787**
Remaining contractual service margin at 31 Dec	**1,180**	**1,065**	**965**	**879**	**799**	**3,051**	**3,081**	**1,696**	**12,716**
2023									
Insurance liability future cash flows									
Life direct participating and investment DPF contracts	(2,620)	(545)	2,321	2,419	3,344	11,695	23,351	65,897	105,862
Life other contracts	1,276	362	(347)	4	(45)	36	102	1,628	3,016
Insurance liability future cash flows at 31 Dec	(1,344)	(183)	1,974	2,423	3,299	11,731	23,453	67,525	108,878
Remaining contractual service margin									
Life direct participating and investment DPF contracts	917	848	783	722	666	2,597	2,653	1,428	10,614
Life other contracts	172	113	84	74	61	141	115	41	801
Remaining contractual service margin at 31 Dec	1,089	961	867	796	727	2,738	2,768	1,469	11,415

1 'Insurance liability future cash flows' and 'Remaining contractual service margin' at 31 December 2024 exclude the French insurance business that was classified as held for sale at 31 December 2024. Further details are provided on page 412.

Discount rates

The discount rates applied to expected future cash flows are determined through a bottom-up approach as set out in Note 1.2(j) 'Summary of material accounting policies – Insurance contracts' on page 354. The blended average of discount rates used within our most material manufacturing entities are as follows:

	HSBC Life (International) Ltd		Hang Seng Insurance Co Ltd		HSBC Assurances Vie (France)
	HK$	US$	HK$	US$	€
At 31 Dec 2024					
10-year discount rate (%)	**4.32**	**5.16**	**4.43**	**5.25**	**2.97**
20-year discount rate (%)	**4.42**	**5.51**	**4.53**	**5.60**	**2.95**
At 31 Dec 2023					
10-year discount rate (%)	4.02	4.47	4.16	4.62	2.96
20-year discount rate (%)	4.21	4.91	4.34	5.06	2.97

5 Employee compensation and benefits

	2024 $m	2023 $m	2022 $m
Employee compensation and benefits[1]	**18,465**	18,220	18,003
Capitalised wages and salaries[2]	**1,688**	1,403	1,285
Gross employee compensation and benefits for the year ended 31 Dec	**20,153**	19,623	19,288
Consists of:			
Wages and salaries	**17,815**	17,359	16,970
Social security costs	**1,487**	1,507	1,403
Post-employment benefits	**851**	757	915
Year ended 31 Dec	**20,153**	19,623	19,288

1 Employee compensation and benefits are presented in the income statement net of software capitalisation costs and costs included in the insurance contract fulfilment cash flow liabilities under IFRS 17.
2 Comprises $1,118m (2023: $1,043m; 2022: $922m) software capitalisation costs and $570m (2023: $360m; 2022: $363m) costs included in the insurance contract fulfilment cash flow liabilities under IFRS 17.

Average number of persons employed by HSBC during the year by global business[1]

	2024	2023	2022
Wealth and Personal Banking	**125,068**	132,336	135,676
Commercial Banking	**47,135**	46,826	48,004
Global Banking and Markets	**48,351**	48,043	48,597
Corporate Centre	**374**	347	365
Year ended 31 Dec	**220,928**	227,552	232,642

1 Average number of persons employed represents the number of persons with contracts of service with the Group.

Average number of persons employed by HSBC during the year by legal entity[1]

	2024	2023	2022
HSBC UK Bank plc	**20,034**	20,415	20,501
HSBC Bank plc	**11,456**	14,809	15,405
The Hongkong and Shanghai Banking Corporation Limited	**54,478**	54,321	54,792
HSBC Bank Middle East Limited	**3,344**	3,316	3,338
HSBC North America Holdings Inc.	**5,928**	6,046	6,749
HSBC Bank Canada	**758**	4,354	4,241
Grupo Financiero HSBC, S.A. de C.V.	**13,928**	14,412	14,484
Other trading entities[2]	**8,393**	9,247	10,026
Holding companies, shared service centres and intra-Group eliminations	**102,609**	100,632	103,106
Year ended 31 Dec	**220,928**	227,552	232,642

1 Average number of persons employed represents the number of persons with contracts of service with the Group.
2 Other trading entities includes entities located in Türkiye, Egypt and Saudi Arabia.

Reconciliation of total incentive awards granted to income statement charge

	2024 $m	2023 $m	2022 $m
Total incentive awards approved for the current year	**3,800**	3,774	3,359
Less: deferred bonuses awarded, expected to be recognised in future periods	**(381)**	(353)	(343)
Total incentives awarded and recognised in the current year	**3,419**	3,421	3,016
Add: current year charges for deferred bonuses from previous years	**439**	375	239
Other	**(97)**	(56)	(22)
Income statement charge for incentive awards	**3,761**	3,740	3,233

Share-based payments

'Wages and salaries' includes the effect of share-based payments arrangements, of which $529m (2023: $482m; 2022: $400m) was equity settled, as follows:

	2024 $m	2023 $m	2022 $m
Conditional share awards	**551**	499	402
Savings-related and other share award option plans	**27**	23	22
Year ended 31 Dec	**578**	522	424

HSBC share awards

Award	Policy
Deferred share awards (including annual incentive awards, long-term incentive ('LTI') awards delivered in shares)	An assessment of performance over the relevant period ending on 31 December is used to determine the amount of the award to be granted. – Deferred awards generally require employees to remain in employment over the vesting period and are generally not subject to performance conditions after the grant date. An exception to these are LTI awards, which are subject to performance conditions. – Deferred share awards generally vest over a period of three, four, five or seven years. – Vested shares may be subject to a retention requirement post-vesting. – Awards are generally subject to malus and clawback provisions.
International Employee Share Purchase Plan ('ShareMatch')	The plan was first introduced in Hong Kong in 2013 and now includes employees based in 30 jurisdictions. – Shares are purchased in the market each quarter up to a maximum value of £750, or the equivalent in local currency. – Matching awards are added at a ratio of one free share for every three purchased. In mainland China, matching awards are settled in cash. – Matching awards vest subject to continued employment and the retention of the purchased shares for a maximum period of two years and nine months.

Movement on HSBC share awards

	2024 Number (000s)	2023 Number (000s)
Conditional share awards outstanding at 1 Jan	**125,023**	126,246
Additions during the year	**84,930**	72,289
Released in the year	**(71,849)**	(70,054)
Forfeited in the year	**(4,461)**	(3,458)
Conditional share awards outstanding at 31 Dec	**133,643**	125,023
Weighted average fair value of awards granted ($)	**6.08**	5.84

HSBC share option plans

Main plans	Policy
Savings-related share option plans ('Sharesave')	– From 2014, employees eligible for the UK plan could save up to £500 per month with the option to use the savings to acquire shares. – These are generally exercisable within six months following either the third or fifth anniversary of the commencement of a three-year or five-year contract, respectively. – The exercise price is set at a 20% (2023: 20%) discount to the market value immediately preceding the date of invitation.

Calculation of fair values

The fair values of share options are calculated using a Black-Scholes model. The fair value of a share award is based on the share price at the date of the grant.

Movement on HSBC share option plans

	Savings-related share option plans	
	Number (000s)	**WAEP[1] £**
Outstanding at 1 Jan 2024	**83,994**	**3.42**
Granted during the year[2]	**11,845**	**5.30**
Exercised during the year[3]	**(16,776)**	**2.94**
Expired during the year	**(2,454)**	**4.20**
Forfeited during the year	**(1,274)**	**3.48**
Outstanding at 31 Dec 2024	**75,335**	**3.81**
– of which exercisable	**1,446**	**3.34**
Weighted average remaining contractual life (years)	**2.10**	
Outstanding at 1 Jan 2023	115,651	2.89
Granted during the year[2]	23,382	4.70
Exercised during the year[3]	(49,007)	2.73
Expired during the year	(3,832)	3.78
Forfeited during the year	(2,200)	2.88
Outstanding at 31 Dec 2023	83,994	3.42
– of which exercisable	7,165	2.70
Weighted average remaining contractual life (years)	2.41	

1 Weighted average exercise price.
2 The weighted average fair value of options granted during the year was $1.66 (2023: $1.92).
3 The weighted average share price at the date the options were exercised was $8.54 (2023: $7.39).

Post-employment benefit plans

The Group operates pension plans throughout the world for its employees. 'Pension risk management processes' on page 203 contains details of the policies and practices associated with these pension plans, some of which are defined benefit plans. The largest defined benefit plan is the HSBC UK section of the HSBC Bank (UK) Pension Scheme ('the principal plan'), created as a result of the HSBC Bank (UK) Pension Scheme being fully sectionalised in 2018 to meet the requirements of the Banking Reform Act. For further details of how the trustee of the HSBC Bank (UK) Pension Scheme manages climate risk, see 'Managing climate risk' on page 60.

HSBC holds on its balance sheet the net surplus or deficit, which is the difference between the fair value of plan assets and the discounted value of scheme liabilities at the balance sheet date for each plan. Surpluses are only recognised to the extent that they are recoverable through reduced contributions in the future or through potential future refunds from the schemes. In assessing whether a surplus is recoverable, HSBC has considered its current right to obtain a future refund or a reduction in future contributions together with the rights of third parties such as trustees.

The principal plan

The principal plan has a defined benefit section and a defined contribution section. The defined benefit section was closed to future benefit accrual in 2015, with defined benefits earned by employees at that date continuing to be linked to their salary while they remain employed by HSBC. The plan is overseen by an independent corporate trustee, who has a fiduciary responsibility for the operation of the plan. Its assets are held separately from the assets of the Group.

The investment strategy of the plan is to hold the majority of assets in bonds, with the remainder in a diverse range of investments. It also includes some interest rate swaps to reduce interest rate risk, inflation swaps to reduce inflation risk and longevity swaps to reduce the impact of longer life expectancy.

The principal plan is subject to the statutory funding objective requirements of the UK Pensions Act 2004, which requires that it be funded to at least the level of technical provisions (an actuarial estimate of the assets needed to provide for the benefits already built up under the plan). Where a funding valuation is carried out and identifies a deficit, the employer and trustee are required to agree to a deficit recovery plan.

The latest funding valuation of the plan at 31 December 2022 was carried out by Towers Watson Limited, using the projected unit credit method. At that date, the market value of the plan's assets was £23.9bn ($28.8bn) and this exceeded the value placed on its liabilities on an ongoing basis by £3.7bn ($4.4bn), giving a funding level of 118%. These figures include defined contribution assets amounting to £3.0bn ($3.6bn). The main differences between the assumptions used for assessing the defined benefit liabilities for this funding valuation and those used for IAS 19 are that an element of prudence is contained in the funding valuation assumptions for discount rate, inflation rate and life expectancy. The funding valuation is used to judge the amount of cash contributions the Group needs to put into the pension scheme. It will always be different to the IAS 19 accounting surplus, which is an accounting rule concerning employee benefits and shown on the balance sheet of our financial statements. The next funding valuation will be performed in 2026, with an effective date of 31 December 2025.

The actuary also assessed the value of the liabilities if the plan were to have been stopped and an insurance company asked to secure all future pension payments. This is generally larger than the amount needed on the ongoing basis described above because an insurance company would use more prudent assumptions, which would allow for reserves and include an explicit allowance for the future administrative expenses of the plan. Under this approach, the amount of assets needed was estimated to be £21.3bn ($25.7bn) at 31 December 2022.

The trust deed gives the ability for HSBC UK to take a refund of surplus assets after the plan has been run down such that no further beneficiaries remain. In assessing whether a surplus is recoverable, HSBC UK has considered its right to obtain a future refund together with the rights of third parties such as trustees. On this basis, any net surplus in the HSBC UK section of the plan is recognised in HSBC UK's financial statements and the Group's financial statements.

Income statement charge/(credit)

	2024	2023	2022
	$m	$m	$m
Defined benefit pension plans	**(116)**	(151)	42
Defined contribution pension plans	**933**	874	845
Pension plans	**817**	723	887
Defined benefit and contribution healthcare plans	**34**	34	28
Year ended 31 Dec	**851**	757	915

Net assets/(liabilities) recognised on the balance sheet in respect of defined benefit plans

	Fair value of plan assets	**Present value of defined benefit obligations**	**Effect of limit on plan surpluses**	**Total**
	$m	**$m**	**$m**	**$m**
Defined benefit pension plans	**30,758**	**(23,959)**	**—**	**6,799**
Defined benefit healthcare plans	**80**	**(348)**	**—**	**(268)**
At 31 Dec 2024	**30,838**	**(24,307)**	**—**	**6,531**
Total employee benefit liabilities (within Note 27 'Accruals, deferred income and other liabilities')				**(1,017)**
Total employee benefit assets (within Note 22 'Prepayments, accrued income and other assets')				**7,548**
Defined benefit pension plans	33,897	(27,011)	—	6,886
Defined benefit healthcare plans	107	(403)	—	(296)
At 31 Dec 2023	34,004	(27,414)	—	6,590
Total employee benefit liabilities (within Note 27 'Accruals, deferred income and other liabilities')				(1,160)
Total employee benefit assets (within Note 22 'Prepayments, accrued income and other assets')				7,750

HSBC Holdings

Employee compensation and benefit expense in respect of HSBC Holdings' employees in 2024 amounted to $29m (2023: $15m). The average number of persons employed during 2024 was 28 (2023: 29). A small number of employees are members of defined benefit pension plans. These employees are members of the HSBC Bank (UK) Pension Scheme. HSBC Holdings pays contributions to such plan for its own employees in accordance with the schedules of contributions determined by the trustees of the plan and recognises these contributions as an expense as they fall due.

Defined benefit pension plans

Net asset/(liability) under defined benefit pension plans

	Fair value of plan assets		Present value of defined benefit obligations		Effect of the asset ceiling		Net defined benefit asset/(liability)	
	Principal[1] plan	Other plans	Principal[1] plan	Other plans	Principal[1] plan	Other plans	Principal[1] plan	Other plans
	$m	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	**26,590**	**7,307**	**(19,782)**	**(7,229)**	**—**	**—**	**6,808**	**78**
Service cost	**—**	**(1)**	**(35)**	**(144)**	**—**	**—**	**(35)**	**(145)**
– current service cost	**—**	**—**	**(9)**	**(140)**	**—**	**—**	**(9)**	**(140)**
– past service cost and gains/(losses) from settlements	**—**	**(1)**	**(26)**	**(4)**	**—**	**—**	**(26)**	**(5)**
Net interest income/(cost) on the net defined benefit asset/(liability)	**1,213**	**277**	**(896)**	**(265)**	**—**	**—**	**317**	**12**
Remeasurement effects recognised in other comprehensive income	**(2,665)**	**(6)**	**2,156**	**186**	**—**	**—**	**(509)**	**180**
– return on plan assets (excluding interest income)	**(2,665)**	**(6)**	**—**	**—**	**—**	**—**	**(2,665)**	**(6)**
– actuarial gains/(losses) financial assumptions	**—**	**—**	**1,771**	**204**	**—**	**—**	**1,771**	**204**
– actuarial gains/(losses) demographic assumptions	**—**	**—**	**161**	**(5)**	**—**	**—**	**161**	**(5)**
– actuarial gains/(losses) experience adjustments	**—**	**—**	**224**	**(13)**	**—**	**—**	**224**	**(13)**
– other changes	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Exchange differences	**(387)**	**(145)**	**281**	**191**	**—**	**—**	**(106)**	**46**
Benefits paid	**(1,082)**	**(496)**	**1,082**	**561**	**—**	**—**	**—**	**65**
Other movements[2]	**(17)**	**170**	**(29)**	**(36)**	**—**	**—**	**(46)**	**134**
At 31 Dec 2024	**23,652**	**7,106**	**(17,223)**	**(6,736)**	**—**	**—**	**6,429**	**370**
At 1 Jan 2023	25,121	7,050	(18,787)	(6,906)	—	—	6,334	144
Service cost	—	—	(10)	(150)	—	—	(10)	(150)
– current service cost	—	—	(14)	(135)	—	—	(14)	(135)
– past service cost and losses from settlements	—	—	4	(15)	—	—	4	(15)
Net interest income/(cost) on the net defined benefit asset/(liability)	1,247	298	(925)	(286)	—	—	322	12
Remeasurement effects recognised in other comprehensive income	(225)	110	7	(300)	—	—	(218)	(190)
– return on plan assets (excluding interest income)	(225)	110	—	—	—	—	(225)	110
– actuarial gains/(losses) financial assumptions	—	—	(123)	(327)	—	—	(123)	(327)
– actuarial gains/(losses) demographic assumptions	—	—	357	17	—	—	357	17
– actuarial gains/(losses) experience adjustments	—	—	(227)	10	—	—	(227)	10
– other changes	—	—	—	—	—	—	—	—
Exchange differences	1,472	228	(1,098)	(190)	—	—	374	38
Benefits paid	(1,063)	(548)	1,063	629	—	—	—	81
Other movements[2]	38	169	(32)	(26)	—	—	6	143
At 31 Dec 2023	26,590	7,307	(19,782)	(7,229)	—	—	6,808	78

1 For further details of the principal plan, see page 376.
2 Other movements include contributions by HSBC, contributions by employees, administrative costs and taxes paid by plan.

HSBC expects to make $97m of contributions to defined benefit pension plans during 2025, consisting of $nil for the principal plan and $97m for other plans. Benefits expected to be paid from the plans to retirees over each of the next five years, and in aggregate for the five years thereafter, are as follows:

Benefits expected to be paid from plans

	2025	2026	2027	2028	2029	2030-2034
	$m	$m	$m	$m	$m	$m
The principal plan[1,2]	1,094	1,129	1,165	1,203	1,242	6,837
Other plans[1]	437	423	438	432	428	2,223

1 The duration of the defined benefit obligation is 11.8 years for the principal plan under the disclosure assumptions adopted (2023: 12.9 years) and 9.8 years for all other plans combined (2023: 10.3 years).
2 For further details of the principal plan, see page 376.

Financial statements

Fair value of plan assets by asset classes

	31 Dec 2024				31 Dec 2023			
	Value	**Quoted market price in active market**	**No quoted market price in active market**	**Thereof HSBC[1]**	Value	Quoted market price in active market	No quoted market price in active market	Thereof HSBC[1]
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
The principal plan[2]								
Fair value of plan assets	**23,652**	**13,903**	**9,749**	**421**	26,590	15,006	11,584	547
– equities[3]	**65**	**—**	**65**	**—**	83	—	83	—
– bonds fixed income	**5,864**	**5,372**	**492**	**—**	5,262	4,739	523	—
– bonds index-linked	**8,253**	**8,253**	**—**	**—**	10,300	10,300	—	—
– derivatives	**295**	**—**	**295**	**421**	1,061	—	1,061	547
– property	**833**	**—**	**833**	**—**	830	—	830	—
– pooled investment vehicles	**8,064**	**—**	**8,064**	**—**	9,087	—	9,087	—
– other	**278**	**278**	**—**	**—**	(33)	(33)	—	—
Other plans								
Fair value of plan assets	**7,106**	**6,407**	**699**	**19**	7,307	5,361	1,946	39
– equities	**587**	**587**	**—**	**4**	556	556	—	3
– bonds fixed income	**3,671**	**3,671**	**—**	**4**	3,624	3,623	1	5
– bonds index-linked	**33**	**33**	**—**	**—**	90	90	—	—
– bonds other	**473**	**473**	**—**	**—**	447	415	32	—
– derivatives	**2**	**(3)**	**5**	**—**	2	(1)	3	—
– property	**103**	**98**	**5**	**—**	112	108	4	—
– other	**2,237**	**1,548**	**689**	**11**	2,476	570	1,906	31

1 The fair value of plan assets includes derivatives entered into with HSBC Bank plc as detailed in Note 36.
2 For further details of the principal plan, see page 376.
3 Includes $65m (2023: $83m) in relation to private equities.

Post-employment defined benefit plans' principal actuarial financial assumptions

HSBC determines the discount rates to be applied to its obligations in consultation with the plans' local actuaries, on the basis of current average yields of high-quality (AA-rated or equivalent) debt instruments with maturities consistent with those of the defined benefit obligations.

Key actuarial assumptions for the principal plan[1]

	Discount rate	**Inflation rate (RPI)**	**Inflation rate (CPI)**	**Rate of increase for pensions**	**Rate of pay increase**
	%	**%**	**%**	**%**	**%**
UK					
At 31 Dec 2024	**5.54**	**3.33**	**2.88**	**3.22**	**3.63**
At 31 Dec 2023	4.65	3.23	2.67	3.14	3.42

1 For further details of the principal plan, see page 376.

Mortality tables and average life expectancy at age 60 for the principal plan[1]

	Mortality table	**Life expectancy at age 60 for a male member currently:**		**Life expectancy at age 60 for a female member currently:**	
		Aged 60	**Aged 40**	**Aged 60**	**Aged 40**
UK					
At 31 Dec 2024	**SAPS S3[2]**	**26.1**	**27.7**	**28.3**	**29.9**
At 31 Dec 2023	**SAPS S3[3]**	26.2	27.7	28.3	29.8

1 For further details of the principal plan, see page 376.
2 Self-administered pension scheme ('SAPS') S3 table, with different tables and multipliers adopted based on gender, pension amount and member status, reflecting the Scheme's actual mortality experience. Improvements are projected in accordance with the Continuous Mortality Investigation's CMI 2023 core projection model with an initial addition to improvement of 0.25% per annum, and a long-term rate of improvement of 1.25% per annum and with a 0% weighting to 2020 and 2021 mortality experience and a 15% weighting to 2022 and 2023, reflecting long-term view on mortality improvements post-pandemic.
3 Self-administered pension scheme ('SAPS') S3 table, with different tables and multipliers adopted based on gender, pension amount and member status, reflecting the Scheme's actual mortality experience. Improvements are projected in accordance with the Continuous Mortality Investigation's CMI 2022 core projection model with an initial addition to improvement of 0.25% per annum, a long-term rate of improvement of 1.25% per annum, with a 0% weighting to 2020 and 2021, mortality experience and a 25% weighting to 2022, reflecting updated long-term view on mortality improvements post-pandemic.

The effect of changes in key assumptions on the principal plan[1]

	Impact on HSBC UK section of the HSBC Bank (UK) Pension Scheme obligation			
	Financial impact of increase		Financial impact of decrease	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Discount rate – increase/decrease of 0.25%	**(473)**	(599)	**496**	631
Inflation rate (RPI and CPI) – increase/decrease of 0.25%	**389**	500	**(391)**	(497)
Pension payments and deferred pensions – increase/decrease of 0.25%	**487**	622	**(478)**	(590)
Pay – increase/decrease of 0.25%	**6**	8	**(6)**	(6)
Change in mortality – increase/decrease of 1 year	**483**	613	**(464)**	(613)

1 For further details of the principal plan, see page 376.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the prior period.

Directors' emoluments

Details of Directors' emoluments, pensions and their interests are disclosed in the Directors' remuneration report on page 279.

6 Auditor's remuneration

	2024	2023	2022
	$m	$m	$m
Audit fees payable to PwC[1]	**102.8**	109.8	97.6
Other audit fees payable	**1.6**	2.2	1.6
Year ended 31 Dec	**104.4**	112.0	99.2

Fees payable by HSBC to PwC

	2024	2023	2022
	$m	$m	$m
Fees for HSBC Holdings' statutory audit[2]	**22.0**	24.1	21.9
Fees for other services provided to HSBC	**124.6**	131.8	126.2
– audit of HSBC's subsidiaries	**80.8**	85.7	75.7
– audit-related assurance services[3]	**25.0**	26.0	26.4
– other assurance services[4,5]	**18.8**	20.1	24.1
Year ended 31 Dec	**146.6**	155.9	148.1

1 Audit fees payable to PwC in 2024 included adjustments made to the prior year audit fee after finalisation of the 2023 financial statements.
2 Fees payable to PwC for the statutory audit of the consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings. They include amounts payable for services relating to the consolidation returns of HSBC Holdings' subsidiaries, which are clearly identifiable as being in support of the Group audit opinion.
3 Including services for assurance and other services that relate to statutory and regulatory filings, including interim reviews.
4 Including permitted services relating to attestation reports on internal controls of a service organisation primarily prepared for and used by third-party end users, including comfort letters.
5 Includes reviews of PRA regulatory reporting returns.

No fees were payable by HSBC to PwC as principal auditor for the following types of services: internal audit services and services related to litigation, recruitment and remuneration.

Fees payable by HSBC's associated pension schemes to PwC

	2024	2023	2022
	$000	$000	$000
Audit of HSBC's associated pension schemes	**320**	297	480
Year ended 31 Dec	**320**	297	480

No fees were payable by HSBC's associated pension schemes to PwC as principal auditor for the following types of services: internal audit services, other assurance services, services related to corporate finance transactions, valuation and actuarial services, litigation, recruitment and remuneration, and information technology.

In addition to the above, the estimated fees paid to PwC by third parties associated with HSBC amounted to $9.9m (2023: $12.3m; 2022: $13.1m). In these cases, HSBC was connected with the contracting party and may therefore have been involved in appointing PwC. These fees arose from services such as auditing mutual funds managed by HSBC and reviewing the financial position of corporate concerns that borrow from HSBC.

Fees payable for non-audit services for HSBC Holdings are not disclosed separately because such fees are disclosed on a consolidated basis for the Group.

7 Tax

Tax expense

	2024	2023	2022
	$m	$m	$m
Current tax[1]	**6,115**	5,718	2,984
– for this year	**5,863**	5,737	3,264
– adjustments in respect of prior years	**31**	(19)	(280)
– Pillar 2 and qualifying domestic top-up taxes	**221**	—	—
Deferred tax	**1,195**	71	(2,175)
– origination and reversal of temporary differences	**1,288**	19	(2,278)
– effect of changes in tax rates	**(2)**	17	(293)
– adjustments in respect of prior years	**(91)**	35	396
Year ended 31 Dec[2]	**7,310**	5,789	809

1 Current tax included Hong Kong profits tax of $1,615m (2023: $1,328m; 2022: $604m). The Hong Kong tax rate applying to the profits of subsidiaries assessable in Hong Kong was 16.5% (2023: 16.5%; 2022: 16.5%).
2 In addition to amounts recorded in the income statement, a tax credit of $12m (2023: credit of $41m) was recorded directly to equity.

Tax reconciliation

The tax charged to the income statement differs from the tax charge that would apply if all profits had been taxed at the UK corporation tax rate as follows:

	2024		2023		2022	
	$m	**%**	$m	%	$m	%
Profit before tax	**32,309**		30,348		17,058	
Tax expense						
Taxation at UK corporation tax rate of 25.0% (2023: 23.5%, 2022: 19.0%)	**8,077**	**25.0**	7,132	23.5	3,241	19.0
Impact of differently taxed overseas profits in overseas locations	**(1,351)**	**(4.2)**	(612)	(2.0)	459	2.7
UK banking surcharge	**215**	**0.7**	350	1.2	283	1.7
Items increasing tax charge in 2024:						
– tax impact of sale of HSBC Argentina	**1,536**	**4.8**	—	—	—	—
– local taxes and overseas withholding taxes	**584**	**1.8**	419	1.4	346	2.0
– other permanent disallowables	**344**	**1.0**	227	0.7	363	2.1
– impacts of hyperinflation	**327**	**1.0**	348	1.1	171	1.0
– movements in unrecognised deferred tax	**259**	**0.7**	(22)	(0.1)	(2,503)	(14.7)
– Global Minimum Tax top-up charge	**221**	**0.7**	—	—	—	—
– bank levy	**73**	**0.2**	112	0.4	59	0.3
– movements in provisions for uncertain tax positions	**38**	**0.1**	(472)	(1.6)	27	0.2
– impact of changes in tax rates	**6**	**—**	17	0.1	(293)	(1.7)
– impairment of interest in associate	**—**	**—**	705	2.3	—	—
Items reducing tax charge in 2024:						
– non-taxable gain on disposal of HSBC Canada	**(1,174)**	**(3.6)**	—	—	—	—
– non-taxable income and gains	**(1,079)**	**(3.3)**	(1,189)	(3.9)	(825)	(4.8)
– effect of profits in associates and joint ventures	**(456)**	**(1.4)**	(571)	(1.9)	(504)	(3.1)
– deductions for AT1 coupon payments	**(249)**	**(0.8)**	(229)	(0.7)	(246)	(1.4)
– adjustments in respect of prior period	**(46)**	**(0.1)**	16	0.1	116	0.7
– tax impact of sale of French retail banking business	**(15)**	**—**	—	—	115	0.7
– accounting gain on acquisition of SVB UK	**—**	**—**	(442)	(1.5)	—	—
Year ended 31 Dec	**7,310**	**22.6**	5,789	19.1	809	4.7

The Group's profits are taxed at different rates depending on the country or territory in which the profits arise. The key applicable tax rates for 2024 include Hong Kong (16.5%), the US (21%) and the UK (25%). If the Group's profits were taxed at the statutory rates of the countries in which the profits arose, then the tax rate for the year would have been 21.4% (2023: 22.6%).

The effective tax rate for the year of 22.6% was higher than in the previous year (2023: 19.1%). The effective tax rate for the year was reduced by 3.6% by the non-taxable gain arising on the disposal of HSBC Canada, increased by 4.8% by the non-deductible loss arising on the disposal of HSBC Argentina, increased by 70.0% by movements in unrecognised deferred tax, primarily relating to French tax losses, and increased by 70.0% by the Group's Pillar 2 Global Minimum Tax charge. The effective tax rate for 2023 was increased by 2.3% by the non-taxable impairment of the Group's investment in BoCom, reduced by 1.6% by the release of provisions for uncertain tax positions and reduced by 1.5% by the non-taxable accounting gain on the acquisition of SVB UK.

In July 2023, the UK enacted legislation to introduce the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit Shifting ('BEPS') and a UK qualified domestic minimum top-up tax, with effect from 1 January 2024. Under the Pillar Two rules, a top-up tax liability arises where the Group's effective tax rate in a jurisdiction is below 15%. The Group has recorded a Pillar Two global minimum tax charge of $221m for the period, primarily related to the non-taxation of dividends and income on government bonds in Hong Kong (which have the effect of reducing the effective tax rate from the statutory rate of 16.5% to below 15%) and low or nil statutory tax rates in jurisdictions such as Bermuda and the Channel Islands. For the current period, this tax expense will be substantially payable in the UK by HSBC Holdings.

Many jurisdictions have introduced or announced the introduction of domestic minimum tax rules that are closely aligned to the OECD's Pillar Two model rules, as well as new or amended corporate income tax rules, with effect from 2024 or 2025. As and when such taxes are introduced, they will have the effect of increasing local tax liabilities, eliminating or reducing the top-up tax liability payable in the UK by HSBC

Holdings in respect of those jurisdictions. Hong Kong, Bermuda and the Channel Islands have introduced such new tax rules with effect from 1 January 2025.

Accounting for taxes involves some estimation because tax law is uncertain and its application requires a degree of judgement, which authorities may dispute. Liabilities are recognised based on best estimates of the probable outcome, taking into account external advice where appropriate. Exposures relating to legacy tax cases were reassessed during 2024, resulting in a charge of $38m to the income statement. We do not expect significant liabilities to arise in excess of the amounts provided. HSBC only recognises current and deferred tax assets where recovery is probable.

Movement of deferred tax assets and liabilities

	Loan impairment provisions	Unused tax losses and tax credits	Financial assets at FVOCI	Cash flow hedges	Retirement obligations	Other	Total
	$m	$m	$m	$m	$m	$m	$m
Assets	**1,158**	**4,544**	**876**	**419**	**—**	**2,933**	**9,930**
Liabilities	**—**	**—**	**—**	**—**	**(1,814)**	**(1,600)**	**(3,414)**
At 1 Jan 2024	**1,158**	**4,544**	**876**	**419**	**(1,814)**	**1,333**	**6,516**
Income statement	**(74)**	**(640)**	**100**	**—**	**(85)**	**(431)**	**(1,130)**
Other comprehensive income	**—**	**—**	**(49)**	**84**	**114**	**189**	**338**
Foreign exchange and other adjustments	**(14)**	**(40)**	**(311)**	**(61)**	**18**	**208**	**(200)**
At 31 Dec 2024	**1,070**	**3,864**	**616**	**442**	**(1,767)**	**1,299**	**5,524**
Assets[1]	**1,070**	**3,864**	**616**	**442**	**—**	**2,906**	**8,898**
Liabilities[1]	**—**	**—**	**—**	**—**	**(1,767)**	**(1,607)**	**(3,374)**
Assets	1,062	4,397	850	1,271	—	3,048	10,628
Liabilities	—	—	—	—	(1,673)	(1,567)	(3,240)
At 1 Jan 2023	1,062	4,397	850	1,271	(1,673)	1,481	7,388
Income statement	(39)	102	541	1	(114)	(562)	(71)
Other comprehensive income	—	—	(598)	(974)	99	399	(1,074)
Foreign exchange and other adjustments	135	45	83	121	(126)	15	273
At 31 Dec 2023	1,158	4,544	876	419	(1,814)	1,333	6,516
Assets[1]	1,158	4,544	876	419	—	2,933	9,930
Liabilities[1]	—	—	—	—	(1,814)	(1,600)	(3,414)

1 After netting off balances within countries, the balances as disclosed in the accounts are as follows: deferred tax assets of $6,841m (2023: $7,754m) and deferred tax liabilities of $1,317m (2023: $1,238m).

In applying judgement in recognising deferred tax assets, management has assessed all relevant information, including future business profit projections and the track record of meeting forecasts. Management's assessment of the likely availability of future taxable profits against which to recover deferred tax assets is based on the most recent financial forecasts approved by management, which cover a five-year period and are extrapolated where necessary, and takes into consideration the reversal of existing taxable temporary differences and past business performance. When forecasts are extrapolated beyond five years, a number of different scenarios are considered, reflecting different downward risk adjustments, in order to assess the sensitivity of our recognition and measurement conclusions in the context of such longer-term forecasts.

The Group's net deferred tax asset of $5.5bn (2023: $6.5bn) included $2.6bn (2023: $3.3bn) of deferred tax assets relating to the UK, $3.0bn (2023: $3.1bn) of deferred tax assets relating to the US and a net deferred asset of $0.5bn (2023: $0.9bn) in France.

The UK deferred tax asset of $2.6bn excluded a $1.8bn deferred tax liability arising on the UK pension scheme surplus, the reversal of which is not taken into account when estimating future taxable profit due to the level of uncertainty as to the timing and manner of its reversal. The UK deferred tax assets are supported by forecasts of taxable profit, also taking into consideration the history of profitability in the relevant businesses. The majority of the deferred tax asset relates to tax attributes which do not expire and are forecast to be recovered within 3 years and as such are less sensitive to changes in long-term profit forecasts.

The net US deferred tax asset of $3.0bn included $1.2bn related to US tax losses, of which $0.9bn expire in 10 to 15 years. Management expects the US deferred tax asset to be substantially recovered within 13 years, with the majority recovered in the first 5 years.

The net deferred tax asset in France of $0.5bn included $0.5bn related to tax losses, which are expected to be substantially recovered within 12 years. Unused tax losses with a tax value of $0.2bn have not been recognised due to the absence of convincing evidence regarding the availability of sufficient future taxable profits against which to recover them.

Unrecognised deferred tax

The amount of gross temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognised in the balance sheet was $11.0bn (2023: $10.4bn). This amount included unused US state tax losses of $3.8bn (2023: $4.0bn) which are forecast to expire before they are recovered, unused French tax losses of $0.7bn (2023: nil) for which there is insufficient evidence of future taxable profits to support recognition, and unused UK tax losses of $3.5bn (2023: $4.5bn), which arose prior to 1 April 2017 and can only be recovered against future taxable profits of HSBC Holdings. No deferred tax was recognised on these losses due to the absence of convincing evidence regarding the availability of sufficient future taxable profits against which to recover them. Deferred tax asset recognition is reassessed at each balance sheet date based on the available evidence. Of the total amounts on which deferred tax was not recognised, $6.0bn (2023: $5.1bn) had no expiry date, $1.0bn (2023: $0.5bn) was scheduled to expire within 10 years and the remaining balance is expected to expire after 10 years.

Deferred tax is not recognised in respect of the Group's investments in subsidiaries and branches where HSBC is able to control the timing of remittance or other realisation and where remittance or realisation is not probable in the foreseeable future. The aggregate temporary differences relating to unrecognised deferred tax liabilities arising on investments in subsidiaries and branches was $15.2bn (2023: $14.4bn) and the corresponding unrecognised deferred tax liability was $0.7bn (2023: $0.7bn).

8 Dividends

Dividends to shareholders of the parent company

	2024		2023		2022	
	Per share	Total	Per share	Total	Per share	Total
	$	$m	$	$m	$	$m
Dividends paid on ordinary shares						
In respect of previous year:						
– second interim dividend	—	—	0.23	4,589	0.18	3,576
– fourth interim dividend	**0.31**	**5,872**	—	—	—	—
In respect of current year:						
– first interim dividend	**0.10**	**1,877**	0.10	2,001	0.09	1,754
– special dividend	**0.21**	**3,942**	—	—	—	—
– second interim dividend	**0.10**	**1,852**	0.10	1,956	—	—
– third interim dividend	**0.10**	**1,805**	0.10	1,946	—	—
Total	**0.82**	**15,348**	0.53	10,492	0.27	5,330
Total coupons on capital securities classified as equity		**1,062**		1,101		1,214
Dividends to shareholders		**16,410**		11,593		6,544

Total coupons on capital securities classified as equity

		2024		2023	2022
	First call date	Per security	Total $m	Total $m	Total $m
Perpetual subordinated contingent convertible securities[1]					
$2,250m issued at 6.375%[2]	Sep 2024	**$63.750**	**122**	143	143
$2,450m issued at 6.375%	Mar 2025	**$63.750**	**156**	156	156
$3,000m issued at 6.000%	May 2027	**$60.000**	**180**	180	180
$2,350m issued at 6.250%[3]	Mar 2023	**$62.500**	**—**	52	147
$1,800m issued at 6.500%	Mar 2028	**$65.000**	**117**	117	117
$1,500m issued at 4.600%	Dec 2030	**$46.000**	**69**	69	69
$1,000m issued at 4.000%	Mar 2026	**$40.000**	**40**	40	40
$1,000m issued at 4.700%	Mar 2031	**$47.000**	**47**	47	47
$2,000m issued at 8.000%[4]	Mar 2028	**$80.000**	**160**	80	—
$1,350m issued at 6.875%[5]	Sep 2029	**$68.750**	**—**	—	—
$1,150m issued at 6.950%[6]	Mar 2034	**$69.500**	**—**	—	—
€1,500m issued at 5.250%[7]	Sep 2022	**€52.500**	**—**	—	76
€1,000m issued at 6.000%[8]	Sep 2023	**€60.000**	**—**	56	63
€1,250m issued at 4.750%	Jul 2029	**€47.500**	**65**	64	65
£1,000m issued at 5.875%	Sep 2026	**£58.750**	**77**	72	70
SGD1,000m issued at 4.700%[9]	Jun 2022	**SGD47.000**	**—**	—	14
SGD750m issued at 5.000%[10]	Sep 2023	**SGD50.000**	**—**	25	27
SGD1,500m issued at 5.250%[11]	Jun 2029	**SGD52.500**	**29**	—	—
Total			**1,062**	1,101	1,214

1 Discretionary coupons are paid semi-annually, based on the denominations of each security.
2 This security was called by HSBC Holdings on 23 July 2024 and was redeemed and cancelled on 17 September 2024.
3 This security was called by HSBC Holdings on 30 January 2023 and was redeemed and cancelled on 23 March 2023.
4 This security was issued by HSBC Holdings on 7 March 2023. The first call period commences six calendar months prior to the reset date of 7 September 2028.
5 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six calendar months prior to the reset date of 11 March 2030.
6 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six calendar months prior to the reset date of 11 September 2034.
7 This security was called by HSBC Holdings on 9 August 2022 and was redeemed and cancelled on 16 September 2022.
8 This security was called by HSBC Holdings on 3 August 2023 and was redeemed and cancelled on 29 September 2023.
9 This security was called by HSBC Holdings on 4 May 2022 and was redeemed and cancelled on 8 June 2022.
10 This security was called by HSBC Holdings on 3 August 2023 and was redeemed and cancelled on 25 September 2023.
11 This security was issued by HSBC Holdings on 14 June 2024. The first call period commences six calendar months prior to the reset date of 14 December 2029.

On 19 February 2025, the Directors approved a fourth interim dividend in respect of the financial year ended 31 December 2024 of $0.36 per ordinary share (the 'dividend'), an expected distribution of approximately $6.4bn. The dividend will be payable on 25 April 2025 to holders of record on the Principal Register in the UK, the Hong Kong Overseas Branch Register or the Bermuda Overseas Branch Register on 7 March 2025. No liability was recorded in the financial statements in respect of the fourth interim dividend for 2024.

On 6 January 2025, HSBC paid a coupon on its €1,250m subordinated capital securities, representing a total distribution of €30m ($31m). No liability was recorded in the balance sheet at 31 December 2024 in respect of this coupon payment.

9 Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding, after deducting own shares held. Diluted earnings per ordinary share is calculated by dividing the basic earnings, which require no adjustment for the effects of dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding, excluding own shares held, plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares.

Basic and diluted earnings per share

	2024			2023			2022		
	Profit	**Number of shares**	**Per share**	Profit	Number of shares	Per share	Profit	Number of shares	Per share
	$m	**(millions)**	**$**	$m	(millions)	$	$m	(millions)	$
Basic[1]	**22,917**	**18,357**	**1.25**	22,432	19,478	1.15	14,346	19,849	0.72
Effect of dilutive potential ordinary shares		**128**			122			137	
Diluted[1]	**22,917**	**18,485**	**1.24**	22,432	19,600	1.14	14,346	19,986	0.72

1 Weighted average number of ordinary shares outstanding (basic) or assuming dilution (diluted) after deducting own shares held.

The number of anti-dilutive employee share options excluded from the weighted average number of dilutive potential ordinary shares was Nil (2023: 23 million; 2022: 9.4 million).

10 Segmental analysis

The Group CEO, supported by the rest of the Group Executive Committee ('GEC'), was considered the Chief Operating Decision Maker ('CODM') during the reporting period for the purposes of identifying the Group's reportable segments. As the reorganisation only took effect from 1 January 2025, it has no effect on the 2024 segmental reporting. Global business results were assessed by the CODM on the basis of constant currency performance that removes the effects of currency translation from reported results. Therefore, we disclose these results on a constant currency basis as required by IFRS Accounting Standards. The 2023 and 2022 income statements are converted at the average rates of exchange for 2024, and the balance sheets at 31 December 2023 and 31 December 2022 at the prevailing rates of exchange on 31 December 2024.

Our operations are closely integrated and, accordingly, the presentation of data includes internal allocations of certain items of income and expense. These allocations include the costs of certain support services and global functions to the extent that they can be meaningfully attributed to global businesses. While such allocations have been made on a systematic and consistent basis, they involve a certain degree of subjectivity. Costs that are not allocated to global businesses are included in Corporate Centre.

Where relevant, income and expense amounts presented include the results of inter-segment funding along with inter-company and inter-business line transactions. All such transactions are undertaken on arm's length terms. Measurement of segmental assets, liabilities, income and expenses is in accordance with the Group's accounting policies. Shared costs are included in segments on the basis of actual recharges. The intra-group elimination items for the global businesses are presented in Corporate Centre.

Our global businesses

We provide a comprehensive range of banking and related financial services to our customers in our three global businesses. The products and services offered to customers are organised by these global businesses.

- Wealth and Personal Banking ('WPB') provides a full range of retail banking and wealth products to our customers from personal banking to ultra high net worth individuals. Typically, customer offerings include retail banking products, such as current and savings accounts, mortgages and personal loans, credit cards, debit cards and local and international payment services. We also provide wealth management services, including insurance and investment products, global asset management services, investment management and private wealth solutions for customers with more sophisticated and international requirements.
- Commercial Banking ('CMB') offers a broad range of products and services to serve the needs of our commercial customers, including small and medium-sized enterprises, mid-market enterprises and corporates. These include credit and lending, international trade and receivables finance, treasury management and liquidity solutions (payments and cash management and commercial cards), commercial insurance and investments. CMB also offers customers access to products and services offered by other global businesses, such as Global Banking and Markets, which include foreign exchange products, raising capital on debt and equity markets and advisory services.
- Global Banking and Markets ('GBM') provides tailored financial solutions to major government, corporate and institutional clients and private investors worldwide. The client-focused business lines deliver a full range of banking capabilities, including financing, advisory and transaction services, a markets business that provides services in credit, rates, foreign exchange, equities, money markets and securities services, and principal investment activities.

HSBC constant currency profit before tax and balance sheet data

	2024				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	28,674	21,580	17,529	(1,929)	65,854
– external	20,460	21,565	30,698	(6,869)	65,854
– inter-segment	8,214	15	(13,169)	4,940	—
– of which: net interest income/(expense)[2]	20,352	17,261	7,488	(12,368)	32,733
Change in expected credit losses and other credit impairment charges	(1,335)	(1,815)	(235)	(29)	(3,414)
Net operating income/(expense)	27,339	19,765	17,294	(1,958)	62,440
Total operating expenses	(15,204)	(7,906)	(10,231)	298	(33,043)
Operating profit/(loss)	12,135	11,859	7,063	(1,660)	29,397
Share of profit in associates and joint ventures less impairment	47	1	—	2,864	2,912
Constant currency profit before tax	12,182	11,860	7,063	1,204	32,309
	%	%	%	%	%
Share of HSBC's constant currency profit before tax	37.7	36.7	21.9	3.7	100.0
Constant currency cost efficiency ratio	53.0	36.6	58.4	15.4	50.2
Constant currency balance sheet data	$m	$m	$m	$m	$m
Loans and advances to customers (net)	447,085	306,926	169,516	7,131	930,658
Interests in associates and joint ventures	558	25	108	28,218	28,909
Total external assets	890,080	603,841	1,388,845	134,282	3,017,048
Customer accounts	823,267	490,475	340,898	315	1,654,955
	2023				
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	26,848	22,396	15,771	(103)	64,912
– external	18,669	23,686	27,618	(5,061)	64,912
– inter-segment	8,179	(1,290)	(11,847)	4,958	—
– of which: net interest income/(expense)[2]	19,902	16,289	6,860	(8,899)	34,152
Change in expected credit losses and other credit impairment charges	(935)	(2,006)	(317)	(1)	(3,259)
Net operating income/(expense)	25,913	20,390	15,454	(104)	61,653
Total operating expenses	(14,352)	(7,234)	(9,872)	(36)	(31,494)
Operating profit/(loss)	11,561	13,156	5,582	(140)	30,159
Share of profit/(loss) in associates and joint ventures[3]	64	(1)	—	(319)	(256)
Constant currency profit/(loss) before tax	11,625	13,155	5,582	(459)	29,903
	%	%	%	%	%
Share of HSBC's constant currency profit before tax	38.9	44.0	18.7	(1.6)	100.0
Constant currency cost efficiency ratio	53.5	32.3	62.6	(35.0)	48.5
Constant currency balance sheet data	$m	$m	$m	$m	$m
Loans and advances to customers (net)	444,856	301,103	170,868	262	917,089
Interests in associates and joint ventures	539	23	107	26,226	26,895
Total external assets	915,062	613,124	1,298,065	146,296	2,972,547
Customer accounts	792,710	465,095	321,226	582	1,579,613

HSBC constant currency profit before tax and balance sheet data (continued)

	2022				
	Wealth and Personal Banking	Commercial Banking	Global Banking and Markets	Corporate Centre	Total
	$m	$m	$m	$m	$m
Net operating income/(expense) before change in expected credit losses and other credit impairment charges[1]	20,772	16,207	14,542	(1,934)	49,587
– external	18,176	16,834	18,704	(4,127)	49,587
– inter-segment	2,596	(627)	(4,162)	2,193	—
– of which: net interest income/(expense)[2]	15,887	11,584	4,602	(2,633)	29,440
Change in expected credit losses and other credit impairment charges	(1,160)	(1,868)	(578)	(9)	(3,615)
Net operating income/(expense)	19,612	14,339	13,964	(1,943)	45,972
Total operating expenses	(14,141)	(6,810)	(9,403)	(1,875)	(32,229)
Operating profit/(loss)	5,471	7,529	4,561	(3,818)	13,743
Share of profit/(loss) in associates and joint ventures	29	1	(2)	2,531	2,559
Constant currency profit/(loss) before tax	5,500	7,530	4,559	(1,287)	16,302
	%	%	%	%	%
Share of HSBC's constant currency profit before tax	33.7	46.2	28.0	(7.9)	100.0
Constant currency cost efficiency ratio	68.1	42.0	64.7	(96.9)	65.0
Constant currency balance sheet data	$m	$m	$m	$m	$m
Loans and advances to customers (net)	425,072	309,224	186,653	350	921,299
Interests in associates and joint ventures	503	27	90	27,676	28,296
Total external assets	873,688	602,624	1,305,319	161,872	2,943,503
Customer accounts	781,881	462,806	323,420	443	1,568,550

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 Net interest expense recognised in Corporate Centre includes $11.4bn (2023: $8.7bn; 2022: $2.5bn) of interest expense in relation to the internal cost to fund trading and fair value net assets; and the funding cost of foreign exchange swaps in our Markets Treasury function.
3 Includes an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom in 2023.

Reported external net operating income is attributed to countries and territories on the basis of the location of the branch responsible for reporting the results or advancing the funds:

	2024	2023	2022
	$m	$m	$m
Reported external net operating income/(expense) by country/territory[1]	**65,854**	66,058	50,620
– UK[2]	**12,307**	11,027	11,710
– Hong Kong	**20,811**	20,185	15,454
– US	**4,233**	3,816	3,893
– France	**3,804**	4,208	(177)
– other countries/territories	**24,699**	26,822	19,740

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 UK includes HSBC UK Bank plc (ring-fenced bank), HSBC Bank plc (non-ring-fenced bank), the ultimate holding company, HSBC Holdings plc, and the separately incorporated group of service companies ('ServCo Group').

Constant currency results reconciliation

	2024	2023			2022		
	Reported and constant currency	Constant currency	Currency translation	Reported	Constant currency	Currency translation	Reported
	$m	$m	$m	$m	$m	$m	$m
Revenue[1]	**65,854**	64,912	(1,146)	66,058	49,587	(1,033)	50,620
ECL	**(3,414)**	(3,259)	188	(3,447)	(3,615)	(31)	(3,584)
Operating expenses	**(33,043)**	(31,494)	576	(32,070)	(32,229)	472	(32,701)
Share of profit/(loss) in associates and joint ventures less impairment[2]	**2,912**	(256)	(63)	(193)	2,559	(164)	2,723
Profit before tax	**32,309**	29,903	(445)	30,348	16,302	(756)	17,058

1 Net operating income before change in expected credit losses and other credit impairment charges, also referred to as revenue.
2 Includes an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom in 2023.

Constant currency balance sheet reconciliation

	2024	2023			2022		
	Reported and constant currency $m	Constant currency $m	Currency translation $m	Reported $m	Constant currency $m	Currency translation $m	Reported $m
Loans and advances to customers (net)	**930,658**	917,089	21,446	938,535	921,299	2,262	923,561
Interests in associates and joint ventures	**28,909**	26,895	449	27,344	28,296	958	29,254
Total external assets	**3,017,048**	2,972,547	66,130	3,038,677	2,943,503	5,783	2,949,286
Customer accounts	**1,654,955**	1,579,613	32,034	1,611,647	1,568,550	1,753	1,570,303

Notable items

	2024 $m	2023 $m	2022 $m
Year ended 31 Dec			
Notable items			
Revenue			
Disposals, acquisitions and related costs[1,2]	**(1,343)**	1,298	(2,737)
Fair value movements on financial instruments[3]	**—**	14	(618)
Restructuring and other related costs	**—**	—	(247)
Disposal losses on Markets Treasury repositioning	**—**	(977)	—
Early redemption of legacy securities	**(237)**	—	—
Operating expenses			
Disposals, acquisitions and related costs	**(199)**	(321)	(18)
Restructuring and other related costs[4]	**(34)**	136	(2,882)
Impairment of interests in associates[5]	**—**	(3,000)	—

1 Amounts in 2024 include 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 is partly offset by a $4.8bn gain on disposal of our banking business in Canada, inclusive of a $0.3bn gain on the foreign exchange hedging of the sales proceeds, the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn of other reserves losses.
2 Amounts in 2023 include the gain of $1.6bn recognised in respect of the acquisition of SVB UK, as well as the impact of the sale of our retail banking operations in France.
3 Fair value movements on non-qualifying hedges in HSBC Holdings.
4 Amounts in 2024 relate to restructuring provisions recognised in 2024 and reversals of restructuring provisions recognised during 2022. Amounts in 2023 relate to reversals of restructuring provisions recognised during 2022.
5 Relates to an impairment loss of $3.0bn recognised in respect of the Group's investment in BoCom in 2023.

11 Trading assets

	2024 $m	2023 $m
Treasury and other eligible bills	**32,022**	24,433
Debt securities	**97,275**	106,108
Equity securities	**155,194**	123,663
Trading securities	**284,491**	254,204
Loans and advances to banks[1]	**6,123**	9,761
Loans and advances to customers[1]	**24,228**	25,194
Year ended 31 Dec	**314,842**	289,159

1 Loans and advances to banks and customers include reverse repos, stock borrowing and other accounts.

12 Fair values of financial instruments carried at fair value

Control framework

Fair values are subject to a control framework designed to ensure that they are either determined or validated by a function independent of the risk taker.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, HSBC sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable. Examples of the factors considered are price observability, instrument comparability, consistency of data sources, underlying data accuracy and timing of prices.

For fair values determined using valuation models, the control framework includes development or validation by independent support functions of the model logic, inputs, model outputs and adjustments. Valuation models are subject to a process of due diligence before becoming operational and are calibrated against external market data on an ongoing basis.

Changes in fair value are generally subject to a profit and loss analysis process and are disaggregated into high-level categories including portfolio changes, market movements and other fair value adjustments.

The majority of financial instruments measured at fair value are in GBM. GBM's fair value governance structure comprises its Finance function, Valuation Committees and a Valuation Committee Review Group. Finance is responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards. The fair values are reviewed by the Valuation Committees, which consist of independent support functions. These committees are overseen by the Valuation Committee Review Group, which considers all material subjective valuations.

Financial liabilities measured at fair value

In certain circumstances, HSBC records its own debt in issue at fair value, based on quoted prices in an active market for the specific instrument. When quoted market prices are unavailable, the own debt in issue is valued using valuation techniques, the inputs for which are either based on quoted prices in an inactive market for the instrument or are estimated by comparison with quoted prices in an active market for similar instruments. In both cases, the fair value includes the effect of applying the credit spread that is appropriate to HSBC's liabilities. The change in fair value of issued debt securities attributable to the Group's own credit spread is computed as follows: for each security at each reporting date, an externally verifiable price is obtained or a price is derived using credit spreads for similar securities for the same issuer. Then, using discounted cash flow, each security is valued using an appropriate market discount curve. The difference in the valuations is attributable to the Group's own credit spread. This methodology is applied consistently across all securities.

Structured notes issued and certain other hybrid instruments are reported as financial liabilities designated at fair value. The credit spread applied to these instruments is derived from the spreads at which HSBC issues structured notes.

Gains and losses arising from changes in the credit spread of liabilities issued by HSBC, recorded in other comprehensive income, reverse over the contractual life of the debt, provided that the debt is not repaid at a premium or a discount.

Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 – valuation technique using quoted market price. These are financial instruments with quoted prices for identical instruments in active markets that HSBC can access at the measurement date.
- Level 2 – valuation technique using observable inputs. These are financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – valuation technique with significant unobservable inputs. These are financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Financial instruments carried at fair value and bases of valuation

	2024				2023			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Recurring fair value measurements at 31 Dec								
Assets								
Trading assets	**236,593**	**71,574**	**6,675**	**314,842**	202,020	82,833	4,306	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**39,331**	**56,694**	**19,744**	**115,769**	27,030	63,825	19,788	110,643
Derivatives	**1,859**	**264,629**	**2,149**	**268,637**	931	226,714	2,069	229,714
Financial investments	**258,371**	**78,088**	**2,734**	**339,193**	215,228	76,591	2,618	294,437
Liabilities								
Trading liabilities	**42,038**	**23,160**	**784**	**65,982**	53,354	19,318	478	73,150
Financial liabilities designated at fair value	**2,152**	**127,458**	**9,117**	**138,727**	1,266	129,232	10,928	141,426
Derivatives	**1,088**	**260,518**	**2,842**	**264,448**	1,918	230,285	2,569	234,772

The table below provides the fair value levelling of assets held for sale and liabilities of disposal groups that have been classified as held for sale in accordance with IFRS 5. For further details, see Note 23.

Financial instruments carried at fair value and bases of valuation – assets and liabilities held for sale

	2024				2023			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Recurring fair value measurements at 31 Dec								
Assets								
Trading assets	**—**	**—**	**—**	**—**	2,403	61	—	2,465
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**2,967**	**9,018**	**2,575**	**14,560**	—	15	49	64
Derivatives	**—**	**36**	**—**	**36**	—	528	—	528
Financial investments	**2,651**	**5,345**	**504**	**8,500**	9,357	—	28	9,385
Liabilities								
Trading liabilities	**—**	**—**	**—**	**—**	1,352	64	—	1,417
Financial liabilities designated at fair value	**—**	**130**	**—**	**130**	—	2,370	—	2,370
Derivatives	**—**	**19**	**—**	**19**	—	615	—	615

Transfers between Level 1 and Level 2 fair values

	Assets				**Liabilities**		
	Financial investments	**Trading assets**	**Designated and otherwise mandatorily measured at fair value**	**Derivatives**	**Trading liabilities**	**Designated at fair value**	**Derivatives**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
At 31 Dec 2024							
Transfers from Level 1 to Level 2	**13,511**	**9,246**	**1,540**	**—**	**191**	**—**	**—**
Transfers from Level 2 to Level 1	**10,752**	**6,060**	**3,042**	**—**	**159**	**—**	**—**
At 31 Dec 2023							
Transfers from Level 1 to Level 2	13,200	8,066	1,709	—	54	—	—
Transfers from Level 2 to Level 1	9,975	5,758	2,477	—	309	—	—

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers are primarily attributable to changes in price transparency and in the assessment of observability.

Fair value adjustments

Fair value adjustments take into consideration additional factors not incorporated within the primary product valuation model that would otherwise be considered by a market participant. Adjustments are calculated using model infrastructure including those within primary valuation systems. We classify fair value adjustments as either 'risk-related' or 'model-related'. The majority of these adjustments relate to MSS. Movements in the amount of fair value adjustments do not necessarily translate in equivalent movements of profits or losses within the income statement, as these movements can be compensated by other related profits or loss effects. For example, as models are enhanced, fair value adjustments may no longer be required. Similarly, fair value adjustments will decrease when the related positions are unwound, but this may not result in profit or loss.

Fair value adjustments

	2024		2023	
	GBM	Corporate Centre	GBM	Corporate Centre
	$m	$m	$m	$m
Type of adjustment				
Risk-related	**634**	**35**	692	41
– bid-offer	**366**	**2**	414	—
– uncertainty	**98**	**3**	75	3
– credit valuation adjustment	**126**	**27**	164	35
– debit valuation adjustment	**(24)**	**—**	(54)	—
– funding fair value adjustment	**68**	**3**	93	3
Model-related	**50**	**—**	63	—
– model limitation	**50**	**—**	63	—
Inception profit (Day 1 P&L reserves)	**92**	**—**	86	—
At 31 Dec	**776**	**35**	841	41

The net reduction in fair value adjustments was predominantly driven by changes to exposure, and tightening of credit and liquidity market spreads.

Bid-offer

IFRS 13 'Fair Value Measurement' requires the use of the price within the bid-offer spread that is most representative of fair value. Valuation models will typically generate mid-market values. The bid-offer adjustment reflects the extent to which bid-offer costs would be incurred if substantially all residual net portfolio market risks were closed using available hedging instruments or by disposing of or unwinding the position.

Uncertainty

Certain model inputs may be less readily determinable from market data and/or the choice of model itself may be more subjective. In these circumstances, an adjustment may be necessary to reflect the likelihood that market participants would adopt more conservative values for uncertain parameters and/or model assumptions than those used in HSBC's valuation model.

Credit and debit valuation adjustments

The credit valuation adjustment ('CVA') is an adjustment to the valuation of over-the-counter ('OTC') derivative contracts to reflect the possibility that the counterparty may default and that HSBC may not receive the full market value of the transactions.

The debit valuation adjustment ('DVA') is an adjustment to the valuation of OTC derivative contracts to reflect the possibility that HSBC may default, and that it may not pay the full market value of the transactions. The DVA considers the overlap with the funding fair value adjustment.

HSBC calculates a separate CVA and DVA for each legal entity, and for each counterparty to which the entity has exposure. With the exception of central clearing parties, all third-party counterparties are included in the CVA and DVA calculations, and these adjustments are not netted across Group entities.

HSBC calculates the CVA by applying the probability of default ('PD') of the counterparty, conditional on the non-default of HSBC, to HSBC's expected positive exposure to the counterparty and multiplying the result by the loss expected in the event of default. Conversely, HSBC calculates the DVA by applying the PD of HSBC, conditional on the non-default of the counterparty, to the expected positive exposure of the counterparty to HSBC and multiplying the result by the loss expected in the event of default. Both calculations are performed over the life of the potential exposure.

For most products HSBC uses a simulation methodology, which incorporates a range of potential exposures over the life of the portfolio, to calculate the expected positive exposure to a counterparty. The simulation methodology includes credit mitigants, such as counterparty netting agreements and collateral agreements with the counterparty.

The methodologies do not, in general, account for 'wrong-way risk'. Wrong-way risk is an adverse correlation between the counterparty's probability of default and the mark-to-market value of the underlying transaction. The risk can either be general, perhaps related to the currency of the issuer country, or specific to the transaction concerned. When there is significant wrong-way risk, a trade-specific approach is applied to reflect this risk in the valuation.

Funding fair value adjustment

The funding fair value adjustment ('FFVA') is calculated by applying future market funding spreads to the expected future funding exposure of any uncollateralised component of the OTC derivative portfolio. The expected future funding exposure is calculated by a simulation methodology, where available, and is adjusted for events that may terminate the exposure, such as the default of HSBC or the counterparty.

Model limitation

Models used for portfolio valuation purposes may be based upon a simplified set of assumptions that do not capture all current and future material market characteristics. In these circumstances, model limitation adjustments are adopted.

Inception profit (Day 1 P&L reserves)

Inception profit adjustments are adopted when the fair value estimated by a valuation model is based on one or more significant unobservable inputs. The accounting for inception profit adjustments is discussed in Note 1.

Fair value valuation bases

Financial instruments measured at fair value using a valuation technique with significant unobservable inputs – Level 3

	Assets					Liabilities			
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Total	Trading liabilities	Designated at fair value	Derivatives	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Private equity including strategic investments	**552**	**1**	**17,705**	**—**	**18,258**	**—**	**1**	**—**	**1**
Asset-backed securities	**182**	**198**	**—**	**—**	**380**	**—**	**—**	**—**	**—**
Structured notes	**—**	**—**	**3**	**—**	**3**	**—**	**9,113**	**—**	**9,113**
Other derivatives	**—**	**—**	**—**	**2,149**	**2,149**	**—**	**—**	**2,842**	**2,842**
Other portfolios	**2,000**	**6,476**	**2,036**	**—**	**10,512**	**784**	**3**	**—**	**787**
At 31 Dec 2024	**2,734**	**6,675**	**19,744**	**2,149**	**31,302**	**784**	**9,117**	**2,842**	**12,743**
Private equity including strategic investments	507	7	17,640	—	18,154	—	1	—	1
Asset-backed securities	309	128	8	—	445	—	—	—	—
Structured notes	—	—	3	—	3	—	10,331	—	10,331
Other derivatives	—	—	—	2,069	2,069	—	—	2,569	2,569
Other portfolios	1,802	4,171	2,137	—	8,110	478	596	—	1,074
At 31 Dec 2023	2,618	4,306	19,788	2,069	28,781	478	10,928	2,569	13,975

Level 3 instruments are present in both ongoing and legacy businesses. Loans held for securitisation, derivatives with monolines, certain 'other derivatives' and predominantly all Level 3 asset-backed securities are legacy positions. HSBC has the capability to hold these positions.

Private equity including strategic investments

The fair value of a private equity investment (including strategic investments) is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors; by reference to market valuations for similar entities quoted in an active market; the price at which similar companies have changed ownership; or from published net asset values ('NAV') received. If necessary, adjustments are made to the NAV of funds to obtain the best estimate of fair value.

Asset-backed securities

While quoted market prices are generally used to determine the fair value of the asset-backed securities ('ABSs'), valuation models are used to substantiate the reliability of the limited market data available and to identify whether any adjustments to quoted market prices are required. For certain ABSs, such as residential mortgage-backed securities, the valuation uses an industry standard model with assumptions relating to prepayment speeds, default rates and loss severity based on collateral type, and performance, as appropriate. The valuations output is benchmarked for consistency against observable data for securities of a similar nature.

Structured notes

The fair value of Level 3 structured notes is derived from the fair value of the underlying debt security, and the fair value of the embedded derivative is determined as described in the paragraph below on derivatives. These structured notes comprise principally equity-linked notes issued by HSBC, which provide the counterparty with a return linked to the performance of equity securities and other portfolios. Examples of the unobservable parameters include long-dated equity volatilities and correlations between equity prices, and interest and foreign exchange rates.

Derivatives

OTC derivative valuation models calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. For many vanilla derivative products, the modelling approaches used are standard across the industry. For more complex derivative products, there may be some differences in market practice. Inputs to valuation models are determined from observable market data wherever possible, including prices available from exchanges, dealers, brokers or providers of consensus pricing. Certain inputs may not be observable in the market directly, but can be determined from observable prices via model calibration procedures or estimated from historical data or other sources.

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

Movement in Level 3 financial instruments

	Assets				Liabilities		
	Financial investments	Trading assets	Designated and otherwise mandatorily measured at fair value through profit or loss	Derivatives	Trading liabilities	Designated at fair value	Derivatives
	$m	$m	$m	$m	$m	$m	$m
At 1 Jan 2024	**2,618**	**4,306**	**19,788**	**2,069**	**478**	**10,928**	**2,569**
Total gains/(losses) recognised in profit or loss	**(9)**	**280**	**896**	**1,037**	**18**	**496**	**1,268**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**280**	**—**	**1,037**	**18**	**496**	**1,268**
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	**—**	**—**	**684**	**—**	**—**	**—**	**—**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**212**	**—**	**—**	**—**	**—**
– gains less losses from financial investments at fair value through other comprehensive income	**(9)**	**—**	**—**	**—**	**—**	**—**	**—**
Total gains/(losses) recognised in other comprehensive income ('OCI')[1]	**(78)**	**(115)**	**(39)**	**(36)**	**(18)**	**(45)**	**(53)**
– financial investments: fair value gains/(losses)	**18**	**—**	**—**	**—**	**—**	**33**	**—**
– exchange differences	**(96)**	**(115)**	**(39)**	**(36)**	**(18)**	**(78)**	**(53)**
Purchases	**1,670**	**4,170**	**6,261**	**—**	**924**	**—**	**—**
New issuances	**—**	**—**	**—**	**—**	**—**	**6,521**	**—**
Sales	**(97)**	**(1,477)**	**(649)**	**—**	**(295)**	**—**	**—**
Settlements[2]	**(1,011)**	**(967)**	**(6,476)**	**(897)**	**(307)**	**(4,750)**	**(568)**
Transfers out[3]	**(438)**	**(429)**	**(278)**	**(777)**	**(29)**	**(6,048)**	**(1,346)**
Transfers in[3]	**79**	**907**	**241**	**753**	**13**	**2,015**	**972**
At 31 Dec 2024	**2,734**	**6,675**	**19,744**	**2,149**	**784**	**9,117**	**2,842**
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2024	**—**	**(150)**	**11**	**(1,377)**	**(6)**	**(94)**	**(1,343)**
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	**—**	**(150)**	**—**	**(1,377)**	**(6)**	**—**	**(1,343)**
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	**—**	**—**	**11**	**—**	**—**	**(94)**	**—**
At 1 Jan 2023	2,961	4,817	17,407	1,964	474	10,432	2,920
Total gains/(losses) recognised in profit or loss	(44)	266	921	692	75	97	910
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	266	—	692	75	97	910
– net income from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	—	—	—	—	—	—	—
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	921	—	—	—	—
– gains less losses from financial investments at fair value through other comprehensive income	(44)	—	—	—	—	—	—
Total gains/(losses) recognised in other comprehensive income ('OCI')[1]	28	108	87	81	24	523	111
– financial investments: fair value gains/(losses)	(44)	—	—	—	—	335	—
– exchange differences	72	108	87	81	24	188	111
Purchases	353	2,276	3,555	—	291	—	—
New issuances	—	2	—	—	2	5,389	—
Sales	(290)	(2,478)	(658)	—	(320)	(2)	—
Settlements	(352)	(872)	(1,886)	(1,018)	(74)	(3,258)	(1,565)
Transfers out	(662)	(922)	(156)	(240)	(45)	(2,881)	(358)
Transfers in	624	1,109	518	590	51	628	551
At 31 Dec 2023	2,618	4,306	19,788	2,069	478	10,928	2,569
Unrealised gains/(losses) recognised in profit or loss relating to assets and liabilities held at 31 Dec 2023	—	(152)	82	737	—	(433)	(903)
– net income/(losses) from financial instruments held for trading or managed on a fair value basis	—	(152)	—	737	—	—	(903)
– changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	—	—	82	—	—	(433)	—

1 Included in 'financial investments: fair value gains/(losses)' in the current year and 'exchange differences' in the consolidated statement of comprehensive income.
2 Includes $3.1bn decrease from classification of the assets of our French Life Insurance business as assets held for sale.
3 Includes $4.4bn of transfers out and $1.5bn of transfers in relating to enhancement of observability assessments on equity structured notes.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers are primarily attributable to changes in price transparency and in the assessment of observability.

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

Sensitivity of fair values to reasonably possible alternative assumptions

	2024				2023			
	Reflected in profit or loss		**Reflected in OCI**		Reflected in profit or loss		Reflected in OCI	
	Favourable changes	**Un-favourable changes**	**Favourable changes**	**Un-favourable changes**	Favourable changes	Un-favourable changes	Favourable changes	Un-favourable changes
	$m	**$m**	**$m**	**$m**	$m	$m	$m	$m
Derivatives, trading assets and trading liabilities[1]	**481**	**(313)**	**—**	**—**	492	(531)	—	—
Financial assets and liabilities designated and otherwise mandatorily measured at fair value through profit or loss	**1,434**	**(1,141)**	**—**	**—**	1,092	(1,100)	—	—
Financial investments	**21**	**(21)**	**47**	**(50)**	13	(12)	61	(66)
At 31 Dec	**1,936**	**(1,475)**	**47**	**(50)**	1,597	(1,643)	61	(66)

1 'Derivatives, trading assets and trading liabilities' are presented as one category to reflect the manner in which these instruments are risk-managed.

The sensitivity analysis for certain private equity positions has been enhanced in order to reduce dependency on historical observations and focus on current valuation uncertainty, resulting in some increases in favourable sensitivities.

The sensitivity analysis aims to measure a range of fair values consistent with the application of a 95% confidence interval. Methodologies take account of the nature of the valuation technique employed, as well as the availability and reliability of observable proxy and historical data.

When the fair value of a financial instrument is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the assumptions individually.

Key unobservable inputs to Level 3 financial instruments

The following table lists key unobservable inputs to Level 3 financial instruments and provides the range of those inputs at 31 December 2024.

Quantitative information about significant unobservable inputs in Level 3 valuations

	Fair value				**2024**		2023	
					Full range of inputs		Full range of inputs	
	Assets $m	**Liabilities $m**	**Key valuation techniques**	**Key unobservable inputs**	**Lower**	**Higher**	Lower	Higher
Private equity including strategic investments[2]	**18,258**	**1**	**Price – Net asset value**	**Current Value/Cost**	**0**	**291**	See footnote 2	
Asset-backed securities	**380**	**—**						
– collateralised loan/debt obligation	**100**	**—**	**Market proxy**	**Price**	**0**	**97**	0	94
– other ABSs	**280**	**—**	**Market proxy**	**Price**	**0**	**248**	0	220
Structured notes	**3**	**9,113**						
– equity-linked notes	**3**	**5,739**	**Model – Option model**	**Equity volatility**	**6%**	**70%**	6%	154%
			Model – Option model	**Equity correlation**	**15%**	**100%**	34%	100%
– Foreign exchange-linked notes	**—**	**1,833**	**Model – Option model**	**Foreign exchange volatility**	**3%**	**35%**	1%	34%
– other structured notes	**—**	**1,541**						
Derivatives	**2,149**	**2,842**						
– interest rate derivatives	**1,102**	**1,066**						
securitisation swaps	**196**	**186**	**Model – Discounted cash flow**	**Prepayment rate**	**5%**	**10%**	5%	10%
long-dated swaptions	**71**	**76**	**Model – Option model**	**Interest rate volatility**	**9%**	**30%**	11%	37%
other interest rate derivatives	**835**	**804**						
– Foreign exchange derivatives	**202**	**212**						
Foreign exchange options	**154**	**174**	**Model – Option model**	**Foreign exchange volatility**	**1%**	**26%**	1%	31%
other foreign exchange derivatives	**48**	**38**						
– equity derivatives	**460**	**638**						
long-dated single stock options	**145**	**166**	**Model – Option model**	**Equity volatility**	**6%**	**118%**	6%	110%
other equity derivatives	**315**	**472**						
– credit derivatives	**376**	**922**						
total return swaps	**349**	**847**	**Market proxy**	**Price**	**0**	**104**	0	104
other credit derivatives	**27**	**75**						
– other derivatives	**9**	**4**						
Other portfolios	**10,512**	**787**						
– repurchase agreements	**1,739**	**742**	**Model – Discounted cash flow**	**Interest rate curve**	**0%**	**26%**	3%	8%
– bonds	**4,300**	**27**	**Market proxy**	**Price**	**0**	**140**	0	101
– other[1]	**4,473**	**18**						
At 31 Dec 2024	**31,302**	**12,743**						

1 'Other' includes a range of asset holdings including loans and deposits, syndicated loans and infrastructure debt.
2 'Private equity including strategic investments' includes private equity, private credit and private equity fund, primarily held as part of our Insurance business and for strategic investments. The analysis for private equity positions has been enhanced with the range of key unobservable inputs now quoted.

The range of values above shows the highest and lowest unobservable inputs that have been used to value significant Level 3 exposures and reflects the diversity of the underlying financial instruments in scope and subsequent differentiation in pricing.

Private equity including strategic investments

The 'private equity' holdings include private equity investments and private equity funds held as limited partners. The key unobservable input is the current value of the underlying positions, determined using valuation techniques in line with the International Capital Valuation Guidelines. The inputs represented are an appropriate range of inputs normalised across different exposure types.

Prepayment rates

Prepayment rates are a measure of the anticipated future speed at which a loan portfolio will be repaid in advance of the due date. They vary according to the nature of the loan portfolio and expectations of future market conditions, and may be estimated using a variety of evidence, such as prepayment rates implied from proxy observable security prices, current or historical prepayment rates and macroeconomic modelling.

Market proxy

Market proxy pricing may be used for an instrument when specific market pricing is not available but there is evidence from instruments with common characteristics. In some cases it might be possible to identify a specific proxy, but more generally evidence across a wider range of instruments will be used to understand the factors that influence current market pricing and the manner of that influence.

Volatility

Volatility is a measure of the anticipated future variability of a market price. It varies by underlying reference market price, and by strike and maturity of the option. Certain volatilities, typically those of a longer-dated nature, are unobservable and are estimated from observable data. The range of unobservable volatilities reflects the wide variation in volatility inputs by reference market price.

Correlation

Correlation is a measure of the inter-relationship between two market variables and is expressed as a number between minus one and one. It is used to value more complex instruments where the payout is dependent upon more than one market variable. There is a wide range of instruments for which correlation is an input, and consequently a wide range of both same-asset correlations and cross-asset correlations is used. In general, the range of same-asset correlations will be narrower than the range of cross-asset correlations.

Unobservable correlations may be estimated based upon a range of evidence, including consensus pricing services, HSBC trade prices, proxy correlations and examination of historical price relationships. The range of unobservable correlations quoted in the table reflects the wide variation in correlation inputs by market variable pair.

Credit spread

Credit spread is the premium over a benchmark interest rate required by the market to accept lower credit quality. In a discounted cash flow model, the credit spread increases the discount factors applied to future cash flows, thereby reducing the value of an asset. Credit spreads may be implied from market prices and may not be observable in more illiquid markets.

Inter-relationships between key unobservable inputs

Key unobservable inputs to Level 3 financial instruments may not be independent of each other. As described above, market variables may be correlated. This correlation typically reflects the manner in which different markets tend to react to macroeconomic or other events. Furthermore, the effect of changing market variables on the HSBC portfolio will depend on HSBC's net risk position in respect of each variable.

HSBC Holdings

Basis of valuing HSBC Holdings' financial assets and liabilities measured at fair value

	2024			2023		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
	$m	**$m**	**$m**	$m	$m	$m
Recurring fair value measurement						
Assets at 31 Dec						
Trading assets	**709**	**—**	**709**	—	—	—
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**—**	**61,286**	**61,286**	—	59,879	59,879
Derivatives	**—**	**3,054**	**3,054**	—	3,344	3,344
Liabilities at 31 Dec						
Financial liabilities designated at fair value	**—**	**41,582**	**41,582**	—	43,638	43,638
Derivatives	**—**	**5,340**	**5,340**	—	6,090	6,090

13 Fair values of financial instruments not carried at fair value

Fair values of financial instruments not carried at fair value and bases of valuation

	Carrying amount	Fair value			
		Quoted market price Level 1	Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	$m	$m	$m	$m	$m
At 31 Dec 2024					
Assets					
Loans and advances to banks	**102,039**	**—**	**101,007**	**1,048**	**102,055**
Loans and advances to customers[1]	**930,658**	**—**	**11,435**	**906,208**	**917,643**
Reverse repurchase agreements – non-trading	**252,549**	**—**	**252,598**	**—**	**252,598**
Financial investments – at amortised cost	**153,973**	**120,843**	**29,493**	**724**	**151,060**
Liabilities					
Deposits by banks	**73,997**	**—**	**74,025**	**—**	**74,025**
Customer accounts	**1,654,955**	**—**	**1,655,151**	**—**	**1,655,151**
Repurchase agreements – non-trading	**180,880**	**—**	**180,873**	**—**	**180,873**
Debt securities in issue	**105,785**	**—**	**105,689**	**954**	**106,643**
Subordinated liabilities	**25,958**	**—**	**28,262**	**—**	**28,262**
At 31 Dec 2023					
Assets					
Loans and advances to banks	112,902	2	111,263	1,479	112,744
Loans and advances to customers	938,535	—	13,258	911,124	924,382
Reverse repurchase agreements – non-trading	252,217	—	252,243	—	252,243
Financial investments – at amortised cost	148,326	115,383	30,765	440	146,588
Liabilities					
Deposits by banks	73,163	—	73,176	—	73,176
Customer accounts	1,611,647	—	1,611,795	—	1,611,795
Repurchase agreements – non-trading	172,100	—	172,081	—	172,081
Debt securities in issue	93,917	—	93,196	706	93,902
Subordinated liabilities	24,954	—	27,151	—	27,151

1 Includes retained portfolio of French home and other loans following the sale of retail banking operations in France, with carrying amount of $6.9bn (2023: $7.9bn). We reclassified the portfolio to a hold-to-collect-and-sell business model from 1 January 2025 and will measure it prospectively from the first quarter of 2025 at fair value through other comprehensive income. We expect to recognise an estimated $1bn fair value pre-tax loss in other comprehensive income on the remeasurement of these financial instruments. The valuation of this portfolio of loans may be substantially different in the event of a sale due to entity and deal-specific factors, including funding costs and the value of customer relationships (refer Note 23 for details).

Fair values of financial instruments not carried at fair value and bases of valuation – assets and disposal groups held for sale

	Carrying amount	Fair value			
		Quoted market price Level 1	Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	$m	$m	$m	$m	$m
At 31 Dec 2024					
Assets					
Loans and advances to banks	**144**	**—**	**144**	**—**	**144**
Loans and advances to customers	**977**	**—**	**11**	**966**	**977**
Reverse repurchase agreements – non-trading	**—**	**—**	**—**	**—**	**—**
Financial investments – at amortised cost	**—**	**—**	**—**	**—**	**—**
Liabilities					
Deposits by banks	**—**	**—**	**—**	**—**	**—**
Customer accounts	**5,399**	**—**	**5,399**	**—**	**5,399**
Repurchase agreements – non-trading	**—**	**—**	**—**	**—**	**—**
Debt securities in issue	**—**	**—**	**—**	**—**	**—**
Subordinated liabilities	**—**	**—**	**—**	**—**	**—**
At 31 Dec 2023					
Assets					
Loans and advances to banks	10,487	—	10,487	—	10,487
Loans and advances to customers	73,376	—	90	72,200	72,290
Reverse repurchase agreements – non-trading	2,723	—	2,723	—	2,723
Financial investments – at amortised cost	7,624	7,530	—	5	7,535
Liabilities					
Deposits by banks	78	—	78	—	78
Customer accounts	85,950	—	86,475	—	86,475
Repurchase agreements – non-trading	2,768	—	2,768	—	2,768
Debt securities in issue	9,084	—	8,820	—	8,820
Subordinated liabilities	8	—	7	—	7

Other financial instruments not carried at fair value are typically short term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. They include cash and balances at central banks, Hong Kong Government certificates of indebtedness and Hong Kong currency notes in circulation, all of which are measured at amortised cost.

Valuation

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This may be different from the theoretical economic value attributed from an instrument's cash flows over its expected future life. Our valuation methodologies and assumptions in determining fair values for which no observable market prices are available may differ from those of other companies.

Loans and advances to banks and customers

To determine the fair value of loans and advances to banks and customers, loans are segregated into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating a range of input assumptions. These assumptions may include: value estimates from third-party brokers reflecting over-the-counter trading activity; forward-looking discounted cash flow models, taking account of expected customer prepayment rates, using assumptions that HSBC believes are consistent with those that would be used by market participants in valuing such loans; recent origination pricing for similar loans; and trading inputs from other market participants including observed primary and secondary trades. From time to time, we may engage a third-party valuation specialist to measure the fair value of a pool of loans.

The fair value of loans reflects expected credit losses at the balance sheet date and estimates of market participants' expectations of credit losses over the life of the loans, and the fair value effect of repricing between origination and the balance sheet date. For credit-impaired loans, fair value is estimated by discounting the future cash flows over the time period they are expected to be recovered.

Financial investments

The fair values of listed financial investments are determined using bid market prices. The fair values of unlisted financial investments are determined using valuation techniques that incorporate the prices and future earnings streams of equivalent quoted securities.

Deposits by banks and customer accounts

The fair values of on-demand deposits are approximated by their carrying amount. For deposits with longer-term maturities, fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities.

Debt securities in issue and subordinated liabilities

Fair values in debt securities in issue and subordinated liabilities are determined using quoted market prices at the balance sheet date where available, or by reference to quoted market prices for similar instruments.

Repurchase and reverse repurchase agreements – non-trading

Carrying amounts of repurchase and reverse repurchase agreements that are held on a non-trading basis provide approximate fair values. This is due to the fact that balances are generally short dated.

HSBC Holdings

The methods used by HSBC Holdings to determine fair values of financial instruments for the purposes of measurement and disclosure are described above.

Fair values of HSBC Holdings' financial instruments not carried at fair value on the balance sheet

	2024		2023	
	Carrying amount	**Fair value[1]**	Carrying amount	Fair value[1]
	$m	**$m**	$m	$m
Assets at 31 Dec				
Loans and advances to HSBC undertakings	**37,677**	**38,359**	27,354	27,878
Financial investments – at amortised cost	**10,328**	**10,335**	19,558	19,531
Liabilities at 31 Dec				
Debt securities in issue	**64,320**	**65,123**	65,239	65,172
Subordinated liabilities	**23,548**	**25,911**	24,439	26,651

1 Fair values (other than Financial investments which are Level 1) were determined using valuation techniques with observable inputs (Level 2).

14 Financial assets designated and otherwise mandatorily measured at fair value through profit or loss

	2024			2023		
	Designated at fair value	**Mandatorily measured at fair value**	**Total**	Designated at fair value	Mandatorily measured at fair value	Total
	$m	**$m**	**$m**	$m	$m	$m
Securities	**2,406**	**104,093**	**106,499**	2,353	101,152	103,505
– treasury and other eligible bills	**732**	**393**	**1,125**	695	724	1,419
– debt securities	**1,674**	**59,904**	**61,578**	1,658	60,045	61,703
– equity securities	**—**	**43,796**	**43,796**	—	40,383	40,383
Loans and advances to banks and customers	**951**	**6,120**	**7,071**	371	5,495	5,866
Other	**—**	**2,199**	**2,199**	—	1,272	1,272
At 31 Dec	**3,357**	**112,412**	**115,769**	2,724	107,919	110,643

15 Derivatives

Notional contract amounts and fair values of derivatives by product contract type held by HSBC

	Notional contract amount		Fair value – Assets			Fair value – Liabilities		
	Trading	**Hedging**	**Trading**	**Hedging**	**Total**	**Trading**	**Hedging**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Foreign exchange	**11,706,591**	**82,161**	**142,055**	**2,738**	**144,793**	**133,910**	**75**	**133,985**
Interest rate	**17,316,173**	**406,109**	**209,794**	**4,790**	**214,584**	**212,980**	**4,930**	**217,910**
Equities	**768,732**	**—**	**17,116**	**—**	**17,116**	**20,643**	**—**	**20,643**
Credit	**143,136**	**—**	**1,756**	**—**	**1,756**	**1,769**	**—**	**1,769**
Commodity and other	**118,180**	**—**	**3,134**	**—**	**3,134**	**2,887**	**—**	**2,887**
Gross total fair values	**30,052,812**	**488,270**	**373,855**	**7,528**	**381,383**	**372,189**	**5,005**	**377,194**
Offset (Note 31)					**(112,746)**			**(112,746)**
At 31 Dec 2024	**30,052,812**	**488,270**	**373,855**	**7,528**	**268,637**	**372,189**	**5,005**	**264,448**
Foreign exchange	9,463,768	63,547	99,014	935	99,949	99,949	780	100,729
Interest rate	14,853,397	361,312	223,534	5,119	228,653	225,443	4,080	229,523
Equities	677,149	—	14,427	—	14,427	17,603	—	17,603
Credit	153,606	—	1,351	—	1,351	1,861	—	1,861
Commodity and other	90,007	—	1,820	—	1,820	1,542	—	1,542
Gross total fair values	25,237,927	424,859	340,146	6,054	346,200	346,398	4,860	351,258
Offset (Note 31)					(116,486)			(116,486)
At 31 Dec 2023	25,237,927	424,859	340,146	6,054	229,714	346,398	4,860	234,772

The notional contract amounts of derivatives held for trading purposes and derivatives designated in hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.

Notional contract amounts and fair values of derivatives by product contract type held by HSBC Holdings with subsidiaries

	Notional contract amount		Assets			Liabilities		
	Trading	**Hedging**	**Trading**	**Hedging**	**Total**	**Trading**	**Hedging**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Foreign exchange	**51,437**	**—**	**796**	**—**	**796**	**1,015**	**—**	**1,015**
Interest rate	**30,535**	**90,074**	**1,544**	**714**	**2,258**	**487**	**3,838**	**4,325**
At 31 Dec 2024	**81,972**	**90,074**	**2,340**	**714**	**3,054**	**1,502**	**3,838**	**5,340**
Foreign exchange	66,711	—	486	—	486	1,705	—	1,705
Interest rate	33,480	92,268	1,730	1,128	2,858	747	3,638	4,385
At 31 Dec 2023	100,191	92,268	2,216	1,128	3,344	2,452	3,638	6,090

Use of derivatives

For details regarding the use of derivatives, see page 218 under 'Market risk'.

Trading derivatives

Most of HSBC's derivative transactions relate to sales and trading activities. Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities include market-making and risk management. Market-making entails quoting bid and offer prices to other market participants for the purpose of generating revenue based on spread and volume. Risk management activity is undertaken to manage the risk arising from client transactions, with the principal purpose of retaining client margin. Other derivatives classified as held for trading include non-qualifying hedging derivatives.

Substantially all of HSBC Holdings' derivatives entered into with subsidiaries are managed in conjunction with financial liabilities.

Hedge accounting derivatives

HSBC applies hedge accounting to manage the following risks: interest rate and foreign exchange risks. Further details of how these risks arise and how they are managed by the Group can be found in the 'Risk review'.

Hedged risk components

HSBC designates a portion of cash flows of a financial instrument or a group of financial instruments for a specific interest rate or foreign currency risk component in a fair value or cash flow hedge. The designated risks and portions are either contractually specified or otherwise separately identifiable components of the financial instrument that are reliably measurable. Risk-free or benchmark interest rates generally are regarded as being both separately identifiable and reliably measurable, except for the Interest Rate Benchmark Reform Phase 2 transition where HSBC designates alternative benchmark rates as the hedged risk which may not have been separately identifiable upon initial designation, provided HSBC reasonably expects it will meet the requirement within 24 months from the first designation date. The designated risk components account for a significant portion of the overall changes in fair value or cash flows of the hedged items.

HSBC uses net investment hedges to hedge the structural foreign exchange risk related to net investments in foreign operations including subsidiaries and branches whose functional currencies are different from that of the parent. When hedging with foreign exchange forward contracts, the spot rate component of the foreign exchange risk is designated for an amount of net assets as the hedged risk.

Sources of hedge ineffectiveness may arise from basis risk, including but not limited to the discount rates used for calculating the fair value of derivatives, hedges using instruments with a non-zero fair value, and notional and timing differences between the hedged items and hedging instruments.

Fair value hedges

HSBC enters into fixed-for-floating interest rate swaps to manage the exposure to changes in fair value caused by movements in market interest rates on certain fixed-rate financial instruments that are not measured at fair value through profit or loss, including debt securities held and issued.

HSBC hedging instrument by hedged risk

	Hedging instrument				
		Carrying amount			
	Notional amount[1,2]	Assets	Liabilities	Balance sheet presentation	Change in fair value[3]
Hedged risk	$m	$m	$m		$m
Interest rate[4]	**190,332**	**4,180**	**4,411**	**Derivatives**	**(449)**
At 31 Dec 2024	**190,332**	**4,180**	**4,411**		**(449)**
Interest rate[4]	172,985	3,729	2,965	Derivatives	(1,043)
At 31 Dec 2023	172,985	3,729	2,965		(1,043)

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 The notional amount of non-dynamic fair value hedges is equal to $71,916m (2023: $62,480m), of which the weighted-average maturity date is March 2031 and the weighted-average swap rate is 3.24% (2023: 3.04%).
3 Used in effectiveness testing, which uses the full fair value change of the hedging instrument not excluding any component.
4 The hedged risk 'interest rate' includes inflation risk.

HSBC hedged item by hedged risk

	Hedged item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount[1]			Change in fair value[2]	Recognised in profit and loss	
	Assets	Liabilities	Assets	Liabilities	Balance sheet presentation			Profit and loss presentation
Hedged risk	$m	$m	$m	$m		$m	$m	
Interest rate[3]	**93,055**		**(2,701)**		**Financial investments - measured at fair value through other comprehensive income**	**(728)**	**(8)**	**Net income from financial instruments held for trading or managed on a fair value basis**
	492		**11**		**Financial investments - measured at amortised cost**	**(14)**		
	13,915		**(104)**	**—**	**Loans and advances to customers**	**16**		
	—		**—**		**Reverse repurchase agreements – non-trading**	**—**		
		72,576		**(1,800)**	**Debt securities in issue**	**1,110**		
		207		**—**	**Customer accounts**	**—**		
		1,205		**(266)**	**Subordinated liabilities**	**57**		
At 31 Dec 2024	**107,462**	**73,988**	**(2,794)**	**(2,066)**		**441**	**(8)**	

HSBC hedged item by hedged risk (continued)

	Hedged item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount[1]			Change in fair value[2]	Recognised in profit and loss	
Hedged risk	Assets $m	Liabilities $m	Assets $m	Liabilities $m	Balance sheet presentation	$m	$m	Profit and loss presentation
Interest rate[3]	82,321		(2,282)		Financial investments - measured at fair value through other comprehensive income	2,053	5	Net income from financial instruments held for trading or managed on a fair value basis
	514		32		Financial investments - measured at amortised cost	32		
	4,701		(18)		Loans and advances to customers	122		
	—		—		Reverse repurchase agreements – non-trading	15		
		64,269		(2,147)	Debt securities in issue	(1,179)		
		—		—	Deposits by banks	—		
		—		—	Subordinated liabilities	5		
At 31 Dec 2023	87,536	64,269	(2,268)	(2,147)		1,048	5	

1 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses were liabilities of $311m (2023: $136m) for FVOCI assets and liabilities of $745m (2023: $1,256m) for debt issued.
2 Used in effectiveness testing, which comprise an amount attributable to the designated hedged risk that can be a risk component.
3 The hedged risk 'interest rate' includes inflation risk.

HSBC Holdings hedging instrument by hedged risk

	Hedging instrument				
		Carrying amount			
Hedged risk	Notional amount[1,2] $m	Assets $m	Liabilities $m	Balance sheet presentation	Change in fair value[3] $m
Interest rate[4]	**90,074**	**714**	**3,838**	**Derivatives**	**(1,103)**
At 31 Dec 2024	**90,074**	**714**	**3,838**		**(1,103)**
Interest rate[4]	92,268	1,128	3,638	Derivatives	1,426
At 31 Dec 2023	92,268	1,128	3,638		1,426

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 The notional amount of non-dynamic fair value hedges is equal to $90,074m (2023: $92,268m), of which the weighted-average maturity date is May 2030 and the weighted-average swap rate is 2.78% (2023: 2.46%). The majority of these hedges are internal to the Group.
3 Used in effectiveness testing, comprising the full fair value change of the hedging instrument not excluding any component.
4 The hedged risk 'interest rate' includes foreign exchange risk.

HSBC Holdings hedged item by hedged risk

	Hedged item						Ineffectiveness	
	Carrying amount		Accumulated fair value hedge adjustments included in carrying amount[1]			Change in fair value[2]	Recognised in profit and loss	
Hedged risk	Assets $m	Liabilities $m	Assets $m	Liabilities $m	Balance sheet presentation	$m	$m	Profit and loss presentation
Interest rate[3]		**78,402**		**(2,423)**	**Debt securities in issue**	**861**	**(9)**	**Net income from financial instruments held for trading or managed on a fair value basis**
	7,769		**(244)**		**Loans and advances to banks**	**233**		
At 31 Dec 2024	**7,769**	**78,402**	**(244)**	**(2,423)**		**1,094**	**(9)**	
Interest rate[3]		80,889		(2,971)	Debt securities in issue	(1,716)	29	Net income from financial instruments held for trading or managed on a fair value basis
	7,772		(490)		Loans and advances to banks	319		
At 31 Dec 2023	7,772	80,889	(490)	(2,971)		(1,397)	29	

1 The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for hedged items that have ceased to be adjusted for hedging gains and losses were liabilities of $1,216m (2023: $1,299m) for debt issued.
2 Used in effectiveness testing, comprising amount attributable to the designated hedged risk that can be a risk component.
3 The hedged risk 'interest rate' includes foreign exchange risk.

For some debt securities held, HSBC manages interest rate risk in a dynamic risk management strategy. The assets in scope of this strategy are high-quality fixed-rate debt securities, which may be sold to meet liquidity and funding requirements.

The interest rate risk of the HSBC fixed-rate debt securities issued is managed in a non-dynamic risk management strategy.

Cash flow hedges

HSBC's cash flow hedging instruments consist principally of interest rate swaps and cross-currency swaps that are used to manage the variability in future interest cash flows of non-trading financial assets and liabilities, arising due to changes in market interest rates and foreign-currency basis.

HSBC applies macro cash flow hedging for interest rate risk exposures on portfolios of replenishing current and forecasted issuances of non-trading assets and liabilities that bear interest at variable rates, including rolling such instruments. The amounts and timing of future cash flows, representing both principal and interest flows, are projected for each portfolio of financial assets and liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults. The aggregate cash flows representing both principal balances and interest cash flows across all portfolios are used to determine the effectiveness and ineffectiveness. Macro cash flow hedges are considered to be dynamic hedges.

HSBC also hedges the variability in future cash flows on foreign-denominated financial assets and liabilities arising due to changes in foreign exchange market rates with cross-currency swaps, which are considered dynamic hedges.

Hedging instrument by hedged risk

	Hedging instrument					Hedged item	Ineffectiveness	
		Carrying amount						
Hedged risk	Notional amount[1] $m	Assets $m	Liabilities $m	Balance sheet presentation	Change in fair value[2] $m	Change in fair value[3] $m	Recognised in profit and loss $m	Profit and loss presentation
Foreign currency	**47,194**	**2,088**	**68**	**Derivatives**	**2,451**	**2,451**	**—**	**Net income from financial instruments held for trading or managed on a fair value basis**
Interest rate	**215,777**	**619**	**519**	**Derivatives**	**(2,954)**	**(2,964)**	**10**	
At 31 Dec 2024	**262,971**	**2,707**	**587**		**(503)**	**(513)**	**10**	
Foreign currency	29,772	935	257	Derivatives	977	977	—	Net income from financial instruments held for trading or managed on a fair value basis
Interest rate	188,327	1,390	1,116	Derivatives	1,542	1,512	30	
At 31 Dec 2023	218,099	2,325	1,373		2,519	2,489	30	

1 The notional contract amounts of derivatives designated in qualifying hedge accounting relationships indicate the nominal value of transactions outstanding at the balance sheet date. They do not represent amounts at risk.
2 Used in effectiveness testing, comprising the full fair value change of the hedging instrument not excluding any component.
3 Used in effectiveness assessment, comprising amount attributable to the designated hedged risk that can be a risk component.

Reconciliation of equity and analysis of other comprehensive income by risk type

	Interest rate $m	Foreign currency $m
Cash flow hedging reserve at 1 Jan 2024	**(901)**	**(132)**
Fair value gains/(losses)	**(2,964)**	**2,451**
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of:		
Hedged items that have affected profit or loss[1]	**2,529**	**(2,430)**
Income taxes	**81**	**1**
Others	**199**	**87**
Cash flow hedging reserve at 31 Dec 2024	**(1,056)**	**(23)**
Cash flow hedging reserve at 1 Jan 2023	(3,387)	(421)
Fair value gains/(losses)	1,512	977
Fair value (gains)/losses reclassified from the cash flow hedge reserve to the income statement in respect of:		
Hedged items that have affected profit or loss[1]	2,196	(718)
Income taxes	(937)	(29)
Others	(285)	59
Cash flow hedging reserve at 31 Dec 2023	(901)	(132)

1 Hedged items that have affected profit or loss are primarily recorded within interest income.

Net investment hedges

The Group applies hedge accounting in respect of certain net investments in non-US dollar functional currency foreign operations for changes in spot exchange rates only. Hedging could be undertaken for Group structural exposure to changes in the US dollar to foreign currency exchange rates using forward foreign exchange contracts or by financing with foreign currency borrowings. An economic relationship exists between the hedged net investment and hedging instrument due to the shared foreign currency risk exposure. For further details of our structural foreign exchange exposures, see page 212.

The aggregate positions at the reporting date and the performance indicators of both live and de-designated hedges are summarised below.

Hedges of net investment in foreign operations

	Carrying amount					
	Derivative assets	Derivative liabilities	Nominal amount	Amounts recognised in OCI[1]	Change in fair value[2]	Hedge ineffectiveness recognised in income statement
Description of hedged risk	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
2024						
Pound sterling-denominated structural foreign exchange	**397**	**(1)**	**15,407**	**833**	**229**	**—**
Swiss franc-denominated structural foreign exchange	**10**	**—**	**556**	**89**	**40**	**—**
Hong Kong dollar-denominated structural foreign exchange	**1**	**(3)**	**5,844**	**(27)**	**(26)**	**—**
Other structural foreign exchange[3]	**242**	**(3)**	**13,160**	**907**	**499**	**—**
Total	**650**	**(7)**	**34,967**	**1,803**	**742**	**—**
2023						
Pound sterling-denominated structural foreign exchange		(404)	16,415	604	(843)	—
Swiss franc-denominated structural foreign exchange		(23)	526	49	(62)	—
Hong Kong dollar-denominated structural foreign exchange		—	5,792	—	2	—
Other structural foreign exchange[3]		(96)	11,042	477	102	—
Total	—	(523)	33,775	1,130	(801)	—

1 Amount recognised in OCI for Swiss franc includes $110m (2023: $110m) related to de-designated hedge.
2 Used in effectiveness assessment, comprising amount attributable to the designated hedged risk that can be a risk component.
3 Other currencies include Euro, New Taiwan dollar, Singapore dollar, Canadian dollar, Omani rial, South Korean won, UAE dirham, Indian rupee, Chinese renminbi, Kuwaiti dinar, Qatari riyal, Saudi riyal, Indonesian rupiah, Thai baht and Philippine peso.

16 Financial investments

Carrying amount of financial investments

	2024	2023
	$m	$m
Financial investments measured at fair value through other comprehensive income	**339,193**	294,437
– treasury and other eligible bills	**112,705**	102,438
– debt securities	**224,496**	190,119
– equity securities	**1,569**	1,447
– other instruments	**423**	433
Debt instruments measured at amortised cost	**153,973**	148,326
– treasury and other eligible bills	**22,148**	30,733
– debt securities	**131,825**	117,593
At 31 Dec	**493,166**	442,763

Equity instruments measured at fair value through other comprehensive income

	Fair value	Dividends recognised
Type of equity instruments	**$m**	**$m**
Investments required by central institutions	**620**	**29**
Business facilitation	**886**	**29**
Others	**63**	**2**
At 31 Dec 2024	**1,569**	**60**
Investments required by central institutions	609	27
Business facilitation	793	35
Others	45	2
At 31 Dec 2023	1,447	64

Weighted average yields of investment debt securities

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years
	Yield %	Yield %	Yield %	Yield %
Debt securities measured at fair value through other comprehensive income				
US Treasury	**2.9**	**3.4**	**2.5**	**2.3**
US Government agencies	**0.8**	**—**	**3.1**	**3.1**
US Government-sponsored agencies	**1.7**	**3.5**	**1.6**	**1.8**
UK Government	**3.8**	**3.8**	**2.3**	**2.4**
Hong Kong Government	**—**	**1.9**	**2.0**	**—**
Other governments	**2.7**	**4.1**	**3.7**	**2.3**
Asset-backed securities	**3.4**	**3.0**	**5.4**	**4.3**
Corporate debt and other securities	**2.7**	**3.5**	**3.2**	**1.9**
Debt securities measured at amortised cost				
US Treasury	**3.5**	**3.8**	**3.8**	**2.1**
US Government agencies	**0.7**	**0.7**	**1.1**	**4.6**
US Government-sponsored agencies	**—**	**2.8**	**3.7**	**2.9**
UK Government	**3.5**	**2.9**	**2.8**	**—**
Hong Kong Government	**—**	**2.7**	**—**	**—**
Other governments	**2.8**	**4.1**	**5.2**	**—**
Asset-backed securities	**—**	**—**	**7.7**	**—**
Corporate debt and other securities	**2.7**	**2.9**	**3.2**	**4.8**

The maturity distributions of ABSs are presented in the above table on the basis of contractual maturity dates. The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year ended 31 December 2024 by the book amount of debt securities at that date. The yields do not include the effect of related derivatives.

HSBC Holdings

HSBC Holdings carrying amount of financial investments

	2024 $m	2023 $m
Debt instruments measured at amortised cost		
– treasury and other eligible bills	**9,556**	15,629
– debt securities	**772**	3,929
At 31 Dec	**10,328**	19,558

Weighted average yields of investment debt securities

	Up to 1 year	1 to 5 years	5 to 10 years	Over 10 years
	Yield %	Yield %	Yield %	Yield %
Debt securities measured at amortised cost				
US Treasury	**4.3**	**—**	**—**	**—**

The weighted average yield for each range of maturities is calculated by dividing the annualised interest income for the year ended 31 December 2024 by the book amount of debt securities at that date. The yields do not include the effect of related derivatives.

17 Assets pledged, collateral received and assets transferred

Assets pledged[1]

Financial assets pledged as collateral

	2024 $m	2023 $m
Treasury bills and other eligible securities	**17,713**	20,504
Loans and advances to banks	**14,880**	13,636
Loans and advances to customers	**24,524**	27,490
Debt securities	**91,975**	88,367
Equity securities	**51,642**	40,280
Other	**63,386**	61,223
Assets pledged at 31 Dec	**264,120**	251,500

The value of assets pledged to secure liabilities may be greater than the book value of assets utilised as collateral. For example, in the case of securitisations and covered bonds, the amount of liabilities issued plus mandatory over-collateralisation is less than the book value of the pool of assets available for use as collateral. This is also the case where assets are placed with a custodian or a settlement agent that has a floating charge over all the assets placed to secure any liabilities under settlement accounts.

These transactions are conducted under terms that are usual and customary for collateralised transactions including, where relevant, standard securities lending and borrowing, repurchase agreements and derivative margining. HSBC places both cash and non-cash collateral in relation to derivative transactions.

Hong Kong currency notes in circulation are secured by the deposit of funds in respect of which the Hong Kong Government certificates of indebtedness are held.

Financial assets pledged as collateral which the counterparty has the right to sell or repledge

	2024	2023
	$m	$m
Trading assets	84,863	77,847
Financial investments	47,248	39,324
At 31 Dec	**132,111**	117,171

Collateral received[1]

The fair value of assets accepted as collateral relating primarily to standard securities lending, reverse repurchase agreements, swaps of securities and derivative margining that HSBC is permitted to sell or repledge in the absence of default was $515,267m (2023: $495,653m). The fair value of any such collateral sold or repledged was $293,460m (2023: $284,108m).

HSBC is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard securities lending, reverse repurchase agreements and derivative margining.

Assets transferred[1]

The assets pledged include transfers to third parties that do not qualify for derecognition, including secured borrowings such as debt securities held by counterparties as collateral under repurchase agreements and equity securities lent under securities lending agreements, as well as swaps of equity and debt securities. For secured borrowings, the transferred asset collateral continues to be recognised in full while a related liability, reflecting the Group's obligation to repurchase the assets for a fixed price at a future date, is also recognised on the balance sheet.

Where securities are swapped, the transferred asset continues to be recognised in full. There is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Group is unable to use, sell or pledge the transferred assets for the duration of the transaction, and remains exposed to interest rate risk and credit risk on these pledged assets.

Transferred financial assets not qualifying for full derecognition and associated financial liabilities

	Carrying amount of:	
	Transferred assets	Associated liabilities
	$m	$m
At 31 Dec 2024		
Repurchase agreements	83,585	75,625
Securities lending agreements	58,232	4,361
At 31 Dec 2023		
Repurchase agreements	81,486	74,517
Securities lending agreements	46,663	3,826

1 Excludes assets classified as held for sale.

18 Interests in associates and joint ventures

Carrying amount of HSBC's interests in associates and joint ventures

	2024	2023
	$m	$m
Interests in associates	28,777	27,200
Interests in joint ventures	132	144
Interests in associates and joint ventures	**28,909**	27,344

Principal associates of HSBC

	2024		2023	
	Carrying amount	Fair value[1]	Carrying amount	Fair value[1]
	$m	$m	$m	$m
Bank of Communications Co., Limited	22,367	11,631	21,210	8,812
Saudi Awwal Bank	5,027	5,705	4,659	6,438

1 Principal associates are listed on recognised stock exchanges. The fair values are based on the quoted market prices of the shares held (Level 1 in the fair value hierarchy).

Principal associates of HSBC (continued)

	At 31 Dec 2024		
	Jurisdiction of incorporation and principal place of business	Principal activity	HSBC's interest[1] %
Bank of Communications Co., Limited	**Mainland China**	**Banking services**	**19.03**
Saudi Awwal Bank	**Saudi Arabia**	**Banking services**	**31.00**

1 There has been no percentage change in HSBC's shareholding interest in the principal associates when compared with 2023.

Share of profit in associates and joint ventures

	2024	2023
	$m	$m
Bank of Communications Co., Limited	**2,241**	2,250
Saudi Awwal Bank	**596**	538
Other associates and joint ventures	**75**	19
Share of profit in associates and joint ventures	**2,912**	2,807
Less: Impairment of interest in BoCom	**—**	(3,000)

A list of all associates and joint ventures is set out in Note 38.

Bank of Communications Co., Limited

The Group maintains a 19.03% interest in Bank of Communications Co., Limited ('BoCom'). The Group's investment in BoCom is classified as an associate. Significant influence in BoCom was established with consideration of all relevant factors, including representation on BoCom's Board of Directors and participation in a resource and experience sharing agreement ('RES'). Under the RES, HSBC staff have been seconded to assist in the maintenance of BoCom's financial and operating policies. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28 'Investments in Associates and Joint Ventures', whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of associate's net assets. An impairment test is required if there is any indication of impairment or reversal.

At 31 December 2023, the Group performed an impairment test on the carrying amount, which resulted in an impairment of $3.0bn, as the recoverable amount as determined by a value in use ('VIU') calculation was lower than the carrying amount. No further impairment was required for the year ended 31 December 2024.

If the Group did not have significant influence in BoCom, the investment would be carried at fair value rather than the current carrying amount.

On 24 September 2024, the People's Bank of China, National Financial Regulatory Administration and China Securities Regulatory Commission announced several policies aimed at promoting growth and economic development. These included monetary stimulus, property market support and capital market strengthening measures, as well as measures to recapitalise the largest commercial banks. In the absence of further details on how the recapitalisation of the largest commercial banks may be enacted, there is no change to the impairment test result at 31 December 2024. As further details become available, the impairment test will be updated to reflect their impact and may result in a change to the carrying value of our investment in BoCom. These developments have the potential to impact on the Group's reported earnings, but are unlikely to have an impact on HSBC's capital or capital ratios.

We remain supportive of our relationship with BoCom and will consider any broader implications on the carrying value of our investment as further details become available.

Impairment testing

At 31 December 2024, the carrying amount of the investment was $22.4bn (2023: $21.2bn) with fair value of $11.6bn (2023: $8.8bn). The Group has concluded there is no indication of further impairment (or indication that an impairment may no longer exist or may have decreased) since 31 December 2023. As part of this assessment, the Group updated the VIU calculation which supported that there was no significant change to the 31 December 2023 impairment position. As a result, no additional impairment to the carrying amount (or reversal of impairment) was made at 31 December 2024.

Basis of recoverable amount

The VIU calculation uses discounted cash flow projections based on management's best estimates of future earnings available to ordinary shareholders prepared in accordance with IAS 36 'Impairment of Assets'. Those cash flows used estimates based on BoCom's current condition and so do not include estimated cash flows arising from uncommitted future actions that may affect the performance of the investment which will be considered at the relevant time should they arise. Significant management judgement is required in arriving at the best estimate.

The VIU may increase or decrease depending on the effect of changes to model inputs. The main model inputs are described below and are based on factors observed at period-end. The factors that could result in increases or reductions in the VIU include changes in BoCom's short-term performance, a change in regulatory capital requirements or revisions to the forecast of BoCom's future profitability.

There are two main components to the VIU calculation. The first component is management's best estimate of BoCom's earnings. Forecast earnings growth over the short to medium term continues to be lower than recent (within the last five years) actual growth, and reflects the impact of recent macroeconomic, policy and industry factors in mainland China. As a result of management's intent to continue to retain its investment for the long term, earnings beyond the short to medium term are extrapolated into perpetuity using a long-term growth rate to derive a terminal value, which comprises the majority of the VIU. The second component is the capital maintenance charge ('CMC'), which is management's forecast of the earnings that need to be withheld in order for BoCom to meet capital requirements over the forecast period, meaning that CMC is deducted when arriving at management's estimate of future earnings available to ordinary shareholders. The CMC reflects the revised capital requirements arising from revisions of the ratio of risk-weighted assets to total assets assumption. The principal inputs to the CMC calculation include estimates of asset growth, the ratio of risk-weighted assets to total assets and the expected capital requirements. An increase in the CMC as a result of a change to these principal inputs would reduce VIU. Additionally, management considers other qualitative factors, to ensure that the inputs to the VIU calculation remain appropriate.

Key assumptions in value in use calculation

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Long-term profit growth rate: 3.00% (2023: 3.00%) for periods after 2028, which does not exceed forecast GDP growth in mainland China and is similar to forecasts by external analysts.
- Long-term asset growth rate: 3.25% (2023: 3.00%) for periods after 2028, which is the rate that assets are expected to grow to achieve long-term profit growth of 3.00%. The increase of long-term asset growth rate was supported by historical data, which is expected to continue.
- Discount rate: 8.53% (2023: 9.00%), which is based on a capital asset pricing model ('CAPM'), using market data. The discount rate used is within the range of 7.1% to 8.8% (2023: 7.9% to 9.7%) indicated by the CAPM, and decreased as a consequence of a market-driven reduction in the risk-free rate.
- Expected credit losses ('ECL') as a percentage of loans and advances to customers: ranges from 0.74% to 0.93% (2023: 0.80% to 0.97%) in the short to medium term, reflecting reported credit experience in mainland China. For periods after 2028, the ratio is 0.97% (2023: 0.97%), which is higher than BoCom's average ECL as a percentage of loans and advances to customers in recent years prior to the Covid-19 pandemic.
- Risk-weighted assets as a percentage of total assets: ranges from 62.0% to 62.5% (2023: 62.0% to 63.7%) in the short to medium term, reflecting higher risk-weights in the short term followed by an expected reversion to recent historical levels. For periods after 2028, the ratio is 62.0% (2023: 62.0%), which continues to be similar to BoCom's actual results in recent years.
- Loans and advances to customers growth rate: ranges from 7.5% to 9.5% (2023: 9.0% to 10.0%) in the short to medium term, which is similar to BoCom's actual results in recent years. Changes in the forecast growth rate of loans and advances to customers are likewise reflected in the forecast ECL.
- Operating income growth rate: ranges from 0.1% to 9.9% (2023: -0.4% to 9.7%) in the short to medium term, which is similar to BoCom's actual results in recent years, and is impacted by projections of net interest income in the short term as a consequence of recent macroeconomic, policy and industry factors in mainland China.
- Cost-income ratio: ranges from 34.6% to 39.8% (2023: 35.5% to 39.8%) in the short to medium term. These ratios are similar to BoCom's actual results in recent years.
- Long-term effective tax rate: 15.0% (2023: 15.0%) for periods after 2028, which is higher than the recent historical average, and aligned to the minimum tax rate as proposed by the OECD/Group of 20 ('G20') Inclusive Framework on Base Erosion and Profit Shifting.
- Capital requirements: capital adequacy ratio of 12.5% (2023: 12.5%) and tier 1 capital adequacy ratio of 9.5% (2023: 9.5%), based on BoCom's capital risk appetite and capital requirements respectively.

The changes in VIU would impact the carrying amount if there is an indication of further impairment (or indication that an impairment may no longer exist or may have decreased, to the extent of impairment loss previously recognised). The following table illustrates the impact on the carrying amount of reasonably possible changes to key assumptions used in the VIU calculation. This reflects the sensitivity of each key assumption on its own and it is possible that more than one favourable and/or unfavourable change may occur at the same time. The selected rates of reasonably possible changes to key assumptions are based on external analysts' forecasts, statutory requirements and other relevant external data sources, which can change period to period. Unless specified, favourable and unfavourable changes are consistently applied throughout short-to-medium and long-term forecast years, based on a straight-line average of the base case assumption.

Sensitivity of the carrying amount to the key VIU assumptions

	Favourable change		Unfavourable change	
		Reversal of impairment / VIU headroom		Impairment
	bps	$bn	bps	$bn
At 31 Dec 2024				
Long-term profit growth rate	**55**	**4.0**	**(96)**	**(5.4)**
Long-term asset growth rate	**(121)**	**8.6**	**30**	**(2.8)**
Discount rate	**(143)**	**5.4**	**287**	**(6.4)**
Expected credit losses as a percentage of loans and advances to customers	**2024 to 2028: 66 2029 onwards: 91**	**4.0**	**2024 to 2028: 108 2029 onwards: 104**	**(4.3)**
Risk-weighted assets as a percentage of total assets	**(132)**	**0.8**	**234**	**(1.7)**
Loans and advances to customers growth rate	**(217)**	**3.4**	**340**	**(6.1)**
Operating income growth rate	**76**	**2.7**	**(81)**	**(3.3)**
Cost-income ratio	**(190)**	**0.2**	**380**	**(7.1)**
Long-term effective tax rate	**(426)**	**1.6**	**1,000**	**(4.0)**
Capital requirements – capital adequacy ratio	**—**	**—**	**372**	**(14.3)**
Capital requirements – tier 1 capital adequacy ratio	**—**	**—**	**270**	**(6.7)**
At 31 Dec 2023				
Long-term profit growth rate	58	3.3	(79)	(3.4)
Long-term asset growth rate	(79)	4.5	58	(4.0)
Discount rate	(110)	4.5	280	(6.1)
Expected credit losses as a percentage of loans and advances to customers	2023 to 2027: 78 2028 onwards: 91	2.9	2023 to 2027: 120 2028 onwards: 104	(4.4)
Risk-weighted assets as a percentage of total assets	(150)	0.9	216	(1.6)
Loans and advances to customers growth rate	(213)	3.2	207	(2.9)
Operating income growth rate	57	2.6	(81)	(2.6)
Cost-income ratio	(212)	0.8	99	(2.9)
Long-term effective tax rate	(426)	1.6	1,000	(3.5)
Capital requirements – capital adequacy ratio	—	—	215	(7.5)
Capital requirements – tier 1 capital adequacy ratio	—	—	248	(3.7)

Considering the interrelationship of the changes set out in the table above, management estimates that the reasonably possible range of VIU is $13.5bn to $30.8bn (2023: $13.1bn to $28.8bn), acknowledging that the fair value of the Group's investment has ranged from $6.8bn to $11.6bn over the last five years as at the date of the impairment tests. The possible range of VIU is based on impacts set out in the table above arising from the favourable/unfavourable change in the earnings in the short to medium term, the expected credit losses as a percentage of loans and advances to customers, and a 50bps increase/decrease in the discount rate. All other long-term assumptions, and the basis of the CMC have been kept unchanged when determining the reasonably possible range of the VIU.

Selected financial information of BoCom

The statutory accounting reference date of BoCom is 31 December. For the year ended 31 December 2024, HSBC included the associate's results on the basis of the financial statements for the 12 months ended 30 September 2024, taking into account any known changes in the subsequent period from 1 October 2024 to 31 December 2024 that would have materially affected the results.

Selected balance sheet information of BoCom

	At 30 Sep 2024 $m	At 30 Sep 2023 $m
Cash and balances at central banks	**99,663**	112,800
Due from and placements with banks and other financial institutions	**122,607**	100,464
Loans and advances to customers	**1,128,603**	1,087,613
Other financial assets	**587,721**	587,949
Other assets	**61,086**	59,215
Total assets	**1,999,680**	1,948,041
Due to and placements from banks and other financial institutions	**326,742**	292,065
Deposits from customers	**1,195,590**	1,216,611
Other financial liabilities	**282,894**	251,246
Other liabilities	**38,082**	36,766
Total liabilities	**1,843,308**	1,796,698
Total equity	**156,372**	151,343

Reconciliation of BoCom's total shareholders' equity to the carrying amount in HSBC's consolidated financial statements

	At 30 Sep	
	2024	2023
	$m	$m
Equity attributable to shareholders	**154,748**	149,713
Other equity instruments	**(23,946)**	(24,616)
Equity attributable to shareholders less other equity instruments	**130,802**	125,097
The Group's share of equity[1]	**25,284**	24,210
Impairment[2]	**(2,917)**	(3,000)
Carrying amount	**22,367**	21,210

1 This balance includes goodwill originally arising on acquisition.
2 This balance includes the impact of foreign exchange movements on the $3bn impairment booked in the financial year ended 31 December 2023.

Selected income statement information of BoCom

	For the 12 months ended 30 Sep	
	2024	2023
	$m	$m
Net interest income	**23,180**	23,432
Net fee and commission income	**5,315**	6,221
Credit and impairment losses	**(7,410)**	(8,099)
Depreciation and amortisation	**(2,589)**	(2,560)
Tax expense	**(835)**	(1,007)
Profit for the year	**12,922**	13,211
Other comprehensive income	**1,361**	686
Total comprehensive income	**14,283**	13,897
Dividends received from BoCom	**745**	736

Saudi Awwal Bank

The Group's investment in Saudi Awwal Bank ('SAB') is classified as an associate. HSBC is the largest shareholder in SAB with a shareholding of 31%. Significant influence in SAB is established via representation on the Board of Directors. Investments in associates are recognised using the equity method of accounting in accordance with IAS 28, as described previously for BoCom.

Impairment testing

There were no indicators of impairment at 31 December 2024. The fair value of the Group's investment in SAB of $5.7bn was above the carrying amount of $5.0bn.

19 Investments in subsidiaries

Main subsidiaries of HSBC Holdings[1]

	At 31 Dec 2024		
	Place of incorporation or registration	HSBC's interest %	Share class
Europe			
HSBC Bank plc	**England and Wales**	**100**	**£1 Ordinary, $0.01 Non-Cumulative Third Dollar Preference**
HSBC UK Bank plc	**England and Wales**	**100**	**£1 Ordinary**
HSBC Continental Europe	**France**	**99.99**	**€5 Actions**
Asia			
Hang Seng Bank Limited[2,3]	**Hong Kong**	**63.12**	**HK$5 Ordinary**
HSBC Bank (China) Company Limited	**People's Republic of China**	**100**	**CNY1 Ordinary**
HSBC Bank Malaysia Berhad	**Malaysia**	**100**	**Ordinary no par value**
HSBC Life (International) Limited	**Bermuda**	**100**	**HK$1 Ordinary**
The Hongkong and Shanghai Banking Corporation Limited	**Hong Kong**	**100**	**Ordinary no par value**
Middle East, North Africa and Türkiye			
HSBC Bank Middle East Limited	**United Arab Emirates**	**100**	**$1 Ordinary and $1 Preference shares**
North America			
HSBC Bank USA, N.A.	**US**	**100**	**$100 Common and $0.01 Preference**
Latin America			
HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC	**Mexico**	**99.99**	**MXN2 Ordinary**

1 Main subsidiaries are either held directly or indirectly via intermediate holding companies. During 2024, we completed the sale of HSBC Bank Canada to the Royal Bank of Canada, therefore it is no longer an indirect subsidiary of HSBC Holdings. There has been no material percentage change in HSBC's shareholding for its existing main subsidiaries since 2023.
2 In addition to the strategic holding disclosed above, the Group held 0.06% (2023: 0.09%) shareholding as part of its trading books.
3 Based on the latest corporate substantial shareholding notice filed with Hong Kong Exchange and Clearing Limited on 21 June 2024, the Group's shareholding in Hang Seng Bank Limited on 18 June 2024 was 63.04%. Movements in our shareholding since 18 June 2024 are reflected in the above table.

Details of the debt, subordinated debt and preference shares issued by the main subsidiaries to parties external to the Group are included in Note 26 'Debt securities in issue' and Note 29 'Subordinated liabilities', respectively.

A list of all related undertakings is set out in Note 38. The principal countries and territories of operation are the same as the countries and territories of incorporation except for HSBC Life (International) Limited, which operates mainly in Hong Kong.

HSBC is structured as a network of regional banks and locally incorporated regulated banking entities. Each bank is separately capitalised in accordance with applicable prudential requirements and maintains a capital buffer consistent with the Group's risk appetite for the relevant country or region. HSBC's capital management process is incorporated in the financial resource plan, which is approved by the Board.

HSBC Holdings is the primary provider of equity capital to its subsidiaries and also provides them with non-equity capital where necessary. These investments are substantially funded by HSBC Holdings' issuance of equity and non-equity capital, and by profit retention.

As part of its capital management process, HSBC Holdings seeks to maintain a balance between the composition of its capital and its investment in subsidiaries. Subject to this, there is no current or foreseen impediment to HSBC Holdings' ability to provide funding for such investments. During 2024, consistent with the Group's capital plan, the Group's material subsidiaries did not experience any significant restrictions on paying dividends or repaying loans and advances. Also, there are no foreseen restrictions envisaged with regard to planned dividends or payments from material subsidiaries. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

The amount of guarantees by HSBC Holdings in favour of other Group entities is set out in Note 33.

Information on structured entities consolidated by HSBC where HSBC owns less than 50% of the voting rights is included in Note 20 'Structured entities'. In each of these cases, HSBC controls and consolidates an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Impairment testing of investments in subsidiaries

At each reporting period end, HSBC Holdings reviews investments in subsidiaries for indicators of impairment. An impairment is recognised when the carrying amount exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and its VIU, in accordance with the requirements of IAS 36. The VIU is calculated by discounting management's cash flow projections for the investment. The cash flows represent the free cash flows based on the subsidiary's binding capital requirements.

We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

- Management's judgement in estimating future cash flows: The cash flow projections for each investment are based on the latest approved plans, which include forecast capital available for distribution based on the capital requirements of the subsidiary, taking into account minimum and core capital requirements and factoring in reasonably possible uncertainties. For the impairment test as at 31 December 2024, cash flow projections until the end of 2029 were considered in line with our internal planning horizon. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model.
- Long-term growth rates: The long-term growth rate is used to extrapolate the free cash flows in perpetuity because of the long-term perspective of the legal entity. The growth rate reflects long-term inflation for the country or territory within which the investment operates.

– Discount rates: The rate used to discount the cash flows is based on the cost of capital assigned to each investment, which is derived using a CAPM and market implied cost of equity. CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each investment are refined to reflect the rates of inflation for the countries or territories within which the investment operates. In addition, for the purposes of testing investments for impairment, management supplements this process by comparing the discount rates derived using the internally generated CAPM, with cost of capital rates produced by external sources for businesses operating in similar markets. The impacts from climate risk are included to the extent that they are observable in discount rates and asset prices.

As at 31 December 2024, the carrying amount of HSBC Holdings' investments in subsidiaries was $152.3bn (2023: $159.5bn). The year-on-year reduction was predominantly due to the recognition of an $11.4bn impairment of HSBC Holdings' investment in HSBC Overseas Holdings (UK) Limited.

The recoverable amount of HSBC Overseas Holdings (UK) Limited is assessed as the aggregate of the recoverable amounts of its subsidiaries. During the year HSBC Overseas Holdings (UK) Limited sold its stake in its direct subsidiary HSBC Bank Canada to Royal Bank of Canada, and transferred HSBC Private Bank (Suisse) SA, its indirect subsidiary (via HSBC Private Banking Holdings (Suisse) SA), to HSBC Bank plc. Following these disposals HSBC Overseas Holdings (UK) Limited paid $12.1bn in dividend income to HSBC Holdings, which mainly drove the recognition of an $11.4bn impairment in its investment in HSBC Overseas Holdings (UK) Limited, offset by a higher recoverable amount of HSBC Overseas Holdings (UK) Limited's principal remaining subsidiary as at 31 December 2024, HSBC North America Holdings Inc, driven by higher projected profits and lower projected capital requirements. As at 31 December 2024, HSBC Holdings had recognised for HSBC Overseas Holdings (UK) Limited a cumulative impairment of $21.6bn (2023: $10.2bn), and a carrying amount of $14.0bn (2023: $25.8bn).

Impairment test results

Investments	Recoverable amount $m	Discount rate %	Long-term growth rate %
HSBC North America Holdings Inc.			
At 31 Dec 2024	**13,264**	**11.00**	**2.25**
At 31 Dec 2023	12,756	10.50	2.17

Sensitivities of key assumptions in calculating VIU

At 31 December 2024, the recoverable amount of HSBC Overseas Holdings (UK) Limited remained sensitive to reasonably possible changes in key assumptions impacting its principal subsidiary, HSBC North America Holdings Inc.

In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the model. These include the external range of observable discount rates, historical performance against forecast, and risks attached to the key assumptions underlying cash flow.

The following table presents a summary of the key assumptions underlying the most sensitive inputs to the model for HSBC North America Holdings Inc., the key risks attached to each, and details of a reasonably possible change to assumptions where, in the opinion of management, these could result in a change in VIU.

Reasonably possible changes in key assumptions

	Input	Key assumptions	Associated risks	Reasonably possible change
Investment				
HSBC North America Holdings Inc. (subsidiary of HSBC Overseas Holdings (UK) Limited)	Free cash flows projections	– Level of interest rates and yield curves. – Competitors' positions within the market.	– Strategic actions relating to revenue and costs are not achieved.	– Free cash flow projections decrease by 10%.
	Discount rate	– Discount rate used is a reasonable estimate of a suitable market rate for the profile of the business.	– External evidence arises to suggest that the rate used is not appropriate to the business.	– Discount rate decreases by 1%. – Discount rate increases by 1%.

Sensitivity of VIU to reasonably possible changes in key assumptions

In $bn (unless otherwise stated)	At 31 Dec 2024	At 31 Dec 2023
HSBC North America Holdings Inc.		
VIU	**13.3**	12.8
Impact on VIU		
100bps decrease in the discount rate – single variable[1]	**1.5**	1.6
100bps increase in the discount rate – single variable[1]	**(1.2)**	(1.2)
10% decrease in forecast profitability – single variable[1]	**(1.3)**	(1.3)

1 The recoverable amount of HSBC Overseas Holdings (UK) Limited represents the aggregate of recoverable amounts of the underlying subsidiaries. Single variable sensitivity analysis on a single subsidiary may therefore not be representative of the aggregate impact of the change in the variable.

Subsidiaries with significant non-controlling interests

	2024	2023
Hang Seng Bank Limited		
Proportion of ownership interests and voting rights held by non-controlling interests (%)[1]	**36.88**	37.86
Place of business	**Hong Kong**	Hong Kong
	$m	$m
Profit attributable to non-controlling interests	**905**	889
Accumulated non-controlling interests of the subsidiary	**6,879**	6,877
Dividends paid to non-controlling interests	**620**	490
Summarised financial information:		
– total assets	**229,069**	214,321
– total liabilities	**208,908**	194,621
– net operating income before changes in expected credit losses and other credit impairment charges	**5,249**	5,210
– profit for the year	**2,434**	2,356
– total comprehensive income for the year	**2,482**	2,723

1 This includes the Group's shareholding held under trading books 0.06% (2023: 0.09%).

20 Structured entities

HSBC is mainly involved with both consolidated and unconsolidated structured entities through the securitisation of financial assets, conduits and investment funds, established either by HSBC or a third party.

Consolidated structured entities

Total assets of HSBC's consolidated structured entities, split by entity type

	Conduits	Securitisations	HSBC managed funds	Other	Total
	$bn	$bn	$bn	$bn	$bn
At 31 Dec 2024	**2.4**	**7.0**	**7.2**	**1.8**	**18.4**
At 31 Dec 2023	3.6	7.8	5.5	8.2	25.1

Conduits

HSBC has established and manages two types of conduits: securities investment conduits ('SICs') and multi-seller conduits.

Securities investment conduits

The SICs purchase highly rated ABSs to facilitate tailored investment opportunities.

- At 31 December 2024, Solitaire, HSBC's principal SIC, held $0.7bn of ABSs (2023: $1.0bn). It is currently funded entirely by commercial paper ('CP') issued to HSBC. At 31 December 2024, HSBC held $1.0bn of CP (2023: $1.3bn).

Multi-seller conduit

HSBC's multi-seller conduit was established to provide access to flexible market-based sources of finance for its clients. Currently, HSBC bears risk equal to the transaction-specific facility offered to the multi-seller conduit, amounting to $5.2bn at 31 December 2024 (2023: $6.1bn). First loss protection is provided by the originator of the assets, and not by HSBC, through transaction-specific credit enhancements. A layer of loss protection is provided by HSBC in the form of a programme-wide enhancement facility.

Securitisations

HSBC uses structured entities to securitise customer loans and advances it originates in order to diversify its sources of funding for asset origination and capital efficiency purposes. The loans and advances are transferred by HSBC to the structured entities for cash or synthetically, and the structured entities issue debt securities to investors. Where synthetic securitisations are used, the credit risk associated with the loan portfolio of assets is transferred to the structured entities through loan portfolio financial guarantees.

HSBC managed funds

HSBC has established a number of money market and non-money market funds. Where it is deemed to be acting as principal rather than agent in its role as investment manager, HSBC controls these funds.

Other

HSBC has entered into a number of transactions in the normal course of business, which include asset and structured finance transactions where it has control of the structured entity. In addition, HSBC is deemed to control a number of third-party managed funds through its involvement as a principal in the funds.

Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities not controlled by HSBC. The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions and for specific investment opportunities.

Nature and risks associated with HSBC interests in unconsolidated structured entities

Total asset values of the entities ($m)	Securitisations	HSBC managed funds	Non-HSBC managed funds	Other	Total
0–500	**167**	**344**	**1,215**	**46**	**1,772**
500–2,000	**2**	**75**	**911**	**2**	**990**
2,000–5,000	**—**	**30**	**348**	**1**	**379**
5,000–25,000	**—**	**21**	**212**	**—**	**233**
25,000+	**—**	**2**	**33**	**—**	**35**
Number of entities at 31 Dec 2024	**169**	**472**	**2,719**	**49**	**3,409**
	$bn	**$bn**	**$bn**	**$bn**	**$bn**
Total assets in relation to HSBC's interests in the unconsolidated structured entities	**5.4**	**12.1**	**25.4**	**2.4**	**45.3**
– trading assets	**—**	**0.1**	**—**	**—**	**0.1**
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	**—**	**7.8**	**22.2**	**—**	**30.0**
– loans and advances to customers	**5.4**	**—**	**0.7**	**1.5**	**7.6**
– financial investments	**—**	**0.2**	**0.4**	**—**	**0.6**
– assets held for sale	**—**	**4.0**	**2.1**	**—**	**6.1**
– other assets	**—**	**—**	**—**	**0.9**	**0.9**
Total liabilities in relation to HSBC's interests in the unconsolidated structured entities	**—**	**—**	**—**	**0.4**	**0.4**
– other liabilities	**—**	**—**	**—**	**0.4**	**0.4**
Other off-balance sheet commitments	**—**	**1.0**	**8.1**	**1.3**	**10.4**
HSBC's maximum exposure at 31 Dec 2024	**5.4**	**13.1**	**33.5**	**3.3**	**55.3**
Total asset values of the entities ($m)					
0–500	120	337	1,271	42	1,770
500–2,000	4	96	1,069	3	1,172
2,000–5,000	—	39	418	—	457
5,000–25,000	—	24	217	—	241
25,000+	—	3	11	—	14
Number of entities at 31 Dec 2023	124	499	2,986	45	3,654
	$bn	$bn	$bn	$bn	$bn
Total assets in relation to HSBC's interests in the unconsolidated structured entities	3.2	13.9	20.7	3.3	41.1
– trading assets	—	0.6	—	—	0.6
– financial assets designated and otherwise mandatorily measured at fair value through profit or loss	—	12.6	19.7	—	32.3
– loans and advances to customers	3.2	—	0.6	2.5	6.3
– financial investments	—	0.7	0.4	—	1.1
– other assets	—	—	—	0.8	0.8
Total liabilities in relation to HSBC's interests in the unconsolidated structured entities	—	—	—	0.3	0.3
– other liabilities	—	—	—	0.3	0.3
Other off-balance sheet commitments	0.1	1.9	5.0	1.2	8.2
HSBC's maximum exposure at 31 Dec 2023	3.3	15.8	25.7	4.2	49.0

The maximum exposure to loss from HSBC's interests in unconsolidated structured entities represents the maximum loss it could incur as a result of its involvement with these entities regardless of the probability of the loss being incurred.

- For commitments, guarantees and written credit default swaps, the maximum exposure to loss is the notional amount of potential future losses.
- For retained and purchased investments and loans to unconsolidated structured entities, the maximum exposure to loss is the carrying amount of these interests at the balance sheet reporting date.

The maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements that HSBC has entered into in order to mitigate the Group's exposure to loss.

Securitisations

HSBC has interests in unconsolidated securitisation vehicles through holding notes issued by these entities. In addition, HSBC has investments in ABSs issued by third-party structured entities.

HSBC managed funds

HSBC establishes and manages money market funds and non-money market investment funds to provide customers with investment opportunities. Further information on funds under management is provided on page 107.

HSBC, as fund manager, may be entitled to receive management and performance fees based on the assets under management. HSBC may also retain units in these funds.

Non-HSBC managed funds

HSBC purchases and holds units of third-party managed funds in order to facilitate business and meet customer needs.

Other

HSBC has established structured entities in the normal course of business, such as structured credit transactions for customers, to provide finance to public and private sector infrastructure projects, and for asset and structured finance transactions.

In addition to the interests disclosed above, HSBC enters into derivative contracts, reverse repos and stock borrowing transactions with structured entities. These interests arise in the normal course of business for the facilitation of third-party transactions and risk management solutions.

HSBC sponsored structured entities

The amount of assets transferred to and income received from such sponsored structured entities during 2024 and 2023 was not significant.

21 Goodwill and intangible assets

	2024	2023
	$m	$m
Goodwill	4,118	4,323
Other intangible assets[1]	8,266	8,164
At 31 Dec	12,384	12,487

1 Included within other intangible assets is internally generated software with a net carrying amount of $7,100m (2023: $6,895m). During the year, capitalisation of internally generated software was $2,476m (2023: $2,306m), impairment was $67m (2023: reversal impairment of $285m) and amortisation was $1,995m (2023: $1,877m).

Movement analysis of goodwill

	2024	2023
	$m	$m
Gross amount		
At 1 Jan	19,560	18,965
Exchange differences	(962)	523
Reclassified to held for sale and additions[1]	28	73
Other	—	(1)
At 31 Dec	18,626	19,560
Accumulated impairment losses		
At 1 Jan	(15,237)	(14,809)
Exchange differences	716	(428)
Reclassified to held for sale[1]	13	—
At 31 Dec	(14,508)	(15,237)
Net carrying amount at 31 Dec	4,118	4,323

1 Includes goodwill arising from acquisition of Silkroad, offset by goodwill reclassified to held for sale associated with sales of HSBC Bank Armenia, private banking business in Germany, and planned sale of HSBC Assurances Vie (France). For further details, see Note 23.

Goodwill

Impairment testing

The Group's impairment test in respect of goodwill allocated to each cash-generating unit ('CGU') is performed at 1 October each year. A review for indicators of impairment is undertaken at each subsequent quarter-end and at 31 December 2024. No indicators of impairment were identified as part of these reviews.

Basis of the recoverable amount

The recoverable amount of all CGUs to which goodwill has been allocated was equal to its value in use ('VIU') at each respective testing date. The VIU is calculated by discounting management's cash flow projections for the CGU. The key assumptions used in the VIU calculation for each individually significant CGU that is not impaired are discussed below.

Key assumptions in VIU calculation – significant CGUs at 1 October 2024[1]

	Carrying amount at 1 Oct 2024	of which goodwill	Value in use at 1 Oct 2024	Discount rate	Growth rate beyond initial cash flow	Carrying amount at 1 Oct 2023	of which goodwill	Value in use at 1 Oct 2023	Discount rate	Growth rate beyond initial cash flow projections
	$m	$m	$m	%	%	$m	$m	$m	%	%
HSBC UK Bank plc – WPB	12,785	2,843	27,118	10.6	2.0	11,167	2,597	27,933	10.4	2.0

1 For impacts arising from the revised organisational structure effective from 1 January 2025, see Note 1.2(a).

At 1 October 2024, aggregate goodwill of $1,493m (1 October 2023: $1,599m) had been allocated to CGUs that were not considered individually significant. The Group's CGUs do not carry on their balance sheets any significant intangible assets with indefinite useful lives, other than goodwill.

Management's judgement in estimating the cash flows of a CGU

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of goodwill in the next financial year, but does consider this to be an area that is inherently judgemental. The cash flow projections for each CGU are based on forecast profitability plans approved by the Board and minimum capital levels required to support the business operations of a CGU. The Board challenges and endorses planning assumptions in light of internal capital allocation decisions necessary to support our strategy, current market conditions and macroeconomic outlook. For the 1 October 2024 impairment test, cash flow projections until the end of 2029 were considered, in line with our internal planning horizon. Key assumptions underlying cash flow projections reflect management's outlook on interest rates and inflation, as well as business strategy, including the scale of investment in technology and automation. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model. As required by IFRS Accounting Standards, estimates of future cash flows exclude estimated cash inflows or outflows that are expected to arise from restructuring initiatives before an entity has a constructive obligation to carry out the plan, and would therefore have recognised a provision for restructuring costs.

Discount rate

The rate used to discount the cash flows is based on the cost of equity assigned to each CGU, which is derived using a capital asset pricing model ('CAPM') and market implied cost of equity. CAPM depends on a number of inputs reflecting financial and economic variables, including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These variables are based on the market's assessment of the economic variables and management's judgement. The discount rates for each CGU are refined to reflect the rates of inflation for the countries within which the CGU operates. In addition, for the purposes of testing goodwill for impairment, management supplements this process by comparing the discount rates derived using the internally generated CAPM, with the cost of equity rates produced by external sources for businesses operating in similar markets. The impacts of climate risk are included to the extent that they are observable in discount rates and asset prices.

Long-term growth rate

The long-term growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective within the Group of business units making up the CGUs. These growth rates reflect inflation for the countries within which the CGU operates or from which it derives revenue.

Sensitivities of key assumptions in calculating VIU

At 1 October 2024, given the extent by which VIU exceeds carrying amount, the HSBC UK WPB CGU was not sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the VIU calculation, such as the external range of discount rates observable, historical performance against forecast and risks attaching to the key assumptions underlying cash flow projections. None of the remaining CGUs are individually significant.

Other intangible assets

Impairment testing

Impairment of other intangible assets is assessed in accordance with our policy explained in Note 1.2(n) by comparing the net carrying amount of CGUs containing intangible assets with their recoverable amounts. Recoverable amounts are determined by calculating an estimated VIU or fair value, as appropriate, for each CGU. No significant impairment was recognised during the year.

Key assumptions in VIU calculation

The Group does not consider there to be a significant risk of a material adjustment to the carrying amount of other intangible assets in the next financial year, but does consider this to be an area that is inherently judgemental. We used a number of assumptions in our VIU calculation, in accordance with the requirements of IAS 36:

– Management's judgement in estimating future cash flows: We considered past business performance, current market conditions and our macroeconomic outlook to estimate future earnings. As required by IFRS Accounting Standards, estimates of future cash flows exclude estimated cash inflows or outflows that are expected to arise from restructuring initiatives before an entity has a constructive obligation to carry out the plan, and would therefore have recognised a provision for restructuring costs. For some businesses, this means that the benefit of certain strategic actions may not be included in the impairment assessment, including capital releases. Our cash flow projections include known and observable climate-related opportunities and costs associated with our sustainable products and operating model.

– Long-term growth rates: The long-term growth rate is used to extrapolate the cash flows in perpetuity because of the long-term perspective of the businesses within the Group.

– Discount rates: Rates are based on a combination of CAPM and market-implied calculations considering market data for the businesses and geographies in which the Group operates. The impacts of climate risk are included to the extent that they are observable in discount rates and asset prices.

Sensitivity of estimates relating to non-financial assets

As explained in Note 1.2(a), estimates of future cash flows for CGUs are made in the review of goodwill and non-financial assets for impairment. Non-financial assets include other intangible assets shown above, and owned property, plant and equipment and right-of-use assets (see Note 22). The most significant sources of estimation uncertainty are in respect of the goodwill balances disclosed above. There are no non-financial asset balances relating to individual CGUs which involve estimation uncertainty that represents a significant risk of resulting in a material adjustment to the results and financial position of the Group within the next financial year.

Non-financial assets are widely distributed across CGUs within the legal entities of the Group, including Corporate Centre assets that cannot be allocated to CGUs and are therefore tested for impairment at consolidated level. The recoverable amounts of other intangible assets, owned property, plant and equipment, and right-of-use assets cannot be lower than individual asset fair values less costs to dispose, where relevant. At 31 December 2024 none of the CGUs were sensitive to reasonably possible adverse changes in key assumptions supporting the recoverable amount. In making an estimate of reasonably possible changes to assumptions, management considers the available evidence in respect of each input to the VIU calculation, such as the external range of discount rates observable, historical performance against forecast and risks attaching to the key assumptions underlying cash flow projections.

22 Prepayments, accrued income and other assets

	2024 $m	2023 $m
Prepayments and accrued income	**13,781**	13,854
Settlement accounts and items in course of collection from other banks	**19,050**	39,195
Cash collateral and margin receivables	**59,488**	57,058
Bullion	**16,841**	13,701
Endorsements and acceptances	**8,093**	7,939
Insurance contract assets (Note 4)	**132**	252
Reinsurance contract assets	**4,798**	4,728
Employee benefit assets (Note 5)	**7,548**	7,750
Right-of-use assets	**2,205**	2,456
Owned property, plant and equipment	**9,407**	10,478
Other accounts	**11,397**	14,186
At 31 Dec[1]	**152,740**	171,597

1 Prepayments, accrued income and other assets include $109,336m (2023: $129,203m) of financial assets, the majority of which are measured at amortised cost.

23 Assets held for sale, liabilities of disposal groups held for sale and business acquisitions

	2024 $m	2023 $m
Held for sale at 31 Dec		
Disposal groups	**27,126**	115,836
Unallocated impairment losses[1]	**(31)**	(1,975)
Non-current assets held for sale	**139**	273
Assets held for sale	**27,234**	114,134
Liabilities of disposal groups held for sale	**29,011**	108,406

1 This represents impairment losses in excess of the carrying value of the non-current assets, excluded from the measurement scope of IFRS 5.

Disposal groups

France retail banking operations

On 1 January 2024, HSBC Continental Europe completed the sale of its retail banking business in France to CCF, a subsidiary of Promontoria MMB SAS ('My Money Group'). The sale also included HSBC Continental Europe's 100% ownership interest in HSBC SFH (France) and its 3% ownership interest in Crédit Logement.

Upon completion and in accordance with the terms of the sale, HSBC Continental Europe received a €0.1bn ($0.1bn) profit participation interest in the ultimate holding company of My Money Group. The associated impacts on initial recognition of this stake at fair value were recognised as part of the pre-tax loss on disposal in 2023, upon the reclassification of the disposal group as held for sale. In accordance with the terms of the sale, HSBC Continental Europe retained a portfolio of €7.1bn ($7.4bn) at the time of the sale, consisting of home and certain other loans, and the CCF brand, which it licensed to the buyer under a long-term licence agreement. Additionally, HSBC Continental Europe's subsidiaries, HSBC Assurances Vie (France) and HSBC Global Asset Management (France), entered into distribution agreements with the buyer.

The customer lending balances and associated income statement impacts of the portfolio of retained loans, together with the profit participation interest and the licence agreement of the CCF brand, were reclassified from WPB to Corporate Centre, with effect from 1 January 2024.

During the fourth quarter of 2024, we began the process of marketing the retained home and other loan portfolio for sale, which had a carrying value of €6.7bn ($6.9bn) at 31 December 2024. As a result, we reclassified the portfolio to a hold-to-collect-and-sell business model from 1 January 2025 and will measure it prospectively from the first quarter of 2025 at fair value through other comprehensive income. We expect to recognise an estimated $1bn fair value pre-tax loss in other comprehensive income on the remeasurement of the financial instruments. The valuation of this portfolio of loans may be substantially different in the event of a sale due to entity and deal-specific factors, including funding costs and the value of customer relationships. In the event of a sale, upon completion, the cumulative fair value changes recognised through other comprehensive income, which would reflect the terms of an agreed sale, would reclassify to the income statement. In December 2024, we entered into non-qualifying economic hedges, hedging interest rate risk on the portfolio and recognised a $0.1bn mark-to-market gain year-to-date.

Canada banking business

On 28 March 2024, HSBC Overseas Holdings (UK) Limited, a direct subsidiary of HSBC Holdings plc, completed the sale of HSBC Bank Canada to the Royal Bank of Canada.

The completion of the transaction resulted in a gain on sale of $4.8bn, inclusive of the recycling of $0.6bn in foreign currency translation reserve losses and $0.4bn in other reserves losses. The gain on sale also included $0.3bn in fair value gains recognised on the related foreign exchange hedges in the first quarter of 2024. There was no tax on the gain recognised at completion due to the substantial shareholding exemption rule in the UK.

Following the completion of this transaction, the Board approved a special dividend of $0.21 per share, which was paid in June 2024 alongside the first interim dividend.

Argentina business

On 6 December 2024, HSBC Latin America B.V. completed the sale of its business in Argentina to Grupo Financiero Galicia ('Galicia').

Galicia acquired all of HSBC Argentina's business covering banking, asset management and insurance, together with $100m of subordinated debt issued by HSBC Argentina and held by HSBC Latin America Holdings (UK) Limited for a base consideration of $550m. The consideration was adjusted for the results of the business and fair value gains or losses on HSBC Argentina's securities portfolios during the period between 31 December 2023 and 30 November 2024. HSBC received the purchase consideration in a combination of cash and Galicia's American Depositary Receipts ('ADRs'), with ADRs representing less than a 10% economic interest in Galicia. At 31 December 2024, the fair value of the ADRs received and held as fair value through profit and loss was $0.7bn.

For the year ended 31 December 2024, we recognised a $1.0bn pre-tax loss and we recycled $5.2bn foreign currency reserve and other reserve losses to the income statement on completion. There was no tax deduction on the loss recognised.

Other disposals

On 30 May 2024, HSBC Europe BV, a wholly-owned subsidiary of HSBC Bank plc, completed the sale of HSBC Bank (RR) (Limited Liability Company) to Expobank. Foreign currency translation reserve losses of $0.1bn were recognised in the income statement upon completion.

On 6 July 2024, The Hongkong and Shanghai Banking Corporation Limited (acting through its Mauritius branch) completed the sale of its Wealth and Personal Banking business in Mauritius to Absa Bank (Mauritius) Limited, a wholly-owned subsidiary of Absa Group Limited. The financial impact of the sale was not significant for the Group.

On 23 September 2024, HSBC Continental Europe, a wholly owned subsidiary of HSBC Bank plc, reached an agreement to sell its private banking business in Germany to BNP Paribas and the disposal group met the held for sale criteria at 31 December 2024. This sale, which remains subject to works council consultation, is expected to be completed in the second half of 2025. The sale is expected to generate an estimated pre-tax gain on disposal of $0.2bn, which will be recognised on completion.

On 25 September 2024, HSBC reached an agreement to transfer its business in South Africa to local lender FirstRand Bank Ltd and the disposal group met the held for sale criteria at 31 December 2024. The transaction, which is subject to regulatory and governmental approvals, is expected to complete in the second half of 2025. At closing, cumulative foreign currency translation reserves and other reserves will recycle to the income statement. At 31 December 2024, foreign currency translation reserve and other reserve losses stood at $0.2bn.

On 29 November 2024, HSBC Europe BV completed the sale of HSBC Bank Armenia to Ardshinbank with a year-to-date loss of $0.1bn recognised.

On 20 December 2024, HSBC Continental Europe signed a Memorandum of Understanding ('MoU') for the planned sale of its French life insurance business, HSBC Assurances Vie (France), to Matmut Société d'Assurance Mutuelle. The transaction, which is subject to regulatory approvals and employee consultation, is expected to complete in the second half of 2025. The disposal group met the held for sale criteria at 31 December 2024, resulting in the reclassification of $24.2bn in assets and $23.4bn in liabilities to held for sale, and the recognition of an immaterial loss on disposal. The total pre-tax loss at completion is estimated at $0.2bn inclusive of migration costs and the recycling of cumulative foreign currency translation reserves, insurance finance reserves and other reserves which stood at a net loss of $0.1bn as at 31 December 2024.

At 31 December 2024, the major classes of assets and associated liabilities of disposal groups held for sale, excluding allocated impairment losses, were as follows:

	French Life Insurance Business	German Private Banking Business	South Africa[1]	Other	Total
	$m	$m	$m	$m	$m
Assets of disposal groups held for sale					
Cash and balances at central banks	—	1,896	—	—	1,896
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	14,560	—	—	—	14,560
Derivatives	26	—	10	—	36
Loans and advances to banks	144	—	—	—	144
Loans and advances to customers	—	309	656	—	965
Financial investments[2]	8,500	—	—	—	8,500
Goodwill	—	5	—	—	5
Prepayments, accrued income and other assets	992	21	7	—	1,020
Total assets at 31 Dec 2024	**24,222**	**2,231**	**673**	**—**	**27,126**
Liabilities of disposal groups held for sale					
Customer accounts	—	2,085	3,294	20	5,399
Financial liabilities designated at fair value	11	119	—	—	130
Derivatives	—	—	19	—	19
Insurance contract liabilities	21,811	—	—	—	21,811
Accruals, deferred income and other liabilities	1,598	22	32	—	1,652
Total liabilities at 31 Dec 2024	**23,420**	**2,226**	**3,345**	**20**	**29,011**
Expected date of completion	Second half of 2025	Second half of 2025	Second half of 2025		
Operating segment	WPB	WPB	GBM and Corporate Centre		

1 Under the financial terms of the sale of our South Africa business, HSBC Bank plc will transfer the business with a net asset value of $0.7bn for a book value less any provisions. The purchase price will be satisfied by the transfer of agreed liabilities of $3.3bn. Any required increase to the net asset value of the business to achieve this will be satisfied by the inclusion of additional cash. Based upon the net liabilities of the disposal group at 31 December 2024, HSBC would be expected to include a cash contribution of $2.6bn.

2 Represents financial investments measured at fair value through other comprehensive income.

At 31 December 2023, the major classes of assets and associated liabilities of disposal groups held for sale, excluding allocated impairment losses, were as follows:

	Canada	Retail banking operations in France	Other	Total
	$m	$m	$m	$m
Assets of disposal groups held for sale				
Cash and balances at central banks	5,370	226	—	5,596
Trading assets	2,465	—	—	2,465
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	15	49	—	64
Derivatives	528	—	—	528
Loans and advances to banks	154	10,333	—	10,487
Loans and advances to customers	56,129	16,902	254	73,285
Reverse repurchase agreements – non-trading	2,723	—	—	2,723
Financial investments[1]	16,978	33	—	17,011
Goodwill	225	—	—	225
Prepayments, accrued income and other assets	3,318	132	2	3,452
Total assets at 31 Dec 2023	87,905	27,675	256	115,836
Liabilities of disposal groups held for sale				
Trading liabilities	1,417	—	—	1,417
Deposits by banks	78	—	—	78
Customer accounts	63,001	22,307	642	85,950
Repurchase agreements – non-trading	2,768	—	—	2,768
Financial liabilities designated at fair value	—	2,370	—	2,370
Derivatives	608	7	—	615
Debt securities in issue	7,707	1,377	—	9,084
Subordinated liabilities	8	—	—	8
Accruals, deferred income and other liabilities	5,916	196	4	6,116
Total liabilities at 31 Dec 2023	81,503	26,257	646	108,406
Date of completion	28 March 2024	1 January 2024		
Operating segment	All global businesses	WPB		

1 Includes financial investments measured at fair value through other comprehensive income of $9.4bn and debt instruments measured at amortised cost of $7.6bn.

Business acquisitions

In October 2023, HSBC Global Asset Management Singapore Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to acquire 100% of the shares of Silkroad Property Partners Pte Ltd ('Silkroad') and for HSBC Global Asset Management Limited to acquire Silkroad's affiliated General Partner entities. Silkroad is a Singapore headquartered Asia-Pacific-focused, real estate investment manager. The acquisition was completed on 31 January 2024.

In October 2023, HSBC Bank (China) Company Limited, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, entered into an agreement to acquire Citibank China's retail wealth management portfolio in mainland China. The portfolio comprises assets under management and deposits and the associated wealth customers. The acquisition was completed on 7 June 2024.

The financial impact of these business acquisitions was not significant for the Group.

24 Trading liabilities

	2024	2023
	$m	$m
Deposits by banks[1]	**7,671**	6,779
Customer accounts[1]	**10,709**	8,955
Other debt securities in issue (Note 26)	**73**	27
Other liabilities – net short positions in securities	**47,529**	57,389
At 31 Dec	**65,982**	73,150

1 'Deposits by banks' and 'Customer accounts' include repos, stock lending and other amounts.

25 Financial liabilities designated at fair value

HSBC

	2024	2023
	$m	$m
Deposits by banks and customer accounts[1]	23,773	21,043
Liabilities to customers under investment contracts	5,931	5,103
Debt securities in issue (Note 26)	99,706	103,803
Subordinated liabilities (Note 29)	9,317	11,477
At 31 Dec	**138,727**	141,426

1 Structured deposits placed at HSBC Bank USA are insured by the Federal Deposit Insurance Corporation, a US government agency, up to $250,000 per depositor.

The carrying amount of financial liabilities designated at fair value was $4,365m less than the contractual amount at maturity (2023: $4,421m less). The cumulative amount of change in fair value attributable to changes in credit risk was a loss of $1,655m (2023: loss of $1,286m).

HSBC Holdings

	2024	2023
	$m	$m
Debt securities in issue (Note 26)	33,268	35,189
Subordinated liabilities (Note 29)	8,314	8,449
At 31 Dec	**41,582**	43,638

The carrying amount of financial liabilities designated at fair value was $17m less than the contractual amount at maturity (2023: $246m less). The cumulative amount of change in fair value attributable to changes in credit risk was a loss of $540m (2023: $682m).

26 Debt securities in issue

HSBC

	2024	2023
	$m	$m
Bonds and medium-term notes	163,903	160,632
Other debt securities in issue	41,661	37,115
Total debt securities in issue	**205,564**	197,747
Included within:		
– trading liabilities (Note 24)	(73)	(27)
– financial liabilities designated at fair value (Note 25)	(99,706)	(103,803)
At 31 Dec	**105,785**	93,917

HSBC Holdings

	2024	2023
	$m	$m
Debt securities	97,588	100,428
Included within:		
– financial liabilities designated at fair value (Note 25)	(33,268)	(35,189)
At 31 Dec	**64,320**	65,239

27 Accruals, deferred income and other liabilities

	2024	2023
	$m	$m
Accruals and deferred income	16,277	16,814
Settlement accounts and items in course of transmission to other banks	24,692	35,718
Cash collateral and margin payables	58,040	56,832
Endorsements and acceptances	8,102	7,911
Employee benefit liabilities (Note 5)	1,017	1,160
Reinsurance contract liabilities	701	819
Lease liabilities	2,459	2,813
Other liabilities	19,052	21,834
At 31 Dec[1]	**130,340**	143,901

1 Accruals, deferred income and other liabilities include $122,051m (2023: $136,696m) of financial liabilities, the majority of which are measured at amortised cost.

28 Provisions

	Restructuring costs	Legal proceedings and regulatory matters	Customer remediation	Other provisions	Total
	$m	$m	$m	$m	$m
Provisions (excluding contractual commitments)					
At 1 Jan 2024	284	380	130	420	1,214
Additions	**181**	**205**	**36**	**203**	**625**
Amounts utilised	**(193)**	**(228)**	**(48)**	**(105)**	**(574)**
Unused amounts reversed	**(63)**	**(63)**	**(35)**	**(82)**	**(243)**
Exchange and other movements	**(10)**	**1**	**2**	**21**	**14**
At 31 Dec 2024	**199**	**295**	**85**	**457**	**1,036**
Contractual commitments[1]					
At 1 Jan 2024					527
Net change in expected credit loss provision and other movements					**161**
At 31 Dec 2024					**688**
Total provisions					
At 31 Dec 2023					1,741
At 31 Dec 2024					**1,724**
Provisions (excluding contractual commitments)					
At 1 Jan 2023	445	409	195	397	1,446
Additions	255	236	37	170	698
Amounts utilised	(288)	(231)	(69)	(68)	(656)
Unused amounts reversed	(149)	(30)	(41)	(95)	(315)
Exchange and other movements	21	(4)	8	16	41
At 31 Dec 2023	284	380	130	420	1,214
Contractual commitments[1]					
At 1 Jan 2023					512
Net change in expected credit loss provision and other movements					15
At 31 Dec 2023					527
Total provisions					
At 31 Dec 2022					1,958
At 31 Dec 2023					1,741

1 Contractual commitments include the expected credit loss provision in relation to off-balance sheet financial guarantee contracts and commitments where HSBC has become party to an irrevocable commitment, as defined under IFRS 9 'Financial Instruments'; and provisions for performance and other guarantee contracts.

Further details of 'Legal proceedings and regulatory matters' are set out in Note 35. Legal proceedings include civil court, arbitration or tribunal proceedings brought against HSBC companies (whether by way of claim or counterclaim); or civil disputes that may, if not settled, result in court, arbitration or tribunal proceedings. 'Regulatory matters' refers to investigations, reviews and other actions carried out by, or in response to, the actions of regulators or law enforcement agencies in connection with alleged wrongdoing by HSBC.

Customer remediation refers to HSBC's activities to compensate customers for losses or damages associated with a failure to comply with regulations or to treat customers fairly. Customer remediation is often initiated by HSBC in response to customer complaints and/or industry developments in sales practices, and is not necessarily initiated by regulatory action.

For further details of the impact of IFRS 9 on undrawn loan commitments and financial guarantees, presented in 'Contractual commitments', see Note 33. Further analysis of the movement in the expected credit loss provision is disclosed within the 'Reconciliation of changes in gross carrying/nominal amount and allowances for loans and advances to banks and customers including loan commitments and financial guarantees' table on page 161.

Brazil PIS and COFINS tax matters

Beginning in the late 1990s, HSBC Bank Brasil S.A. – Banco Múltiplo ('HSBC Brazil') and other financial services firms brought legal proceedings in Brazil challenging the assessment of PIS and COFINS taxes, which are federal taxes imposed on gross revenues earned by legal entities in Brazil. The Supreme Court of Brazil selected three cases – one involving an insurer, in 2007, and two involving other banks, in 2011 – to set standards that would apply to all of these proceedings. In June 2023, the court ruled against the financial services firms in all three cases. The standards set by the court in this ruling have not yet been applied to HSBC Brazil's legacy cases, liability for which remained with HSBC after the sale of HSBC's operations in Brazil to Bradesco in 2016. There are many factors that may affect the range of outcomes and any resulting financial impact for HSBC. Based upon the information currently available, a provision was recognised in respect of one legacy case. The remaining additional tax liability subject to challenge on all legacy PIS and COFINS cases is up to $0.4bn. As at 31 December 2024, no provision has been booked for this amount.

29 Subordinated liabilities

HSBC's subordinated liabilities

	2024 $m	2023 $m
At amortised cost	**25,958**	24,954
– subordinated liabilities	**25,080**	23,149
– preferred securities	**878**	1,805
Designated at fair value (Note 25)	**9,317**	11,477
– subordinated liabilities	**9,317**	11,477
– preferred securities	**—**	—
At 31 Dec	**35,275**	36,431
Issued by HSBC subsidiaries	**3,144**	4,154
Issued by HSBC Holdings	**32,131**	32,277

Subordinated liabilities rank behind senior obligations and generally count towards the capital base of HSBC. Capital securities may be called and redeemed by HSBC subject to prior notification to the PRA and, where relevant, the consent of the local banking regulator. If not redeemed at the first call date, coupons payable may reset or become floating rate based on relevant market rates. On subordinated liabilities other than floating rate notes, interest is payable at fixed rates of up to 8.201%.

The balance sheet amounts disclosed in the following table are presented on an IFRS basis and do not reflect the amount that the instruments contribute to regulatory capital, principally due to regulatory amortisation and regulatory eligibility limits.

HSBC's subordinated liabilities: subsidiaries

	2024 $m	2023 $m
Additional tier 1 capital securities issued by HSBC subsidiaries[1]	**732**	1,672
Tier 2 securities issued by HSBC subsidiaries		
– Tier 2 securities issued by HSBC Bank plc	**715**	764
– Tier 2 securities issued by The Hongkong and Shanghai Banking Corporation Limited		—
– Tier 2 securities issued by HSBC Bank USA Inc	**223**	223
– Tier 2 securities issued by HSBC Bank USA N.A.	**1,431**	1,449
Securities issued by other HSBC subsidiaries	**43**	46
Subordinated liabilities issued by HSBC subsidiaries at 31 Dec	**3,144**	4,154

1 The $900m 10.176% security issued by HSBC Capital Funding (Dollar 1) L.P. was redeemed on 31 October 2024.

HSBC Holdings' subordinated liabilities

	2024 $m	2023 $m
At amortised cost	**23,548**	24,439
Designated at fair value (Note 25)	**8,314**	8,449
At 31 Dec	**31,862**	32,888

HSBC Holdings' subordinated liabilities in issue

	2024 $m	2023 $m
Tier 2 securities issued by HSBC Holdings		
Amounts owed to third parties	**31,862**	31,975
Amounts owed to HSBC undertakings[1]	**—**	913
Subordinated liabilities issued by HSBC Holdings at 31 Dec	**31,862**	32,888

1 The $900m 10.176% security issued by HSBC Holdings to HSBC Capital Funding (Dollar 1) L.P. was redeemed on 31 October 2024.

Guaranteed by HSBC Holdings or HSBC Bank plc

Capital securities guaranteed by HSBC Holdings or HSBC Bank plc were issued by the Jersey limited partnerships. The proceeds of these were lent to the respective guarantors by the limited partnerships in the form of subordinated notes. They qualified as additional tier 1 capital for HSBC under CRR II until 31 December 2021 by virtue of the application of grandfathering provisions. The capital securities guaranteed by HSBC Bank plc also qualified as additional tier 1 capital for HSBC Bank plc (on a solo and a consolidated basis) under CRR II until 31 December 2021 by virtue of the same grandfathering process. Since 31 December 2021, these securities have no longer qualified as regulatory capital for HSBC Holdings or HSBC Bank plc. On 31 October 2024, the capital securities guaranteed by HSBC Holdings were redeemed.

As at 31 December 2024 the preferred securities guaranteed by HSBC Bank plc are intended to provide investors with rights to income and capital distributions, as well as distributions upon liquidation of the issuer that are equivalent to the rights that they would have had if they had purchased non-cumulative perpetual preference shares of the issuer. There are limitations on the payment of distributions if such payments are prohibited under UK banking regulations or other requirements, if a payment would cause a breach of HSBC Bank plc's capital adequacy requirements, or if HSBC Bank plc has insufficient distributable reserves (as defined).

HSBC Bank plc have covenanted that, if prevented under certain circumstances from paying distributions on the preferred securities in full, they will not pay dividends or other distributions in respect of their ordinary shares, or repurchase or redeem their ordinary shares, until the distribution on the preferred securities has been paid in full.

If the preferred securities guaranteed by HSBC Bank plc are outstanding in November 2048, or if the total capital ratio of HSBC Bank plc (on a solo or consolidated basis) falls below the regulatory minimum required, or if the Directors expect it to do so in the near term, provided that proceedings have not been commenced for the liquidation, dissolution or winding up of HSBC Bank plc, the holders' interests in the preferred security guaranteed by HSBC Bank plc will be exchanged for interests in preference shares issued by HSBC Bank plc that have economic terms which are in all material respects equivalent to the preferred security and its guarantee.

Tier 2 securities

Tier 2 capital securities are either perpetual or dated subordinated securities on which there is an obligation to pay coupons. These capital securities are included within HSBC's regulatory capital base as tier 2 capital under CRR II, either as fully eligible capital or by virtue of the application of grandfathering provisions. In accordance with CRR II, the capital contribution of all tier 2 securities is amortised for regulatory purposes in their final five years before maturity.

30 Maturity analysis of assets, liabilities and off-balance sheet commitments

The table on page 418 provides an analysis of consolidated total assets, liabilities and off-balance sheet commitments by residual contractual maturity at the balance sheet date. These balances are included in the maturity analysis as follows:

- Trading assets and liabilities (including trading derivatives but excluding reverse repos, repos and debt securities in issue) are included in the 'Due not more than 1 month' time bucket because trading balances are typically held for short periods of time.
- Financial assets and liabilities with no contractual maturity (such as equity securities) are included in the 'Due over 5 years' time bucket. Undated or perpetual instruments are classified based on the contractual notice period, which the counterparty of the instrument is entitled to give. Where there is no contractual notice period, undated or perpetual contracts are included in the 'Due over 5 years' time bucket.
- Non-financial assets and liabilities with no contractual maturity are included in the 'Due over 5 years' time bucket.
- Financial instruments included within assets and liabilities of disposal groups held for sale are classified on the basis of the contractual maturity of the underlying instruments and not on the basis of the disposal transaction.
- Liabilities under insurance contracts included in 'non-financial liabilities' are irrespective of contractual maturity included in the 'Due over 5 years' time bucket in the maturity table provided below. An analysis of the present value of expected future cash flows of insurance contract liabilities and contractual service margin is provided on page 373. Liabilities under investment contracts are classified in accordance with their contractual maturity. Undated investment contracts are included in the 'Due over 5 years' time bucket, although such contracts are subject to surrender and transfer options by the policyholders.
- Loan and other credit-related commitments are classified on the basis of the earliest date they can be drawn down.

HSBC

Maturity analysis of assets, liabilities and off-balance sheet commitments

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 6 months	Due over 6 months but not more than 9 months	Due over 9 months but not more than 1 year	Due over 1 year but not more than 2 years	Due over 2 years but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets									
Cash and balances at central banks	267,674	—	—	—	—	—	—	—	267,674
Hong Kong Government certificates of indebtedness	42,293	—	—	—	—	—	—	—	42,293
Trading assets	311,277	1,374	679	337	774	401	—	—	314,842
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	6,329	1,497	1,218	810	1,570	4,010	11,503	88,832	115,769
Derivatives	264,689	401	709	377	164	364	524	1,409	268,637
Loans and advances to banks	69,778	16,300	3,871	4,264	2,922	2,276	2,236	392	102,039
Loans and advances to customers	135,250	69,955	53,557	36,945	38,985	89,061	176,645	330,260	930,658
– personal	45,221	10,236	7,634	6,705	6,197	19,683	53,434	295,588	444,698
– corporate and commercial	78,170	52,618	38,440	22,858	25,292	54,832	102,637	29,102	403,949
– financial	11,859	7,101	7,483	7,382	7,496	14,546	20,574	5,570	82,011
Reverse repurchase agreements – non-trading	179,590	36,552	15,054	3,715	6,659	7,400	3,579	—	252,549
Financial investments	35,780	74,850	50,650	15,907	20,465	54,125	143,870	97,519	493,166
Assets held for sale[1]	2,711	170	215	401	711	513	2,465	19,170	26,356
Accrued income and other financial assets	94,803	6,831	4,127	648	579	498	346	1,504	109,336
Financial assets at 31 Dec 2024	1,410,174	207,930	130,080	63,404	72,829	158,648	341,168	539,086	2,923,319
Non-financial assets	—	—	—	—	—	—	—	93,729	93,729
Total assets at 31 Dec 2024	1,410,174	207,930	130,080	63,404	72,829	158,648	341,168	632,815	3,017,048
Off-balance sheet commitments received									
Loan and other credit-related commitments	41,875	—	—	—	—	—	—	—	41,875
Financial liabilities									
Hong Kong currency notes in circulation	42,293	—	—	—	—	—	—	—	42,293
Deposits by banks	54,714	1,595	2,227	653	3,924	507	9,919	458	73,997
Customer accounts	1,382,204	168,423	58,928	19,062	17,389	6,482	2,353	114	1,654,955
– personal	640,031	111,341	41,429	13,429	11,109	3,983	1,981	—	823,303
– corporate and commercial	564,693	45,047	14,708	3,991	4,748	1,968	332	106	635,593
– financial	177,480	12,035	2,791	1,642	1,532	531	40	8	196,059
Repurchase agreements – non-trading	168,075	10,340	1,176	450	473	171	—	195	180,880
Trading liabilities	58,069	4,933	2,873	7	100	—	—	—	65,982
Financial liabilities designated at fair value	19,037	8,732	5,890	4,765	5,600	17,013	43,274	34,416	138,727
– debt securities in issue: covered bonds	—	—	—	—	—	—	—	—	—
– debt securities in issue: unsecured	8,431	4,148	3,557	2,885	4,362	14,660	38,259	22,866	99,168
– subordinated liabilities and preferred securities	—	—	—	1,011	—	886	1,871	5,548	9,316
– other	10,606	4,584	2,333	869	1,238	1,467	3,144	6,002	30,243
Derivatives	262,928	2	6	3	1	43	192	1,273	264,448
Debt securities in issue	5,761	10,915	10,330	7,332	7,239	14,724	22,311	27,173	105,785
– covered bonds	—	—	—	—	—	—	1,253	—	1,253
– otherwise secured	511	47	67	64	61	664	520	2,236	4,170
– unsecured	5,250	10,868	10,263	7,268	7,178	14,060	20,538	24,937	100,362
Liabilities of disposal groups held for sale[2]	5,356	223	42	2	107	—	—	1,448	7,178
Accruals and other financial liabilities	99,424	11,827	5,415	1,013	1,241	902	1,489	738	122,049
Subordinated liabilities	—	—	1,719	16	—	—	861	23,362	25,958
Total financial liabilities at 31 Dec 2024	2,097,861	216,990	88,606	33,303	36,074	39,842	80,399	89,177	2,682,252
Non-financial liabilities	—	—	—	—	—	—	—	142,523	142,523
Total liabilities at 31 Dec 2024	2,097,861	216,990	88,606	33,303	36,074	39,842	80,399	231,700	2,824,775
Off-balance sheet commitments given									
Loan and other credit-related commitments	861,181	74	12	85	49	6	57	114	861,578
– personal	253,522	—	—	—	—	—	—	—	253,522
– corporate and commercial	460,762	74	12	85	49	6	57	114	461,159
– financial	146,897	—	—	—	—	—	—	—	146,897

Maturity analysis of assets, liabilities and off-balance sheet commitments (continued)

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 6 months	Due over 6 months but not more than 9 months	Due over 9 months but not more than 1 year	Due over 1 year but not more than 2 years	Due over 2 years but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets									
Cash and balances at central banks	285,868	—	—	—	—	—	—	—	285,868
Hong Kong Government certificates of indebtedness	42,024	—	—	—	—	—	—	—	42,024
Trading assets	284,865	2,010	637	363	555	165	564	—	289,159
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	5,530	697	821	753	581	4,839	11,917	85,505	110,643
Derivatives	227,343	138	134	71	35	383	570	1,040	229,714
Loans and advances to banks	76,524	18,662	6,487	2,689	3,281	2,756	2,328	175	112,902
Loans and advances to customers	142,803	66,425	52,218	40,135	36,323	94,206	175,381	331,044	938,535
– personal	44,105	9,558	6,960	6,422	6,127	19,606	54,365	297,512	444,655
– corporate and commercial	83,281	50,268	38,250	24,685	24,566	61,612	106,598	30,592	419,852
– financial	15,417	6,599	7,008	9,028	5,630	12,988	14,418	2,940	74,028
Reverse repurchase agreements – non-trading	164,826	43,893	23,840	6,708	5,126	6,113	1,711	—	252,217
Financial investments	48,969	69,816	44,493	16,348	18,603	46,124	106,117	92,293	442,763
Assets held for sale[1]	39,882	2,929	7,041	4,176	3,261	17,085	33,015	7,943	115,332
Accrued income and other financial assets	114,480	6,574	4,404	550	698	220	764	1,513	129,203
Financial assets at 31 Dec 2023	1,433,114	211,144	140,075	71,793	68,463	171,891	332,367	519,513	2,948,360
Non-financial assets	—	—	—	—	—	—	—	90,317	90,317
Total assets at 31 Dec 2023	1,433,114	211,144	140,075	71,793	68,463	171,891	332,367	609,830	3,038,677
Off-balance sheet commitments received									
Loan and other credit-related commitments	39,836	—	—	—	—	—	—	—	39,836
Financial liabilities									
Hong Kong currency notes in circulation	42,024	—	—	—	—	—	—	—	42,024
Deposits by banks	52,747	2,758	2,324	381	94	1,458	13,064	337	73,163
Customer accounts	1,343,858	138,117	78,611	20,832	17,724	7,785	4,616	104	1,611,647
– personal	621,112	84,909	61,286	14,794	12,465	5,507	2,742	2	802,817
– corporate and commercial	545,207	43,562	14,525	4,605	3,393	2,165	1,527	92	615,076
– financial	177,539	9,646	2,800	1,433	1,866	113	347	10	193,754
Repurchase agreements – non-trading	158,882	10,311	1,759	300	847	1	—	—	172,100
Trading liabilities	66,548	6,302	300	—	—	—	—	—	73,150
Financial liabilities designated at fair value	22,080	8,366	7,823	7,197	6,239	16,679	39,497	33,545	141,426
– debt securities in issue: covered bonds	—	—	—	—	—	—	—	—	—
– debt securities in issue: unsecured	10,383	2,760	5,748	6,225	5,390	14,090	34,757	23,898	103,251
– subordinated liabilities and preferred securities	—	1,995	—	—	—	1,471	3,429	4,581	11,476
– other	11,697	3,611	2,075	972	849	1,118	1,311	5,066	26,699
Derivatives	233,134	113	25	9	47	73	1,223	148	234,772
Debt securities in issue	6,891	6,664	10,816	6,896	6,427	6,317	27,452	22,454	93,917
– covered bonds	—	—	—	—	—	—	1,273	—	1,273
– otherwise secured	447	44	62	58	55	188	861	1,679	3,394
– unsecured	6,444	6,620	10,754	6,838	6,372	6,129	25,318	20,775	89,250
Liabilities of disposal groups held for sale[2]	69,868	5,231	5,479	6,728	6,541	4,730	7,918	1,511	108,006
Accruals and other financial liabilities	111,559	11,827	6,007	1,205	1,414	1,053	1,491	2,137	136,693
Subordinated liabilities	—	13	—	—	—	1,790	897	22,254	24,954
Total financial liabilities at 31 Dec 2023	2,107,591	189,702	113,144	43,548	39,333	39,886	96,158	82,490	2,711,852
Non-financial liabilities	—	—	—	—	—	—	—	134,215	134,215
Total liabilities at 31 Dec 2023	2,107,591	189,702	113,144	43,548	39,333	39,886	96,158	216,705	2,846,067
Off-balance sheet commitments given									
Loan and other credit-related commitments	895,140	95	126	72	171	439	807	300	897,150
– personal	256,272	21	30	46	107	279	745	192	257,692
– corporate and commercial	472,507	74	26	26	64	160	62	108	473,027
– financial	166,361	—	70	—	—	—	—	—	166,431

1 Unallocated impairment losses in relation to disposal groups of $0.03bn (2023: $2.0bn) and non-financial assets of $0.9bn (2023: $0.9bn) that are presented within assets held for sale on the balance sheet have been included within non-financial assets in the table above.
2 A total of $21.8bn (2023: $0.4bn) of non-financial liabilities that are presented within liabilities of disposal groups held for sale on the balance sheet have been included within non-financial liabilities in the table above.

HSBC Holdings

Maturity analysis of assets, liabilities and off-balance sheet commitments

	Due not more than 1 month $m	Due over 1 month but not more than 3 months $m	Due over 3 months but not more than 6 months $m	Due over 6 months but not more than 9 months $m	Due over 9 months but not more than 1 year $m	Due over 1 year but not more than 2 years $m	Due over 2 years but not more than 5 years $m	Due over 5 years $m	Total $m
Financial assets									
Cash at bank and in hand:									
– balances with HSBC undertakings	**2,548**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,548**
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**—**	**—**	**—**	**—**	**—**	**5,835**	**31,547**	**23,904**	**61,286**
Derivatives	**2,339**	**—**	**24**	**—**	**—**	**243**	**162**	**286**	**3,054**
Loans and advances to HSBC undertakings	**8,500**	**—**	**120**	**—**	**13**	**1,640**	**6,739**	**20,665**	**37,677**
Trading assets	**709**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**709**
Financial investments	**6,141**	**4,187**	**—**	**—**	**—**	**—**	**—**	**—**	**10,328**
Accrued income and other financial assets	**2,719**	**856**	**292**	**203**	**11**	**—**	**—**	**—**	**4,081**
Total financial assets at 31 Dec 2024	**22,956**	**5,043**	**436**	**203**	**24**	**7,718**	**38,448**	**44,855**	**119,683**
Non-financial assets	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**154,574**	**154,574**
Total assets at 31 Dec 2024	**22,956**	**5,043**	**436**	**203**	**24**	**7,718**	**38,448**	**199,429**	**274,257**
Financial liabilities									
Amounts owed to HSBC undertakings	**—**	**231**	**—**	**—**	**—**	**—**	**—**	**—**	**231**
Financial liabilities designated at fair value	**—**	**—**	**—**	**1,012**	**—**	**3,641**	**16,907**	**20,022**	**41,582**
– debt securities in issue	**—**	**—**	**—**	**—**	**—**	**2,755**	**15,036**	**15,476**	**33,267**
– subordinated liabilities and preferred securities	**—**	**—**	**—**	**1,012**	**—**	**886**	**1,871**	**4,546**	**8,315**
Derivatives	**1,502**	**89**	**144**	**44**	**45**	**209**	**794**	**2,513**	**5,340**
Debt securities in issue	**—**	**—**	**—**	**—**	**—**	**14,897**	**24,395**	**25,028**	**64,320**
Accruals and other financial liabilities	**351**	**1,713**	**831**	**129**	**31**	**—**	**—**	**20**	**3,075**
Subordinated liabilities	**—**	**—**	**1,541**	**—**	**—**	**—**	**836**	**21,171**	**23,548**
Total financial liabilities 31 Dec 2024	**1,853**	**2,033**	**2,516**	**1,185**	**76**	**18,747**	**42,932**	**68,754**	**138,096**
Non-financial liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**22**	**22**
Total liabilities at 31 Dec 2024	**1,853**	**2,033**	**2,516**	**1,185**	**76**	**18,747**	**42,932**	**68,776**	**138,118**
Financial assets									
Cash at bank and in hand:									
– balances with HSBC undertakings	7,029	—	—	—	—	—	—	—	7,029
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	—	—	—	—	—	3,815	26,284	29,780	59,879
Derivatives	2,217	—	—	—	—	18	675	434	3,344
Loans and advances to HSBC undertakings	—	—	120	—	—	1,016	6,783	19,435	27,354
Financial investments	10,365	6,017	898	750	757	771	—	—	19,558
Accrued income and other financial assets	3,511	860	254	229	5	—	—	—	4,859
Total financial assets at 31 Dec 2023	23,122	6,877	1,272	979	762	5,620	33,742	49,649	122,023
Non-financial assets	—	—	—	—	—	—	—	163,146	163,146
Total assets at 31 Dec 2023	23,122	6,877	1,272	979	762	5,620	33,742	212,795	285,169
Financial liabilities									
Amounts owed to HSBC undertakings	—	168	—	—	—	—	—	—	168
Financial liabilities designated at fair value	—	—	—	—	—	5,287	19,604	18,747	43,638
– debt securities in issue	—	—	—	—	—	3,816	16,175	15,198	35,189
– subordinated liabilities and preferred securities	—	—	—	—	—	1,471	3,429	3,549	8,449
Derivatives	2,452	209	7	59	75	558	1,318	1,412	6,090
Debt securities in issue	—	—	816	2,158	—	4,920	33,735	23,610	65,239
Accruals and other financial liabilities	1,437	1,599	1,049	127	34	—	—	23	4,269
Subordinated liabilities	—	1,987	—	—	—	1,600	880	19,972	24,439
Total financial liabilities at 31 Dec 2023	3,889	3,963	1,872	2,344	109	12,365	55,537	63,764	143,843
Non-financial liabilities	—	—	—	—	—	—	—	20	20
Total liabilities at 31 Dec 2023	3,889	3,963	1,872	2,344	109	12,365	55,537	63,784	143,863

Contractual maturity of financial liabilities

The following table shows, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading liabilities and derivatives not treated as hedging derivatives). For this reason, balances in the following table do not agree directly with those in our consolidated balance sheet. Undiscounted cash flows payable in relation to hedging derivative liabilities are classified according to their contractual maturities. Trading liabilities and derivatives not treated as hedging derivatives are included in the 'Due not more than 1 month' time bucket and not by contractual maturity.

In addition, loan and other credit-related commitments and financial guarantees are generally not recognised on our balance sheet. The undiscounted cash flows potentially payable under loan and other credit-related commitments and financial guarantees are classified on the basis of the earliest date they can be called.

Cash flows payable by HSBC under financial liabilities by remaining contractual maturities

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 1 year	Due over 1 year but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m
Deposits by banks	**54,819**	**1,759**	**7,381**	**11,242**	**511**	**75,712**
Customer accounts	**1,382,666**	**171,917**	**97,667**	**10,089**	**113**	**1,662,452**
Repurchase agreements – non-trading	**168,633**	**10,425**	**2,195**	**188**	**196**	**181,637**
Trading liabilities	**65,982**	**—**	**—**	**—**	**—**	**65,982**
Financial liabilities designated at fair value	**19,139**	**9,042**	**18,462**	**70,587**	**45,767**	**162,997**
Derivatives	**262,014**	**531**	**1,008**	**2,034**	**2,765**	**268,352**
Debt securities in issue	**5,780**	**11,309**	**27,103**	**45,725**	**32,129**	**122,046**
Subordinated liabilities	**39**	**120**	**2,959**	**7,373**	**35,512**	**46,003**
Other financial liabilities[1]	**138,319**	**9,754**	**5,421**	**2,206**	**608**	**156,308**
	2,097,391	**214,857**	**162,196**	**149,444**	**117,601**	**2,741,489**
Loan and other credit-related commitments	**861,193**	**78**	**146**	**63**	**98**	**861,578**
Financial guarantees[2]	**16,998**	**—**	**—**	**—**	**—**	**16,998**
At 31 Dec 2024	**2,975,582**	**214,935**	**162,342**	**149,507**	**117,699**	**3,620,065**
Proportion of cash flows payable in period	**83%**	**6%**	**4%**	**4%**	**3%**	
Deposits by banks	52,938	2,898	3,304	17,123	362	76,625
Customer accounts	1,345,006	141,348	119,660	13,423	109	1,619,546
Repurchase agreements – non-trading	159,264	10,457	2,996	1	—	172,718
Trading liabilities	73,150	—	—	—	—	73,150
Financial liabilities designated at fair value	22,262	9,156	26,033	63,960	44,886	166,297
Derivatives	232,598	609	1,295	2,445	2,910	239,857
Debt securities in issue	6,837	7,407	24,117	43,513	27,119	108,993
Subordinated liabilities	39	135	1,465	9,020	34,920	45,579
Other financial liabilities[1]	149,904	9,752	5,943	2,555	2,109	170,263
	2,041,998	181,762	184,813	152,040	112,415	2,673,028
Loan and other credit-related commitments	895,156	95	371	1,437	91	897,150
Financial guarantees[2]	16,966	4	39	—	—	17,009
At 31 Dec 2023	2,954,120	181,861	185,223	153,477	112,506	3,587,187
Proportion of cash flows payable in period	83%	5%	5%	4%	3%	

1 Excludes financial liabilities of disposal groups.
2 Excludes performance guarantee contracts to which the impairment requirements in IFRS 9 are not applied.

HSBC Holdings

HSBC Holdings' primary sources of liquidity are dividends received from subsidiaries, interest on and repayment of intra-Group loans and securities, and interest earned on its own liquid funds. HSBC Holdings also raises funds in the debt capital markets to meet the Group's minimum requirement for own funds and eligible liabilities and maintain an appropriate liquidity buffer. HSBC Holdings uses this liquidity to meet its obligations, including interest and principal repayments on external debt liabilities, operating expenses and collateral on derivative transactions.

HSBC Holdings is also subject to contingent liquidity risk by virtue of credit-related commitments and guarantees and similar contracts issued relating to its subsidiaries. Such commitments and guarantees are only issued after due consideration of HSBC Holdings' ability to finance the commitments and guarantees and the likelihood of the need arising.

HSBC Holdings actively manages the cash flows from its subsidiaries to optimise the amount of cash held at the holding company level. During 2024, consistent with the Group's capital plan, the Group's material subsidiaries did not experience any significant restrictions on paying dividends or repaying loans and advances. Also, there are no foreseen restrictions envisaged with regard to planned dividends or payments from material subsidiaries. However, the ability of subsidiaries to pay dividends or advance monies to HSBC Holdings depends on, among other things, their respective local regulatory capital and banking requirements, exchange controls, statutory reserves, and financial and operating performance.

HSBC Holdings currently has sufficient liquidity to meet its present and forecast requirements.

The following table shows, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for trading liabilities and derivatives not treated as hedging derivatives). For this reason, balances in the following table do not agree directly with those in HSBC Holdings balance sheet. Undiscounted cash flows payable in relation to hedging derivative liabilities are classified according to their contractual maturities. Trading liabilities and derivatives not treated as hedging derivatives are included in the 'Due not more than 1 month' time bucket and not by contractual maturity.

In addition, loan and other credit-related commitments and financial guarantees are generally not recognised on our balance sheet. The undiscounted cash flows potentially payable under loan and other credit-related commitments and financial guarantees are classified on the basis of the earliest date they can be called.

Cash flows payable by HSBC Holdings under financial liabilities by remaining contractual maturities

	Due not more than 1 month	Due over 1 month but not more than 3 months	Due over 3 months but not more than 1 year	Due over 1 year but not more than 5 years	Due over 5 years	Total
	$m	$m	$m	$m	$m	$m
Amounts owed to HSBC undertakings	**—**	**231**	**—**	**—**	**—**	**231**
Financial liabilities designated at fair value	**2**	**133**	**2,254**	**26,335**	**26,788**	**55,512**
Derivatives	**669**	**202**	**1,344**	**2,591**	**1,658**	**6,464**
Debt securities in issue	**—**	**254**	**1,697**	**47,771**	**29,706**	**79,428**
Subordinated liabilities	**—**	**105**	**2,627**	**6,794**	**31,773**	**41,299**
Other financial liabilities	**351**	**1,735**	**991**	**—**	**20**	**3,097**
At 31 Dec 2024	**1,022**	**2,660**	**8,913**	**83,491**	**89,945**	**186,031**
Amounts owed to HSBC undertakings	—	168	—	—	—	168
Financial liabilities designated at fair value	23	405	1,437	31,050	25,610	58,525
Derivatives	1,244	556	1,651	2,227	726	6,404
Debt securities in issue	—	680	4,787	46,909	27,745	80,121
Subordinated liabilities	46	2,163	1,360	8,239	30,862	42,670
Other financial liabilities	1,436	1,620	1,210	—	23	4,289
At 31 Dec 2023	2,749	5,592	10,445	88,425	84,966	192,177

31 Offsetting of financial assets and financial liabilities

In the offsetting of financial assets and financial liabilities, the net amount is reported in the balance sheet when the offset criteria are met. This is achieved when there is a legally enforceable right to offset the recognised amounts and there is either an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

In the following table, the 'Amounts not set off in the balance sheet' include transactions where:

- the counterparty has an offsetting exposure with HSBC and a master netting or similar arrangement is in place with a right to set off only in the event of default, insolvency or bankruptcy, or the offset criteria are otherwise not satisfied; and
- cash and non-cash collateral (debt securities and equities) has been received/pledged for derivatives and reverse repurchase/repurchase, stock borrowing/lending and similar agreements to cover net exposure in the event of a default or other predetermined events.

The effect of over-collateralisation is excluded.

'Amounts not subject to enforceable netting agreements' include contracts executed in jurisdictions where the rights of offset may not be upheld under the local bankruptcy laws, and transactions where a legal opinion evidencing enforceability of the right of offset may not have been sought, or may have been unable to obtain.

For risk management purposes, the net amounts of loans and advances to customers are subject to limits, which are monitored and the relevant customer agreements are subject to review and updated, as necessary, to ensure the legal right to set off remains appropriate.

Offsetting of financial assets and financial liabilities

	Amounts subject to enforceable netting arrangements							
				Amounts not set off in the balance sheet				
	Gross amounts	Amounts offset	Net amounts in the balance sheet	Financial instruments, including non-cash collateral	Cash collateral	Net amount	Amounts not subject to enforceable netting arrangements[1]	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets								
Derivatives (Note 15)[2]	**372,699**	**(112,746)**	**259,953**	**(230,133)**	**(22,730)**	**7,090**	**8,684**	**268,637**
Reverse repos, stock borrowing and similar agreements classified as:[3]								
– trading assets	**25,077**	**(637)**	**24,440**	**(24,428)**	**(10)**	**2**	**757**	**25,197**
– non-trading assets	**386,124**	**(154,133)**	**231,991**	**(230,584)**	**(332)**	**1,075**	**20,602**	**252,593**
Loans and advances to customers[4]	**34,582**	**(16,540)**	**18,042**	**(15,313)**	**(75)**	**2,654**	**4**	**18,046**
At 31 Dec 2024	**818,482**	**(284,056)**	**534,426**	**(500,458)**	**(23,147)**	**10,821**	**30,047**	**564,473**
Derivatives (Note 15)[2]	341,473	(116,486)	224,987	(198,743)	(22,926)	3,318	4,727	229,714
Reverse repos, stock borrowing and similar agreements classified as:[3]								
– trading assets	29,152	(602)	28,550	(28,513)	(34)	3	2,633	31,183
– non-trading assets	365,922	(135,210)	230,712	(230,240)	(80)	392	21,653	252,365
Loans and advances to customers[4]	34,173	(15,792)	18,381	(15,613)	(93)	2,675	2	18,383
At 31 Dec 2023	770,720	(268,090)	502,630	(473,109)	(23,133)	6,388	29,015	531,645
Financial liabilities								
Derivatives (Note 15)[2]	**369,287**	**(112,746)**	**256,541**	**(221,232)**	**(30,334)**	**4,975**	**7,907**	**264,448**
Repos, stock lending and similar agreements classified as:[3]								
– trading liabilities	**18,482**	**(157)**	**18,325**	**(18,326)**	**—**	**(1)**	**6**	**18,331**
– non-trading liabilities	**287,648**	**(154,613)**	**133,035**	**(131,719)**	**(164)**	**1,152**	**47,845**	**180,880**
Customer accounts[5]	**41,409**	**(16,540)**	**24,869**	**(15,313)**	**(75)**	**9,481**	**17**	**24,886**
At 31 Dec 2024	**716,826**	**(284,056)**	**432,770**	**(386,590)**	**(30,573)**	**15,607**	**55,775**	**488,545**
Derivatives (Note 15)[2]	344,799	(116,486)	228,313	(198,640)	(23,748)	5,925	6,459	234,772
Repos, stock lending and similar agreements classified as:[3]								
– trading liabilities	15,686	(172)	15,514	(15,453)	—	61	6	15,520
– non-trading liabilities	270,493	(135,640)	134,853	(134,095)	(669)	89	37,247	172,100
Customer accounts[5]	42,522	(15,792)	26,730	(15,613)	(93)	11,024	13	26,743
At 31 Dec 2023	673,500	(268,090)	405,410	(363,801)	(24,510)	17,099	43,725	449,135

1 These exposures continue to be secured by financial collateral, but we may not have sought or been able to obtain a legal opinion evidencing enforceability of the right of offset.
2 At 31 December 2024, the amount of cash margin received that had been offset against the gross derivatives assets was $5,303m (2023: $5,105m). The amount of cash margin paid that had been offset against the gross derivatives liabilities was $5,614m (2023: $7,142m).
3 For the amount of repos, reverse repos, stock lending, stock borrowing and similar agreements recognised on the balance sheet within 'Trading assets' of $25,197m (2023: $31,183m) and 'Trading liabilities' of $18,331m (2023: $15,520m), see the 'Funding sources and uses' table on page 209.
4 At 31 December 2024, the total amount of 'Loans and advances to customers' was $930,658m (2023: $938,535m), of which $18,042m (2023: $18,381m) was subject to offsetting.
5 At 31 December 2024, the total amount of 'Customer accounts' was $1,654,955m (2023: $1,611,647m), of which $24,869m (2023: $26,730m) was subject to offsetting.

32 Called up share capital and other equity instruments

Called up share capital and share premium

HSBC Holdings ordinary shares of $0.50 each, issued and fully paid

	2024		2023	
	Number	$m	Number	$m
At 1 Jan	**19,262,728,193**	**9,631**	20,293,607,410	10,147
Shares issued under HSBC employee share plans	**10,283,430**	**5**	10,778,479	5
Shares issued in lieu of dividends	**—**	**—**	—	—
Less: shares repurchased and cancelled	**1,326,061,041**	**663**	716,384,289	358
Less: treasury shares cancelled	**—**	**—**	325,273,407	163
At 31 Dec[1]	**17,946,950,582**	**8,973**	19,262,728,193	9,631

1 All HSBC Holdings ordinary shares in issue confer identical rights, including in respect of capital, dividends and voting.

HSBC Holdings share premium

	2024	2023
	$m	$m
At 31 Dec	**14,810**	14,738

Total called up share capital and share premium

	2024	2023
	$m	$m
At 31 Dec	**23,783**	24,369

HSBC Holdings non-cumulative preference share of £0.01

The one non-cumulative sterling preference share of £0.01 ('sterling preference share') has been in issue since 29 December 2010 and is held by a subsidiary of HSBC Holdings. Dividends are paid quarterly at the sole and absolute discretion of the Board. The sterling preference share carries no rights of conversion into ordinary shares of HSBC Holdings and no right to attend or vote at shareholder meetings of HSBC Holdings. These securities can be redeemed by HSBC Holdings at any time, subject to prior approval by the PRA.

Other equity instruments

HSBC Holdings has included two types of additional tier 1 capital securities in its tier 1 capital, including the contingent convertible securities described below. These are accounted for as equity because HSBC does not have an obligation to transfer cash or a variable number of its own ordinary shares to holders under any circumstances outside its control. See Note 29 for additional tier 1 securities accounted for as liabilities.

Additional tier 1 capital – contingent convertible securities

HSBC Holdings continues to issue contingent convertible securities that are included in its capital base as fully CRR II-compliant additional tier 1 capital securities on an end point basis. These securities are marketed principally and subsequently allotted to corporate investors and fund managers. The net proceeds of the issuances are typically used for HSBC Holdings' general corporate purposes and to further strengthen its capital base to meet requirements under CRR II. These securities bear a fixed rate of interest until their initial call dates. After the initial call dates, if they are not redeemed, the securities will bear interest at rates fixed periodically in advance for five-year periods based on credit spreads, fixed at issuance, above prevailing market rates. Interest on the contingent convertible securities will be due and payable only at the sole discretion of HSBC Holdings, and HSBC Holdings has sole and absolute discretion at all times to cancel for any reason (in whole or part) any interest payment that would otherwise be payable on any payment date. Distributions will not be paid if they are prohibited under UK banking regulations or if the Group has insufficient reserves or fails to meet the solvency conditions defined in the securities' terms.

The contingent convertible securities are undated and are repayable at the option of HSBC Holdings in whole typically at the initial call date or on any fifth anniversary after this date. In addition, the securities are repayable at the option of HSBC in whole for certain regulatory or tax reasons. Any repayments require the prior consent of the PRA. These securities rank pari passu with HSBC Holdings' sterling preference shares and therefore rank ahead of ordinary shares. The contingent convertible securities will be converted into fully paid ordinary shares of HSBC Holdings at a predetermined price, should HSBC's consolidated non-transitional CET1 ratio fall below 7.0%. Therefore, in accordance with the terms of the securities, if the non-transitional CET1 ratio breaches the 7.0% trigger, the securities will convert into ordinary shares at fixed contractual conversion prices in the issuance currencies of the relevant securities, subject to anti-dilution adjustments.

HSBC's additional tier 1 capital – contingent convertible securities in issue which are accounted for in equity

Original nominal amount (LCY)		First call date	**2024 $m**	2023 $m
$2,250m	6.375% Perpetual Subordinated Contingent Convertible Securities[1]	Sept 2024	**—**	2,250
$2,450m	6.375% Perpetual Subordinated Contingent Convertible Securities	Mar 2025	**2,450**	2,450
$3,000m	6.000% Perpetual Subordinated Contingent Convertible Securities	May 2027	**3,000**	3,000
$1,800m	6.500% Perpetual Subordinated Contingent Convertible Securities	Mar 2028	**1,800**	1,800
$1,500m	4.600% Perpetual Subordinated Contingent Convertible Securities[2]	Dec 2030	**1,500**	1,500
$1,000m	4.000% Perpetual Subordinated Contingent Convertible Securities[3]	Mar 2026	**1,000**	1,000
$1,000m	4.700% Perpetual Subordinated Contingent Convertible Securities[4]	Mar 2031	**1,000**	1,000
$2,000m	8.000% Perpetual Subordinated Contingent Convertible Securities[5]	Mar 2028	**1,980**	1,980
€1,250m	4.750% Perpetual Subordinated Contingent Convertible Securities	Jul 2029	**1,422**	1,422
£1,000m	5.875% Perpetual Subordinated Contingent Convertible Securities	Sept 2026	**1,301**	1,301
$1,350m	6.875% Perpetual Subordinated Contingent Convertible Securities[6]	Sept 2029	**1,337**	—
$1,150m	6.950% Perpetual Subordinated Contingent Convertible Securities[7]	Mar 2034	**1,138**	—
SGD1,500m	5.250% Perpetual Subordinated Contingent Convertible Securities[8]	Jun 2029	**1,096**	—
At 31 Dec			**19,024**	17,703

1 This security was called by HSBC Holdings on 23 July 2024 and redeemed and cancelled on 17 September 2024.
2 This security was issued by HSBC Holdings on 17 December 2020. The first call period commences six months prior to reset date of 17 June 2031.
3 This security was issued by HSBC Holdings on 9 March 2021. The first call period commences six months prior to reset date of 9 September 2026.
4 This security was issued by HSBC Holdings on 9 March 2021. The first call period commences six months prior to reset date of 9 September 2031.
5 This security was issued by HSBC Holdings on 7 March 2023. The first call period commences six months prior to reset date of 7 September 2028. This security has been accounted for net of directly attributable transaction costs.
6 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six months prior to reset date of 11 March 2030. This security has been accounted for net of directly attributable transaction costs.
7 This security was issued by HSBC Holdings on 11 September 2024. The first call period commences six months prior to reset date of 11 September 2034. This security has been accounted for net of directly attributable transaction costs.
8 This security was issued by HSBC Holdings on 14 June 2024. The first call period commences six months prior to reset date of 14 December 2039.

Shares under option

For details of the options outstanding to subscribe for HSBC Holdings ordinary shares under the HSBC Holdings Savings-Related Share Option Plan (UK), see Note 5.

Aggregate options outstanding under these plans

31 Dec 2024			31 Dec 2023		
Number of HSBC Holdings ordinary shares	**Usual period of exercise**	**Exercise price**	Number of HSBC Holdings ordinary shares	Usual period of exercise	Exercise price
75,335,399	**2023 to 2030**	**£2.6270–£5.4490**	83,993,678	2022 to 2029	£2.6270–5.4490

Maximum obligation to deliver HSBC Holdings ordinary shares

At 31 December 2024, the maximum obligation to deliver HSBC Holdings ordinary shares under all of the above option arrangements and the HSBC International Employee Share Purchase Plan, together with long-term incentive awards and deferred share awards granted under the HSBC Share Plan 2011, was 209,683,768 (2023: 208,539,316). The total number of shares at 31 December 2024 held by employee benefit trusts that may be used to satisfy such obligations to deliver HSBC Holdings ordinary shares was 9,305,925 (2023: 20,902,218).

33 Contingent liabilities, contractual commitments and guarantees

	HSBC		HSBC Holdings[1]	
	2024	2023	**2024**	2023
	$m	$m	**$m**	$m
Guarantees and other contingent liabilities:				
– financial guarantees	**16,998**	17,009	**—**	—
– performance and other guarantees	**92,723**	94,277	**7,327**	7,723
– other contingent liabilities	**298**	636	**—**	—
At 31 Dec	**110,019**	111,922	**7,327**	7,723
Commitments:[2]				
– documentary credits and short-term trade-related transactions	**7,096**	7,818	**—**	—
– forward asset purchases and forward deposits placed	**61,017**	78,535	**—**	—
– standby facilities, credit lines and other commitments to lend	**793,465**	810,797	**—**	—
At 31 Dec	**861,578**	897,150	**—**	—

1 Guarantees by HSBC Holdings are in favour of other Group entities. These include contracts that provide protection against credit risk on a specified exposure but do not meet the definition of financial guarantees.
2 Includes $619,367m of commitments at 31 December 2024 (31 December 2023: $661,015m), to which the impairment requirements in IFRS 9 are applied where HSBC has become party to an irrevocable commitment.

The preceding table discloses the nominal principal amounts of off-balance sheet liabilities and commitments for the Group, which represent the maximum amounts at risk should the contracts be fully drawn upon and the clients default. As a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the nominal principal amounts is not indicative of future liquidity requirements. The expected credit loss provision relating to guarantees and commitments under IFRS 9 is disclosed in Note 28.

The majority of the guarantees have a term of less than one year, while guarantees with terms of more than one year are subject to HSBC's annual credit review process.

Contingent liabilities arising from legal proceedings, regulatory and other matters against Group companies are excluded from this note but are disclosed in Notes 28 and 35.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme ('FSCS') provides compensation, up to certain limits, to eligible customers of financial services firms that are unable, or likely to be unable, to pay claims against them. The FSCS may impose a further levy on the Group to the extent the industry levies imposed to date are not sufficient to cover the compensation due to customers in any future possible collapse. The ultimate FSCS levy to the industry as a result of a collapse cannot be estimated reliably. It is dependent on various uncertain factors including the potential recovery of assets by the FSCS, changes in the level of protected products (including deposits and investments) and the population of FSCS members at the time.

Associates

HSBC's share of associates' contingent liabilities, contractual commitments and guarantees amounted to $74.5bn at 31 December 2024 (2023: $69.9bn). No matters arose where HSBC was severally liable.

34 Finance lease receivables

HSBC leases a variety of assets to third parties under finance leases, including transport assets (such as aircraft), property and general plant and machinery. At the end of lease terms, assets may be sold to third parties or leased for further terms. Rentals are calculated to recover the cost of assets less their residual value, and earn finance income.

The table below excludes finance lease receivables reclassified on the balance sheet to 'Assets held for sale' in accordance with IFRS 5. Net investment in finance leases of $1,595m was reclassified to 'Assets held for sale' in 2023 as a result of the sale of our banking business in Canada. There was no net investment in finance leases classified as held-for-sale at 31 December 2024.

	2024			2023		
	Total future minimum payments	Unearned finance income	Present value	Total future minimum payments	Unearned finance income	Present value
	$m	$m	$m	$m	$m	$m
Lease receivables:						
No later than one year	**2,331**	**(295)**	**2,036**	2,355	(308)	2,047
One to two years	**1,787**	**(226)**	**1,561**	1,954	(249)	1,705
Two to three years	**1,290**	**(171)**	**1,119**	1,380	(189)	1,191
Three to four years	**839**	**(134)**	**705**	930	(153)	777
Four to five years	**766**	**(147)**	**619**	593	(132)	461
Later than one year and no later than five years	**4,682**	**(678)**	**4,004**	4,857	(723)	4,134
Later than five years	**3,518**	**(639)**	**2,879**	4,116	(838)	3,278
At 31 Dec	**10,531**	**(1,612)**	**8,919**	11,328	(1,869)	9,459

35 Legal proceedings and regulatory matters

HSBC is party to legal proceedings and regulatory matters in a number of jurisdictions arising out of its normal business operations. Apart from the matters described below, HSBC considers that none of these matters are material. The recognition of provisions is determined in accordance with the accounting policies set out in Note 1. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2024 (see Note 28). Where an individual provision is material, the fact that a provision has been made is stated and quantified, except to the extent that doing so would be seriously prejudicial. Any provision recognised does not constitute an admission of wrongdoing or legal liability. It is not practicable to provide an aggregate estimate of potential liability for our legal proceedings and regulatory matters as a class of contingent liabilities.

Bernard L. Madoff Investment Securities LLC

Various non-US HSBC companies provided custodial, administration and similar services to a number of funds incorporated outside the US whose assets were invested with Bernard L. Madoff Investment Securities LLC ('Madoff Securities'). Based on information provided by Madoff Securities as at 30 November 2008, the purported aggregate value of these funds was $8.4bn, including fictitious profits reported by Madoff. Based on information available to HSBC, the funds' actual transfers to Madoff Securities minus their actual withdrawals from Madoff Securities during the time HSBC serviced the funds are estimated to have totalled approximately $4bn. Various HSBC companies have been named as defendants in lawsuits arising out of Madoff Securities' fraud.

Trustee litigation: The Madoff Securities trustee (the 'Trustee') has brought lawsuits in the US against various HSBC companies and others seeking recovery of alleged transfers from Madoff Securities to the HSBC companies in the amount of $543m (plus interest), and these lawsuits remain pending in the US Bankruptcy Court for the Southern District of New York.

The Trustee has filed a claim against various HSBC companies in the High Court of England and Wales seeking recovery of alleged transfers from Madoff Securities to the HSBC companies. The claim has not yet been served and the amount claimed has not been specified.

Fairfield Funds litigation: Fairfield Sentry Limited, Fairfield Sigma Limited and Fairfield Lambda Limited (together, the 'Fairfield Funds') (in liquidation) have brought lawsuits in the US against various HSBC companies and others seeking recovery of alleged transfers from the Fairfield Funds to the HSBC companies (that acted as nominees for clients) in the amount of $382m (plus interest). Fairfield Funds' claims against most of the HSBC companies have been dismissed, but remain pending on appeal before the US Court of Appeals for the Second Circuit. Fairfield Funds' claims against HSBC Private Bank (Suisse) SA ('PBRS') and HSBC Securities Services Luxembourg ('HSSL') have not been dismissed and are ongoing before the US Bankruptcy Court for the Southern District of New York. PBRS and HSSL have appealed the decision not to dismiss them and these appeals are pending before the US Court of Appeals for the Second Circuit.

Herald Fund SPC ('Herald') litigation: HSSL and HSBC Bank plc are defending an action brought by Herald (in liquidation) before the Luxembourg District Court seeking restitution of securities and cash in the amount of $2.5bn (plus interest), or damages in the amount of $5.6bn (plus interest). In 2013, the Luxembourg District Court dismissed Herald's securities restitution claim and stayed the cash restitution and damages claims. In December 2024, the Luxembourg Court of Appeal reversed the Luxembourg District Court's dismissal and determined that Herald's claims for restitution of securities and cash were founded in principle. HSSL has appealed this decision. Herald's claim against HSBC Bank plc is pending.

Alpha Prime Fund Limited ('Alpha Prime') litigation: Various HSBC companies are defending a number of actions brought by Alpha Prime in the Luxembourg District Court seeking damages for alleged breach of contract and negligence in the amount of $1.16bn (plus interest). These matters are currently pending before the Luxembourg District Court.

In November 2024, Alpha Prime served various HSBC companies with a lawsuit filed in the Bermuda Supreme Court seeking damages for unspecified amounts for alleged breach of contract and negligence. This claim is currently stayed.

Senator Fund SPC ('Senator') litigation: HSSL and the Luxembourg branch of HSBC Bank plc are defending a number of actions brought by Senator before the Luxembourg District Court seeking restitution of securities in the amount of $625m (plus interest), or damages in the amount of $188m (plus interest). These matters are currently pending before the Luxembourg District Court.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

US Anti-Terrorism Act litigation

Since November 2014, a number of lawsuits have been filed in federal courts in the US against various HSBC companies and others on behalf of plaintiffs who are, or are related to, alleged victims of terrorist attacks in the Middle East. In each case, it is alleged that the defendants aided and abetted the unlawful conduct of various sanctioned parties in violation of the US Anti-Terrorism Act, or provided banking services to customers alleged to have connections to terrorism financing. Seven actions, which seek damages for unspecified amounts, remain pending and HSBC's motions to dismiss have been granted in three of these cases. These dismissals are subject to appeals and/or the plaintiffs re-pleading their claims. The four other actions are at an early stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Interbank offered rates investigation and litigation

Euro interest rate derivatives: In December 2016, the European Commission ('EC') issued a decision finding that HSBC, among other banks, engaged in anti-competitive practices in connection with the pricing of euro interest rate derivatives, and the EC imposed a fine on HSBC based on a one-month infringement in 2007. The fine was annulled in 2019 and a lower fine was imposed in 2021, which has been paid. In January 2023, the European Court of Justice dismissed an appeal by HSBC and upheld the EC's findings on HSBC's liability. In November 2024, the General Court of the European Union rejected a separate appeal by HSBC concerning the amount of the fine. This matter is now closed.

US dollar Libor: Beginning in 2011, HSBC and other panel banks have been named as defendants in a number of individual and putative class action lawsuits filed in federal and state courts in the US with respect to the setting of US dollar Libor. The complaints assert claims under various US federal and state laws, including antitrust and racketeering laws and the Commodity Exchange Act ('US CEA'). HSBC has concluded class settlements with five groups of plaintiffs, and several class action lawsuits brought by other groups of plaintiffs have been voluntarily dismissed. Two individual US dollar Libor-related actions seeking damages from HSBC for unspecified amounts remain pending.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of the pending matters, including the timing or any possible impact on HSBC, which could be significant.

Foreign exchange-related investigations and litigation

In December 2016, Brazil's Administrative Council of Economic Defense initiated an investigation into the onshore foreign exchange market and identified a number of banks, including HSBC, as subjects of its investigation, which remains ongoing. Lawsuits alleging foreign exchange-related misconduct remain pending against HSBC and other banks in courts in Brazil.

Since 2017, HSBC Bank plc, among other financial institutions, has been defending a complaint filed by the Competition Commission of South Africa before the South African Competition Tribunal for alleged anti-competitive behaviour in the South African foreign exchange market. In 2020, a revised complaint was filed which also named HSBC Bank USA N.A. ('HSBC Bank USA') as a defendant. In January 2024, the South African Competition Appeal Court dismissed HSBC Bank USA from the revised complaint but denied HSBC Bank plc's application to dismiss. Both the Competition Commission and HSBC Bank plc have appealed to the Constitutional Court of South Africa.

HSBC Bank plc and HSBC Holdings have reached a settlement with plaintiffs in Israel to resolve a class action filed in the local courts alleging foreign exchange-related misconduct. The settlement remains subject to court approval.

In February 2024, HSBC Bank plc and HSBC Holdings were joined to an existing claim brought in the UK Competition Appeals Tribunal against various other banks alleging historical anti-competitive behaviour in the foreign exchange market and seeking approximately £3bn in damages from all the defendants. This matter is at an early stage.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Precious metals fix-related litigation

US litigation: HSBC and other members of The London Silver Market Fixing Limited are defending a class action pending in the US District Court for the Southern District of New York alleging that, from January 2007 to December 2013, the defendants conspired to manipulate the price of silver and silver derivatives for their collective benefit in violation of US antitrust laws, the US CEA and New York state law. In May 2023, this action, which seeks damages for unspecified amounts, was dismissed but remains pending on appeal.

HSBC and other members of The London Platinum and Palladium Fixing Company Limited have been defending a class action in the US District Court for the Southern District of New York alleging that, from January 2008 to November 2014, the defendants conspired to manipulate the price of platinum group metals and related financial products for their collective benefit in violation of US antitrust laws and the US CEA. In January 2025, the court approved a settlement reached with the plaintiffs to resolve this action. This matter is now closed.

Canada litigation: HSBC and other financial institutions are defending putative class actions filed in the Ontario and Quebec Superior Courts of Justice alleging that the defendants conspired to manipulate the price of silver, gold and related derivatives in violation of the Canadian Competition Act and common law. These actions each seek CA$1bn in damages plus CA$250m in punitive damages. Two of the actions are proceeding and the others have been stayed.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of the pending matters, including the timing or any possible impact on HSBC, which could be significant.

Tax-related investigations

Since 2023, the French National Financial Prosecutor has been investigating a number of banks, including HSBC Continental Europe and the Paris branch of HSBC Bank plc, in connection with alleged tax fraud related to the dividend withholding tax treatment of certain trading activities. HSBC Bank plc and the German branch of HSBC Continental Europe also continue to cooperate with investigations by the German public prosecutor into numerous financial institutions and their employees, in connection with the dividend withholding tax treatment of certain trading activities.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Gilts trading investigation and litigation

Since 2018, the UK Competition and Markets Authority has been investigating HSBC and four other banks for suspected anti-competitive conduct in relation to the historical trading of gilts and related derivatives. This matter is nearing conclusion. The impact on HSBC is not expected to be significant.

In June 2023, HSBC Bank plc and HSBC Securities (USA) Inc., among other banks, were named as defendants in a putative class action filed in the US District Court for the Southern District of New York by plaintiffs alleging anti-competitive conduct in the gilts market and seeking damages for unspecified amounts. Certain of the defendants, including HSBC Bank plc and HSBC Securities (USA) Inc., have reached a settlement with the plaintiffs to resolve this matter. The settlement remains subject to court approval. Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Korean short selling indictment

In March 2024, the Korean Prosecutors' Office issued a criminal indictment against The Hongkong and Shanghai Banking Corporation Limited ('HBAP') and three current and former employees for breaching short selling rules under the Financial Investment Services and Capital Markets Act in connection with trades carried out between August 2021 and December 2021. In February 2025, the Korean court acquitted HBAP of all charges. The Korean Prosecutors' Office has the right to appeal this decision. Proceedings against the individual defendants have been suspended.

First Citizens litigation

In May 2023, First-Citizens Bank & Trust Company ('First Citizens') brought a lawsuit in the US District Court for the Northern District of California against various HSBC companies and seven US-based HSBC employees who had previously worked for Silicon Valley Bank ('SVB'). The lawsuit seeks $1bn in damages and alleges, among other things, that the various HSBC companies conspired with the individual defendants to solicit employees from First Citizens and that the individual defendants took confidential information belonging to SVB and/or First Citizens. In July 2024, the court dismissed several of First Citizens' claims and also dismissed certain defendants for lack of jurisdiction, but allowed limited discovery into whether some of these defendants may be subject to jurisdiction. The remaining claims are proceeding against certain defendants.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

US mortgage securitisation litigation

Beginning in 2014, a number of lawsuits were filed in various state and federal courts in the US against HSBC Bank USA, as a trustee of more than 280 mortgage securitisation trusts, seeking unspecified damages for losses in collateral value allegedly sustained by the trusts. Nearly all of these lawsuits have either been settled or dismissed; one action remains pending in a New York state court.

HSBC Bank USA and certain of its affiliates continue to defend a mortgage loan repurchase action seeking unspecified damages and specific performance brought by the trustee of a mortgage securitisation trust in New York state court.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of these matters, including the timing or any possible impact on HSBC, which could be significant.

Mexican government bond litigation

HSBC Mexico S.A. and other banks are named as defendants in a consolidated putative class action pending in the US District Court for the Southern District of New York alleging anti-competitive conduct in the Mexican government bond market between 2010 and 2014 and seeking unspecified damages. In January 2025, the court denied the defendants' motion to dismiss the plaintiffs' third amended complaint, and this action is proceeding.

Based on the facts currently known, it is not practicable at this time for HSBC to predict the resolution of this matter, including the timing or any possible impact on HSBC, which could be significant.

Other regulatory investigations, reviews and litigation

HSBC Holdings and/or certain of its affiliates are also subject to a number of other enquiries and examinations, requests for information, investigations and reviews by various tax authorities, regulators, competition and law enforcement authorities, as well as legal proceedings including litigation, arbitration and other contentious proceedings, in connection with various matters arising out of their businesses and operations.

At the present time, HSBC does not expect the ultimate resolution of any of these matters to be material to the Group's financial position; however, given the uncertainties involved in legal proceedings and regulatory matters, there can be no assurance regarding the eventual outcome of a particular matter or matters.

36 Related party transactions

Related parties of the Group and HSBC Holdings include subsidiaries, associates, joint ventures, post-employment benefit plans for HSBC employees, Key Management Personnel ('KMP') as defined by IAS 24, close family members of KMP and entities that are controlled or jointly controlled by KMP or their close family members. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of HSBC Holdings. These individuals also constitute 'senior management' for the purposes of the Hong Kong Listing Rules. In applying IAS 24, it was determined that for this financial reporting period KMP included Directors, former Directors and senior management listed on pages 237 to 243 except for the roles of Group Chief Legal Officer, Group Head of Internal Audit, Group Chief Human Resources Officer, Group Chief Sustainability Officer, Group Chief Communications and Brand Officer, and Group Chief People & Governance Officer who do not meet the criteria for KMP as provided for in the standard.

Particulars of transactions with related parties are tabulated below. The disclosure of the year-end balance and the highest amounts outstanding during the year is considered to be the most meaningful information to represent the amount of the transactions and outstanding balances during the year.

Key Management Personnel

Details of Directors' remuneration and interests in shares are disclosed in the 'Directors' remuneration report' on pages 279 to 317. IAS 24 'Related Party Disclosures' requires the following additional information for key management compensation.

Compensation of Key Management Personnel

	2024	2023	2022
	$m	$m	$m
Short-term employee benefits	53	51	52
Post-employment benefits	1	1	1
Other long-term employee benefits	12	10	8
Share-based payments	29	29	26
Year ended 31 Dec	**95**	91	87

Shareholdings, options and other securities of Key Management Personnel

	2024	2023
	(000s)	(000s)
Number of options held over HSBC Holdings ordinary shares under employee share plans	20	32
Number of HSBC Holdings ordinary shares held beneficially and non-beneficially	17,455	20,409
Number of other HSBC securities held	228	228
At 31 Dec	**17,703**	20,669

Advances and credits, guarantees and deposit balances during the year with Key Management Personnel

	2024		2023	
	Balance at 31 Dec	Highest amounts outstanding during year	Balance at 31 Dec	Highest amounts outstanding during year
	$m	$m	$m	$m
Key Management Personnel				
Advances and credits[1]	9	12	11	16
Deposits	78	191	60	130

1 Advances and credits entered into by subsidiaries of HSBC Holdings plc during 2024 with Directors and former Directors, disclosed pursuant to section 413 of the Companies Act 2006, totalled $1.3m (2023: $2.6m).

Unless previously disclosed, there were no connected transactions during the reporting period that fell outside the exemptions provided by the Companies Act 2006, the UK Financial Conduct Authority's Listing Rules and the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited. The transactions conducted were in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with parties of a similar standing or, where applicable, with other employees. These transactions did not involve more than the normal risk of repayment or present other unfavourable features.

Associates and joint ventures

The Group provides certain banking and financial services to associates and joint ventures including loans, overdrafts, interest and non-interest bearing deposits and current accounts. Details of the interests in associates and joint ventures are given in Note 18.

Transactions and balances during the year with associates and joint ventures

	2024		2023	
	Highest balance during the year	Balance at 31 Dec	Highest balance during the year	Balance at 31 Dec
	$m	$m	$m	$m
Unsubordinated amounts due from joint ventures	104	72	98	94
Unsubordinated amounts due from associates	8,097	5,011	7,907	5,910
Amounts due to associates	2,992	1,844	3,002	1,668
Amounts due to joint ventures	101	85	95	61
Fair value of derivative assets with associates	919	763	1,514	795
Fair value of derivative liabilities with associates	3,718	2,641	4,388	2,962
Guarantees and commitments	569	577	503	331

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

Post-employment benefit plans

At 31 December 2024, $3.4bn (2023: $3.1bn) of HSBC post-employment benefit plan assets were under management by HSBC companies, earning management fees of $14m in 2024 (2023: $13m). At 31 December 2024, HSBC's post-employment benefit plans had placed deposits of $395m (2023: $402m) with its banking subsidiaries, earning interest payable to the schemes of $2m (2023: $2m). The above outstanding balances arose from the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

The combined HSBC Bank (UK) Pension Scheme enters into swap transactions with HSBC to manage inflation and interest rate sensitivity of its liabilities and selected assets. At 31 December 2024, the gross notional value of the swaps was $6.4bn (2023: $7.1bn). These swaps had a positive fair value to the scheme of $0.4bn (2023: $0.5bn); and HSBC had delivered collateral of $0.4bn (2023: $0.6bn) to the scheme in respect of these arrangements. All swaps were executed at prevailing market rates and within standard market bid/offer spreads.

HSBC Holdings

Details of HSBC Holdings' subsidiaries are shown in Note 38.

Transactions and balances during the year with subsidiaries

	2024		2023	
	Highest balance during the year	**Balance at 31 Dec**	Highest balance during the year	Balance at 31 Dec
	$m	**$m**	$m	$m
Assets				
Cash and balances with HSBC undertakings	**9,342**	**2,548**	8,396	7,029
Financial assets with HSBC undertakings designated and otherwise mandatorily measured at fair value	**66,030**	**61,286**	60,309	59,879
Derivatives	**3,391**	**3,054**	4,010	3,344
Loans and advances to HSBC undertakings	**37,677**	**37,677**	28,213	27,354
Prepayments, accrued income and other assets	**7,108**	**4,216**	7,417	5,145
Investments in subsidiaries	**160,805**	**152,337**	167,542	159,478
Total related party assets at 31 Dec	**284,353**	**261,118**	275,887	262,229
Liabilities				
Amounts owed to HSBC undertakings	**231**	**231**	179	168
Derivatives	**7,944**	**5,340**	9,309	6,090
Accruals, deferred income and other liabilities	**399**	**194**	505	341
Subordinated liabilities	**1,202**	**—**	927	913
Total related party liabilities at 31 Dec	**9,776**	**5,765**	10,920	7,512
Guarantees and commitments	**7,440**	**7,327**	7,723	7,723

The above outstanding balances arose in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

Some employees of HSBC Holdings are members of the HSBC Bank (UK) Pension Scheme, which is sponsored by a separate Group company. HSBC Holdings incurs a charge for these employees equal to the contributions paid into the scheme on their behalf. Disclosure in relation to the scheme is made in Note 5.

37 Events after the balance sheet date

A fourth interim dividend for 2024 of $0.36 per ordinary share (a distribution of approximately $6.4bn was approved by the Directors after 31 December 2024. On 19 February 2025, HSBC Holdings announced a share buy-back to purchase its ordinary shares up to a maximum consideration of $2.0bn, which is expected to commence shortly and complete by our first quarter 2025 results announcement. On 30 January 2025, HSBC Holdings called $1,750m 2.999% fixed rate/floating rate senior unsecured and $500m floating rate senior unsecured securities. These securities are expected to be redeemed and cancelled on 10 March 2025. On 7 February 2025, HSBC Holdings called $2,450m 6.375% perpetual subordinated contingent convertible securities which are expected to be redeemed and cancelled on 30 March 2025. The accounts were approved by the Board of Directors on 19 February 2025 and authorised for issue.

38 HSBC Holdings' subsidiaries, joint ventures and associates

In accordance with section 409 of the Companies Act 2006 a list of HSBC Holdings plc subsidiaries, joint ventures and associates, the registered office addresses and the effective percentages of equity owned at 31 December 2024 are disclosed below.

Unless otherwise stated, the share capital comprises ordinary or common shares that are held by Group subsidiaries. The ownership percentage is provided for each undertaking. The undertakings below are consolidated by HSBC unless otherwise indicated.

Subsidiaries

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
AI Nominees (UK) One Limited	100.00		12
AI Nominees (UK) Two Limited	100.00		12
Almacenadora Banpacifico S.A. (In Liquidation)	N/A		1, 13
Assetfinance December (F) Limited	100.00		14
Assetfinance December (H) Limited	100.00		12
Assetfinance December (P) Limited	100.00		12
Assetfinance December (R) Limited	100.00		12
Assetfinance June (A) Limited	100.00		12
Assetfinance June (D) Limited	100.00		14
Assetfinance March (B) Limited	100.00		15
Assetfinance March (D) Limited	100.00		14
Assetfinance March (F) Limited	100.00		12
Assetfinance September (F) Limited	100.00		12
Assetfinance September (G) Limited	100.00		14
B&Q Financial Services Limited	100.00		12
Banco HSBC S.A.	100.00		16
Banco Nominees (Guernsey) Limited	100.00		17
Banco Nominees 2 (Guernsey) Limited	100.00		17
Banco Nominees Limited	100.00		18
Beau Soleil Limited Partnership	N/A		1, 19
Beijing HSBC Real Estate Leasing Company Limited	N/A		1, 20
Beijing Miyun HSBC Rural Bank Company Limited	100.00		11, 21
BentallGreenOak China Real Estate Investments, L.P.	N/A		1, 22
Canada Crescent Nominees (UK) Limited (In Liquidation)	100.00		23
Canada Square Nominees (UK) Limited	100.00		12
Capco/Cove, Inc.	100.00		24
Card-Flo #3, Inc.	100.00		25
CC&H Holdings LLC	N/A		1, 26
CCF & Partners Asset Management Limited	100.00	(99.99)	12
Charterhouse Administrators (D.T.) Limited	100.00	(99.99)	12
Charterhouse Management Services Limited	100.00	(99.99)	12
Charterhouse Pensions Limited	100.00		12
Chongqing Dazu HSBC Rural Bank Company Limited	100.00		11, 28
Chongqing Fengdu HSBC Rural Bank Company Limited	100.00		11, 29
Chongqing Rongchang HSBC Rural Bank Company Limited	100.00		11, 30
CI 10 LP Inc	N/A		107
COIF Nominees Limited	N/A		1, 12
Corsair IV Financial Services Capital Partners - B L.P	N/A		1, 31
D9 LP Inc	N/A		107
Dalian Pulandian HSBC Rural Bank Company Limited	100.00		11, 32
Decision One Mortgage Company, LLC	N/A		1, 33
Dempar 1	100.00	(99.99)	5, 34
Desarrollo Turistico, S.A. de C.V. (In Liquidation)	100.00	(99.99)	13
Electronic Data Process México, S.A. de C.V.	100.00		35
ERISA Actions Europe N°2	N/A		1, 175
ERISA Actions Grandes Valeurs	N/A		1, 175
ERISA Opportunities	N/A		1, 175
Eton Corporate Services Limited	100.00		17
Flandres Contentieux S.A.	100.00	(99.99)	5, 34
Foncière Elysées	100.00	(99.99)	5, 34
Fujian Yongan HSBC Rural Bank Company Limited	100.00		11, 36
Fulcher Enterprises Company Limited	100.00	(63.12)	37
Fundacion HSBC, A.C.	100.00	(99.99)	2, 9, 13

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Giller Ltd.	100.00		24
GPIF Co-Investment, LLC	N/A		1, 25
Griffin International Limited	100.00		12
Grupo Financiero HSBC, S. A. de C. V.	99.99		13
Guangdong Enping HSBC Rural Bank Company Limited	100.00		11, 38
Guangzhou HSBC Real Estate Company Ltd	100.00		11, 39
H5 LP Inc	N/A		107
H8 LP Inc	N/A		107
H9 LP Inc	N/A		107
Hang Seng (Nominee) Limited	100.00	(63.12)	37
Hang Seng Bank (China) Limited	100.00	(63.12)	11, 40
Hang Seng Bank (Trustee) Limited	100.00	(63.12)	37
Hang Seng Bank Limited	63.12		37
Hang Seng Bullion Company Limited	100.00	(63.12)	37
Hang Seng Credit Limited	100.00	(63.12)	37
Hang Seng Data Services Limited	100.00	(63.12)	37
Hang Seng Finance Limited	100.00	(63.12)	37
Hang Seng Financial Information Limited	100.00	(63.12)	37
Hang Seng Indexes (Netherlands) B.V.	N/A		1, 41
Hang Seng Indexes Company Limited	100.00	(63.12)	37
Hang Seng Insurance Company Limited	100.00	(63.12)	37
Hang Seng Investment Management Limited	100.00	(63.12)	37
Hang Seng Investment Services Limited	100.00	(63.12)	37
Hang Seng Japan Topix 100 Index ETF	66.43		19
Hang Seng Qianhai Fund Management Company Limited	70.00	(43.86)	11, 42
Hang Seng Real Estate Management Limited	100.00	(63.12)	37
Hang Seng Securities Limited	100.00	(63.12)	37
Hang Seng Security Management Limited	100.00	(63.12)	37
HASE Wealth Limited	N/A		137
Haseba Investment Company Limited	100.00	(63.12)	37
HBPH Corporation (In Dissolution)	99.99		43
HFC Bank Limited (In Liquidation)	100.00		44
High Time Investments Limited	100.00	(63.12)	37
HLF	100.00	(99.99)	5, 34
Honey Blue Enterprises Limited (亨京企業有限公司)	100.00		19
Honey Green Enterprises Ltd.	100.00		45
Honey Grey Enterprises Limited (亨穗企業有限公司)	100.00		19
Honey Silver Enterprises Limited	100.00		19
Household International Europe Limited (In Liquidation)	100.00		44
Household Pooling Corporation	100.00		47
Housing (USA) LLP	N/A		1, 25
HSBC (BGF) Investments Limited	100.00		12
HSBC (General Partner) Limited	100.00		3, 48
HSBC (Guernsey) GP PCC Limited	100.00		17
HSBC (Kuala Lumpur) Nominees Sdn Bhd	100.00		49
HSBC (Malaysia) Trustee Berhad	100.00		50
HSBC (Singapore) Nominees Pte Ltd	100.00		51
HSBC Actions Europe	50.66		175
HSBC Agency (India) Private Limited	100.00		52
HSBC Alternative Investments Limited	100.00		12
HSBC Amanah Malaysia Berhad	100.00		49
HSBC Americas Corporation (Delaware)	100.00		25
HSBC Asia Holdings B.V.	100.00		12
HSBC Asia Holdings Limited	100.00		3, 19
HSBC Asia Pacific Holdings (UK) Limited	100.00		6, 12
HSBC Asset Finance (UK) Limited	100.00		12
HSBC Asset Finance M.O.G. Holdings (UK) Limited	100.00		12
HSBC Asset Management (Fund Services UK) Limited	100.00		12

Financial statements

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Asset Management (India) Private Limited	99.99		53
HSBC Asset Management (Japan) Limited	100.00		54
HSBC Assurances Vie (France)	100.00	(99.99)	5, 55
HSBC Australia Holdings Pty Limited	100.00		6, 56
HSBC BANK (CHILE)	100.00		57
HSBC Bank (China) Company Limited	100.00		11, 58
HSBC Bank (General Partner) Limited	100.00		48
HSBC Bank (Mauritius) Limited	100.00		59
HSBC Bank (Singapore) Limited	100.00		51
HSBC Bank (Taiwan) Limited	100.00		60
HSBC Bank (Uruguay) S.A.	100.00		61
HSBC Bank (Vietnam) Ltd.	100.00		62
HSBC Bank A.S.	100.00		63
HSBC Bank Australia Limited	100.00		56
HSBC Bank Bermuda Limited	100.00		18
HSBC Bank Capital Funding (Sterling 1) LP	N/A		1, 48
HSBC Bank Egypt S.A.E	94.54		64
HSBC Bank Malaysia Berhad	100.00		4, 49
HSBC Bank Malta p.l.c.	70.03		65
HSBC Bank Middle East Limited	100.00		4, 66
HSBC Bank Middle East Limited Representative Office Morocco SARL (In Liquidation)	100.00		67
HSBC Bank Pension Trust (UK) Limited	100.00		12
HSBC Bank plc	100.00		3, 4, 12
HSBC Bank USA, National Association	100.00		4, 68
HSBC Branch Nominee (UK) Limited	100.00		14
HSBC Brasil Holding S.A.	100.00		16
HSBC Broking Forex (Asia) Limited	100.00		19
HSBC Broking Futures (Asia) Limited	100.00		19
HSBC Broking Futures (Hong Kong) Limited	100.00		19
HSBC Broking Securities (Asia) Limited	100.00		19
HSBC Broking Securities (Hong Kong) Limited	100.00		19
HSBC Broking Services (Asia) Limited	100.00		19
HSBC Capital (USA), Inc.	100.00		25
HSBC Capital Funding (Dollar 1) L.P.	N/A		1, 48
HSBC Card Services Inc.	100.00		25
HSBC Casa de Bolsa, S.A. de C.V., Grupo Financiero HSBC	100.00	(99.99)	13
HSBC Cayman Limited	100.00		69
HSBC Cayman Services Limited	100.00		69
HSBC Client Holdings Nominee (UK) Limited	100.00		12
HSBC Client Nominee (Jersey) Limited	100.00		2, 70
HSBC Climate Tech Venture Capital Fund SCSp	87.15		177
HSBC Columbia Funding, LLC	N/A		125
HSBC Continental Europe	99.99		5, 34
HSBC Corporate Advisory (Malaysia) Sdn Bhd	100.00		49
HSBC Corporate Finance (Hong Kong) Limited	100.00		19
HSBC Corporate Secretary (UK) Limited	100.00		3, 12
HSBC Corporate Services (Shanghai) Co., Ltd.	N/A		1, 71
HSBC Corporate Trustee Company (UK) Limited	100.00		12
HSBC Custody Nominees (Australia) Limited	100.00		56
HSBC Custody Services (Guernsey) Limited	100.00		17
HSBC Daisy Investments (Mauritius) Limited	100.00		72
HSBC Diversified Loan Fund General Partner Sarl	N/A		1, 73
HSBC Diversified Loan SCSp-RAIF	N/A		73

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Electronic Data Processing (Guangdong) Limited	100.00		11, 74
HSBC Electronic Data Processing (Malaysia) Sdn Bhd	100.00		75
HSBC Electronic Data Processing (Philippines), Inc.	99.99		76
HSBC Electronic Data Processing India Private Limited	100.00		77
HSBC Electronic Data Processing Lanka (Private) Limited	100.00		78
HSBC Electronic Data Service Delivery (Egypt) S.A.E	100.00		79
HSBC Equipment Finance (UK) Limited	100.00		14
HSBC Equity (UK) Limited	100.00		12
HSBC EURO Protect 80+	78.06		55
HSBC Europe B.V.	100.00		12
HSBC European Senior Direct Lending Fund 2023 RAIF SICAV-S.A.	43.00		91
HSBC Executor & Trustee Company (UK) Limited	100.00		14
HSBC Factoring (France)	100.00	(99.99)	5, 34
HSBC Finance (Netherlands)	100.00		3, 12
HSBC Finance Corporation	100.00		25
HSBC Finance Limited	100.00		12
HSBC Finance Transformation (UK) Limited	100.00		12
HSBC Financial Advisors Singapore Pte. Ltd.	100.00		2, 51
HSBC Financial Services (Lebanon) S.A.L	99.83		80
HSBC Financial Technology Venture Capital Fund SCSp	100.00		177
HSBC FinTech Services (Shanghai) Company Limited	N/A		1, 2, 81
HSBC Global Asset Management (Bermuda) Limited	100.00		4, 18
HSBC Global Asset Management (Deutschland) GmbH	100.00	(99.99)	7, 82
HSBC Global Asset Management (France)	100.00	(99.99)	5, 55
HSBC Global Asset Management (Hong Kong) Limited	100.00		83
HSBC Global Asset Management (Malta) Limited	100.00	(70.03)	84
HSBC Global Asset Management (México), S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC	100.00	(99.99)	13
HSBC Global Asset Management (Singapore) Limited	100.00		51
HSBC Global Asset Management (Switzerland) AG	100.00		5, 171
HSBC Global Asset Management (Taiwan) Limited	100.00		86
HSBC Global Asset Management (UK) Limited	100.00		12
HSBC Global Asset Management (USA) Inc.	100.00		87
HSBC Global Asset Management Holdings (Bahamas) Limited	100.00		88
HSBC Global Asset Management Limited	100.00		3, 12
HSBC Global Custody Nominee (UK) Limited	100.00		12
HSBC Global Custody Proprietary Nominee (UK) Limited	100.00		12
HSBC Global Funds ICAV - Digital Leaders Equity Fund	100.00		27
HSBC Global Funds ICAV - Euro Lower Carbon Government 10+ Year Bond UCITS ETF	100.00		27
HSBC Global Funds ICAV - Euro Lower Carbon Government 1-3 Year Bond UCITS ETF	100.00		27
HSBC Global Funds ICAV - Global Aggregate Bond ESG UCITS ETF	100.00		27

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Global Funds ICAV - Global Equity Index Fund -ACEUR	N/A		1, 176
HSBC Global Funds ICAV - Japan Equity Index Fund	99.77		105
HSBC Global Infrastructure Debt Fund Feeder SCA SICAV-RAIF- Global Infrastructure Debt EUR	N/A		1, 91
HSBC GLOBAL INVESTMENT FUNDS - ASIA ESG BOND	93.03		129
HSBC Global Investment Funds – ESG Short Duration Credit Bond	74.22		129
HSBC GLOBAL INVESTMENT FUNDS - GLOBAL EMERGING MARKETS EQUITY	56.47		129
HSBC Global Investment Funds - Strategic Duration and Income Bond	100.00		129
HSBC Global Multi-asset Seeding course (Stable Type)	67.39		54
HSBC Global Services (Canada) Limited	100.00		89
HSBC Global Services (China) Holdings Limited	100.00		12
HSBC Global Services (Hong Kong) Limited	100.00		19
HSBC Global Services (UK) Limited	100.00		12
HSBC Global Services Limited	100.00		3, 12
HSBC Global Transition Infrastructure Debt Fund RAIF SICAV-S.A.	31.00		91
HSBC Group Management Services Limited	100.00		12
HSBC Group Nominees UK Limited	100.00		3, 12
HSBC Holdings B.V.	100.00		12
HSBC Horizon 2034 2036 A 3D	76.72		175
HSBC India Small Cap Equity Fund (QII)	40.38		54
HSBC Infrastructure Debt GP 1 S.à r.l.	N/A		1, 91
HSBC Infrastructure Debt GP 2 S.à r.l.	N/A		1, 91
HSBC Innovation Bank Limited	100.00		92
HSBC INSN (Non Operating) Pte. Ltd. (In Liquidation)	100.00		51
HSBC Institutional Trust Services (Asia) Limited	100.00		19
HSBC Institutional Trust Services (Bermuda) Limited	100.00		18
HSBC Institutional Trust Services (Mauritius) Limited	100.00		93
HSBC Institutional Trust Services (Singapore) Limited	100.00		51
HSBC Insurance (Asia) Limited	100.00		95
HSBC Insurance (Asia-Pacific) Holdings Limited	100.00		83
HSBC Insurance (Bermuda) Limited	100.00		96
HSBC Insurance Agency (USA) Inc.	100.00		97
HSBC Insurance Brokerage Company Limited	N/A		1,2, 98
HSBC Insurance Brokers Greater China Limited	100.00		83
HSBC Insurance SAC 1 (Bermuda) Limited	100.00		18
HSBC Insurance SAC 2 (Bermuda) Limited	100.00		18
HSBC Insurance Services Holdings Limited (In Liquidation)	100.00		23
HSBC International Finance Corporation (Delaware)	100.00		100
HSBC International Trustee (BVI) Limited	100.00		10, 101
HSBC International Trustee (Holdings) Pte. Limited	100.00		51
HSBC International Trustee Limited	100.00		102
HSBC Inversiones S.A.	100.00		57
HSBC InvestDirect (India) Private Limited	99.99		53
HSBC InvestDirect Financial Services (India) Limited	99.99		53
HSBC InvestDirect Sales & Marketing (India) Private Limited	98.99	(98.98)	103
HSBC InvestDirect Securities (India) Private Limited	99.99		53

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Investment and Insurance Brokerage, Philippines Inc.	99.99		104
HSBC Investment Bank Holdings B.V.	100.00		12
HSBC Investment Bank Holdings Limited	100.00		12
HSBC Investment Company Limited	100.00		3, 12
HSBC Investment Funds (Hong Kong) Limited	100.00		83
HSBC Investment Funds (Luxembourg) SA	100.00		105
HSBC Invoice Finance (UK) Limited	100.00		14
HSBC Issuer Services Common Depositary Nominee (UK) Limited	100.00		12
HSBC Latin America B.V.	100.00		12
HSBC Latin America Holdings (UK) Limited	100.00		3, 12
HSBC Leasing (Asia) Limited	100.00		19
HSBC Legacy Partnership Limited	100.00		12
HSBC Life (Bermuda) Limited	100.00		18
HSBC Life (Cornell Centre) Limited	100.00		95
HSBC Life (Edwick Centre) Limited	100.00		95
HSBC Life (International) Limited	100.00		18
HSBC Life (Property) Limited	100.00		95
HSBC Life (Singapore) Pte. Ltd.	100.00		51
HSBC Life (Tsing Yi Industrial) Limited	100.00		95
HSBC Life (UK) Limited	100.00		12
HSBC Life (Workshop) Limited	100.00		95
HSBC Life Assurance (Malta) Ltd.	100.00	(70.03)	84
HSBC Life Insurance Company Limited	100.00		11, 106
HSBC LU Nominees Limited	100.00		12
HSBC Management (Guernsey) Limited	100.00		107
HSBC Markets (USA) Inc.	100.00		25
HSBC Marking Name Nominee (UK) Limited	100.00		12
HSBC Master Trust Trustee Limited (In Liquidation)	100.00		23
HSBC Mexico, S.A., Institucion de Banca Multiple, Grupo Financiero HSBC	99.99		13
HSBC Middle East Asset CO. LLC	100.00		108
HSBC Middle East Holdings B.V.	100.00		3, 4, 66
HSBC Middle East Leasing Partnership	N/A		1, 109
HSBC Middle East Securities L.L.C	100.00		110
HSBC Mix Dynamique	58.13		55
HSBC Mortgage Corporation (USA)	100.00		25
HSBC Multi-Asset Style Factors S	N/A		1, 175
HSBC Nominees (Asing) Sdn Bhd	100.00		49
HSBC Nominees (Hong Kong) Limited	100.00		19
HSBC Nominees (New Zealand) Limited	100.00		111
HSBC Nominees (Tempatan) Sdn Bhd	100.00		49
HSBC North America Holdings Inc.	100.00		4, 25
HSBC Operational Services GmbH	100.00	(99.99)	7, 82
HSBC Overseas Holdings (UK) Limited	100.00		3, 12
HSBC Overseas Investments Corporation (New York)	100.00		112
HSBC Overseas Nominee (UK) Limited	100.00		12
HSBC PB Corporate Services 1 Limited	100.00		113
HSBC PB Services (Suisse) SA	100.00		114
HSBC Pension Trust (Ireland) DAC	100.00		115
HSBC Pensiones, S.A. (In Liquidation)	100.00	(99.99)	13
HSBC PI Holdings (Mauritius) Limited	100.00		116
HSBC Portfolios – World Selection 5 (Part ACHEUR)	N/A		1, 105
HSBC Portfoy Yonetimi A.S.	100.00		117
HSBC Preferential LP (UK)	100.00		12
HSBC Private Bank (Luxembourg) S.A.	100.00	(99.99)	105
HSBC Private Bank (Suisse) SA	100.00		114
HSBC Private Bank (UK) Limited	100.00		12
HSBC Private Banking Holdings (Suisse) SA	100.00		114
HSBC Private Banking Nominee 3 (Jersey) Limited	100.00		113
HSBC Private Equity Investments (UK) Limited	100.00		12
HSBC Private Markets Management SARL	N/A		1, 2, 118

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
HSBC Private Trustee (Hong Kong) Limited	100.00		19
HSBC Professional Services (India) Private Limited	100.00		119
HSBC Property (UK) Limited	100.00		12
HSBC Property Funds (Holding) Limited	100.00		12
HSBC Provident Fund Trustee (Hong Kong) Limited	100.00		19
HSBC Qianhai Securities Limited	90.00		11, 120
HSBC RCF Partnership Fund RAIF SICAV-S.A.	11.00		175
HSBC Real Estate Leasing (France)	100.00	(99.99)	5, 34
HSBC REGIO Fund General Partner S.à r.l.	100.00		91
HSBC REIM (France)	100.00	(99.99)	5, 55
HSBC Responsible Investment Funds - SRI Balanced	64.14		55
HSBC Responsible Investment Funds - SRI Dynamic	72.79		55
HSBC Resposible Investment Funds - SRI Global Equity A	N/A		1, 175
HSBC Retirement Benefits Trustee (UK) Limited	100.00		3, 12
HSBC Retirement Services Limited (In Liquidation)	100.00		23
HSBC Saudi Arabia, Closed Joint Stock Company	100.00	(66.19)	121
HSBC Securities (Egypt) S.A.E. (In Liquidation)	100.00	(94.65)	122
HSBC Securities (Japan) Co., Ltd.	100.00		54
HSBC Securities (Singapore) Pte Limited	100.00		51
HSBC Securities (South Africa) (Pty) Limited	100.00		123
HSBC Securities (Taiwan) Corporation Limited	100.00		60
HSBC Securities (USA) Inc.	100.00		25
HSBC Securities and Capital Markets (India) Private Limited	99.99		6, 103
HSBC Securities Brokers (Asia) Limited	100.00		19
HSBC Securities Investments (Asia) Limited	100.00		19
HSBC Securities Services (Bermuda) Limited	100.00		18
HSBC Securities Services (Guernsey) Limited	100.00		17
HSBC Securities Services (Ireland) DAC	100.00		115
HSBC Securities Services (Luxembourg) S.A.	100.00		105
HSBC Securities Services Holdings (Ireland) DAC	100.00		115
HSBC Securities Services Nominees Limited	100.00		19
HSBC Seguros, S.A de C.V., Grupo Financiero HSBC	100.00	(99.99)	13
HSBC Select Dynamic	80.59		55
HSBC Select Equity	86.38		55
HSBC Select Flexible	63.93		55
HSBC Semfi Limited	75.00		12
HSBC Senior UK Direct Lending 2020 RAIF SICAV-S.A	N/A		91
HSBC Senior UK Direct Lending Fund II RAIF SICAV-S.A.	72.46		91
HSBC Service Company Germany GmbH	100.00	(99.99)	7, 82
HSBC Service Delivery (Polska) Sp. z o.o.	100.00		124
HSBC Services (France)	100.00	(99.99)	5, 34
HSBC Services Japan Limited	100.00		88
HSBC Services USA Inc.	100.00		125
HSBC Servicios Financieros, S.A. de C.V	100.00	(99.99)	13
HSBC Servicios, S.A. DE C.V., Grupo Financiero HSBC	100.00	(99.99)	13
HSBC SFT (C.I.) Limited	100.00		17
HSBC Singapore Dollar Liquidity Fund	76.37		51
HSBC Small Cap France	52.70		55
HSBC Software Development (Guangdong) Limited	100.00		11, 126
HSBC Software Development (India) Private Limited	100.00		127
HSBC Software Development (Malaysia) Sdn Bhd	100.00		75
HSBC Specialist Investments Limited	100.00		6, 12
HSBC Technology & Services (China) Limited (In Liquidation)	N/A		1, 128
HSBC Technology & Services (USA) Inc.	100.00		25
HSBC Transaction Services GmbH	100.00	(99.99)	7, 82
HSBC Trinkaus & Burkhardt (International) S.A.	100.00	(99.99)	129
HSBC Trinkaus & Burkhardt Gesellschaft fur Bankbeteiligungen mbH	100.00	(99.99)	82
HSBC Trinkaus & Burkhardt GmbH	100.00	(99.99)	7, 82
HSBC Trinkaus Family Office GmbH	100.00	(99.99)	7, 82
HSBC Trinkaus Real Estate GmbH	100.00	(99.99)	7, 82
HSBC Trust Company (Delaware), National Association	100.00		100
HSBC Trust Company (UK) Limited	100.00		12
HSBC Trustee (C.I.) Limited	100.00		113
HSBC Trustee (Cayman) Limited	100.00		69
HSBC Trustee (Guernsey) Limited	100.00		17
HSBC Trustee (Hong Kong) Limited	100.00		19
HSBC Trustee (Singapore) Limited	100.00		51
HSBC Trustees (India) Private Limited	99.99		103
HSBC UK Bank plc	100.00		3, 14
HSBC UK Client Nominee Limited	100.00		14
HSBC UK Covered Bonds LLP	N/A		1, 14
HSBC UK Societal Projects Limited	N/A		1, 14
HSBC USA Inc.	100.00		4, 112
HSBC Ventures USA Inc.	100.00		25
HSBC Violet Investments (Mauritius) Limited	100.00		72
HSBC Wealth Client Nominee Limited	100.00		14
HSBC World Equity Protect 80	98.87		55
HSBC Yatirim Menkul Degerler A.S.	100.00		63
HSI Asset Securitization Corporation	100.00		25
HSI International Limited	100.00	(63.12)	37
HSIL Investments Limited	100.00		12
Hubei Macheng HSBC Rural Bank Company Limited	100.00		11, 131
Hubei Suizhou Cengdu HSBC Rural Bank Company Limited	100.00		11, 132
Hubei Tianmen HSBC Rural Bank Company Limited	100.00		11, 133
Hunan Pingjiang HSBC Rural Bank Company Limited	100.00		11, 134
I3 LP Inc.	N/A		107
Imenson Limited	100.00	(63.12)	37
INHK PC LP Inc	100.00		17
INHK PE LP Inc	100.00		17
Inmobiliaria Bisa, S.A. de C.V.	99.99		13
Inmobiliaria Grufin, S.A. de C.V.	100.00	(99.99)	13
Inmobiliaria Guatusi, S.A. de C.V.	100.00	(99.99)	13
Internationale Kapitalanlagegesellschaft mit beschränkter Haftung	100.00	(99.99)	82
J6 LP Inc	N/A		107
James Capel (Nominees) Limited	100.00		12
James Capel (Taiwan) Nominees Limited	100.00		12
Keyser Ullmann Limited	100.00	(99.99)	12
L1 LP Inc	N/A		107
Lion Corporate Services Limited	100.00		19
Lion International Corporate Services Limited	100.00		135
Lion International Management Limited	100.00		135
Lion Management (Hong Kong) Limited	100.00		19
Lyndholme Limited	100.00		19
Marks and Spencer Financial Services plc	100.00		136
Marks and Spencer Unit Trust Management Limited	100.00		136
Midcorp Limited	100.00		12
Midland Bank (Branch Nominees) Limited	100.00		14

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Midland Nominees Limited	100.00		14
MP Payments Group Limited	100.00		12
MP Payments Middle East AE L.L.C.	100.00		137
MP Payments Netherlands B.V.	100.00		138
MP Payments Operations Limited	100.00		12
MP Payments Singapore Pte. Ltd.	100.00		51
MP Payments UK Limited	100.00		12
P2 LP Inc	N/A		107
Prudential Client HSBC GIS Nominee (UK) Limited	100.00		12
PT Bank HSBC Indonesia	98.94		139
PT HSBC Sekuritas Indonesia	85.00		140
R/CLIP Corp.	100.00		25
Real Estate Collateral Management Company	100.00		25
Red Hexagon Energy Transition Asia GP S.à r.l.	100.00		2, 91
Republic Nominees Limited	100.00		17
RLUKREF Nominees (UK) One Limited	100.00		12
RLUKREF Nominees (UK) Two Limited	100.00		12
S.A.P.C. - Ufipro Recouvrement	99.99		9, 34
Saf Baiyun	100.00	(99.99)	5, 34
Saf Guangzhou	100.00	(99.99)	5, 34
SCI HSBC Assurances Immo	100.00	(99.99)	9, 55
SCPI Elysees Grand Large	98.50		175
Select INKA	N/A		1, 82
Serai Limited	100.00		19
SFM	100.00	(99.99)	5, 34
SFSS Nominees (Pty) Limited	100.00		123
Shandong Rongcheng HSBC Rural Bank Company Limited	100.00		11, 141
Shenzhen HSBC Development Company Ltd	100.00		11, 142
Sico Limited	100.00		143
SilkRoad Fund Management S.à.r.l	100.00		2, 144
Silkroad GP II Limited	100.00		2, 145
Silkroad GP II S.a.r.l.	100.00		2, 144
Silkroad GP Limited	100.00		2, 69
Silkroad GP SC S.a r.l	100.00		2, 146
Silkroad Property Partners K.K. (In Liquidation)	100.00		147
Silkroad Property Partners Limited	100.00		148
Silkroad Property Partners Management Consultancy Limited	N/A		1, 149
Silkroad Property Partners PTE. LTD.	100.00		150
SNC Les Oliviers D'Antibes	60.00	(59.99)	9, 55
SNCB/M6-2007 A	100.00	(99.99)	2, 5, 34
SNCB/M6-2007 B	100.00	(99.99)	2, 5, 34
SNCB/M6-2008 A	100.00	(99.99)	2, 5, 34
Société Française et Suisse	100.00	(99.99)	5, 34
Somers Dublin DAC	100.00	(99.99)	115
Somers Nominees (Far East) Limited	100.00		18
Sopingest	100.00	(99.99)	5, 34
South Yorkshire Light Rail Limited	100.00		12
St Cross Trustees Limited	100.00		14
Sun Hung Kai Development (Lujiazui III) Limited	100.00		11, 151
The Hongkong and Shanghai Banking Corporation Limited	100.00		19
Tooley Street View Limited	100.00		3, 12
Trinkaus Europa Immobilien-Fonds Nr.3 Objekt Utrecht Verwaltungs-GmbH	100.00	(99.99)	7, 82
Trinkaus Immobilien-Fonds Geschaeftsfuehrungs-GmbH	100.00	(99.99)	7, 82
Trinkaus Immobilien-Fonds Verwaltungs-GmbH	100.00	(99.99)	7, 82
Trinkaus Private Equity Management GmbH	100.00	(99.99)	7, 82
Trinkaus Private Equity Verwaltungs GmbH	100.00	(99.99)	7, 82
Turnsonic (Nominees) Limited	100.00		14
Valeurs Mobilières Elysées	100.00	(99.99)	5, 34

Subsidiaries	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
W4 LP Inc	N/A		107
WARDLEY LIMITED	100.00		19
Wayfoong Nominees Limited	100.00		19
Westminster House, LLC	N/A		1, 25
Woodex Limited	100.00		18
Yan Nin Development Company Limited	100.00	(63.12)	37

Joint ventures

The undertakings below are joint ventures and equity accounted.

Joint ventures	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Climate Asset Management Limited	N/A		1,2, 152
Global Payments Technology México, S.A. de C.V.	50.00	(49.99)	2, 153
MK HoldCo Limited	50.32		2, 154
Pentagreen Capital Pte. Ltd	50.00		155
ProServe Bermuda Limited	50.00		156
The London Silver Market Fixing Limited	N/A		1,2, 157
Vaultex UK Limited	50.00		158

Non-Profit Foundation

The undertakings below are Non-Profit Foundation.

Non-Profit Foundation	% of share class held by immediate parent company (or by the Group where this varies)	Footnotes
HSBC Philanthropy Foundation Beijing	N/A	1, 175

Financial statements

Associates

The undertakings below are associates and equity accounted.

Associates	% of share class held by immediate parent company (or by the Group where this varies)		Footnotes
Bank of Communications Co., Ltd.	19.03		2, 159
Barrowgate Limited	24.64	(15.53)	160
BGF Group plc	24.62		161
Bud Financial Limited	4.50		4, 162
CANARA HSBC LIFE INSURANCE COMPANY LIMITED	26.00		163
Divido Financial Services Limited (In Administration)	7.85		164
Electronic Payment Services Company (Hong Kong) Limited	38.69		2, 19
Episode Six Inc.	5.69		4, 165
EPS Company (Hong Kong) Limited	38.69		19
HQLAX S.à r.l.	6.10		4, 90
HSBC Jintrust Fund Management Company Limited	49.00		2, 11, 166
HSBC UK Covered Bonds (LM) Limited	N/A		1,2, 167
Lightico Ltd	2.80		4, 85
LiquidityMatch LLC	N/A		1, 168
London Precious Metals Clearing Limited	30.00		2, 169
Marketnode PTE. Ltd.	12.60		4, 46
MENA Infrastructure Fund (GP) Ltd	33.33		170
Quantexa Limited	9.36		4, 99
Radiant Global Investors LLC	N/A		1, 2, 172
Saudi Awwal Bank	31.00		173
The London Gold Market Fixing Limited	N/A		1, 157
Threadneedle Software Holdings Limited	7.10		4, 174
Trade Information Network Limited	12.76		152
Trinkaus Europa Immobilien-Fonds Nr. 7 Frankfurt Mertonviertel KG	N/A		182
We Trade Innovation Designated Activity Company (In Liquidation)	9.88		2, 130

Footnotes for Note 38

Description of shares

1	Where an entity is governed by voting rights, HSBC consolidates when it holds – directly or indirectly – the necessary voting rights to pass resolutions by the governing body. In all other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as an agent or principal. HSBC's consolidation policy is described in Note 1.2(a).
2	Management has determined that these undertakings are excluded from consolidation in the Group accounts as these entities do not meet the definition of subsidiaries in accordance with IFRS. HSBC's consolidation policy is described in Note 1.2(a).
3	Directly held by HSBC Holdings plc
4	Preference Shares
5	Actions
6	Redeemable Preference Shares
7	GmbH Anteil
8	Nominal Shares
9	Parts
10	Non-Participating Voting
11	Registered Capital Shares

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12	8 Canada Square, London, United Kingdom, E14 5HQ
13	Paseo de la Reforma 347 Col. Cuauhtemoc, Mexico, 06500
14	1 Centenary Square, Birmingham, United Kingdom, B1 1HQ

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15	5 Donegal Square South, Northern Ireland, Belfast, United Kingdom, BT1 5JP
16	1909 Avenida Presidente Juscelino Kubitschek, 19° andar, Torre Norte, São Paulo Corporate Towers, São Paulo, Brazil, 04551-903
17	Arnold House St Julians Avenue, St Peter Port, Guernsey, GY1 3NF
18	37 Front Street, Harbourview Centre, Ground Floor, Hamilton, Pembroke, Bermuda, HM 11
19	1 Queen's Road Central, Hong Kong
20	2401-55 24/F, Office Tower Two 1 Jianguomenwai Street, Chaoyang District, Beijing, China
21	First Floor, Xinhua Bookstore Xindong Road (SE of roundabout), Miyun District, Beijing, China
22	Oak House Hirzel Street, St Peter Port, Guernsey, GY1 2NP
23	c/o Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, United Kingdom, B4 6AT
24	239 Van Rensselaer Street,, Buffalo, New York, United States of America, 14210
25	c/o The Corporation Trust Company 1209 Orange Street, Wilmington, Delaware, United States of America, 19801
26	Corporation Service Company 251 Little Falls Drive, Wilmington, Delaware, United States of America, 19808
27	25/28 North Wall Quay, IFSC, Dublin 1, Leinster
28	No 1, Bei Huan East Road Dazu County, Chongqing, China
29	No 107 Ping Du Avenue (E), Sanhe Town, Fengdu County, Chongqing, China
30	No. 3, 5, 7, Haitang Erzhi Road Changyuan, Rongchang, Chongqing, China, 402460
31	c/o Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, KY1-9005
32	First & Second Floor No.3 Nanshan Road, Pulandian, Dalian, Liaoning, China
33	160 Mine Lake CT, Ste 200, Raleigh, North Carolina, United States of America, 27615-6417
34	38 avenue Kléber, Paris, France, 75116
35	Avenida de las Granjas 972, Building A, Floor 2, Colonia Santa Bárbara, Alcaldía Azcapotzalco, Mexico City, Mexico, 02230
36	No. 1 1211 Yanjiang Zhong Road, Yongan, Fujian, China
37	83 Des Voeux Road Central, Hong Kong
38	No. 44 Xin Ping Road Central, Encheng, Enping, Guangdong, China, 529400
39	Room 311, Cheng Hui No. 2, Nan Sha Street, Nan Sha District, Guangzhou, Guangdong, China
40	34/F, 36/F and 46/F, Hang Seng Bank Tower 1000 Lujiazui Ring Road, Pilot Free Trade Zone, Shanghai, China, 200120
41	Gustav Mahlerplein 2 1082 MA, Amsterdam, Netherlands
42	1001 T2 Office Building, Qianhai Kerry Business Center, Qianhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, China
43	Unit 1 GF The Commerical Complex Madrigal Avenue, Ayala Alabang Village, Muntinlupa City, Philippines, 1780
44	C/O Teneo Financial Advisory Limited The Colmore Building, 20 Colmore Circus, Queensway, Birmingham, United Kingdom, B4 6AT
45	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110
46	1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore, 098632
47	701 S CARSON ST STE 200, Carson City, Nevada, United States of America, 89701
48	HSBC House Esplanade, St. Helier, Jersey, JE4 8UB
49	Level 21 Menara IQ, Lingkaran TRX, Tun Razak Exchange, Kuala Lumpur, Malaysia, 55188
50	Level 19, Menara IQ, Lingkaran TRX, Tun Razak Exchange, Kuala Lumpur, Malaysia, 55188
51	10 Marina Boulevard #48-01 Marina Bay Financial Centre, Singapore, 018983
52	52/60, M G Road Fort, Mumbai, India, 400 001

Registered offices

53	9-11 Floors, NESCO IT Park Building No. 3 Western Express Highway, Goregaon (East), Mumbai, India, 400063
54	HSBC Building 11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo, Japan, 103-0027
55	Immeuble Cœur Défense 110 esplanade du Général de Gaulle, Courbevoie, France, 92400
56	Level 36, Tower 1, International Towers Sydney, 100 Barangaroo Avenue, Sydney, New South Wales, Australia, 2000
57	Isidora Goyenechea 2800 23rd floor, Las Condes, Santiago, Chile, 7550647
58	HSBC Building Shanghai ifc, 8 Century Avenue, Pudong, Shanghai, China, 200120
59	IconEbene, Level 5 Office 1 (West Wing), Rue de L'institut, Ebene, Mauritius
60	54F, 7 Xinyi Road Sec. 5 Xinyi district, Taipei, Taiwan
61	1266 Dr Luis Bonativa 1266 Piso 30 (Torre IV WTC), Montevideo, Uruguay, CP 11.000
62	Level 1, 2, 6 The Metropolitan, 235 Dong Khoi, Ben Nghe Ward, District 1, Ho Chi Minh, Vietnam
63	Esentepe Mah. Büyükdere Caddesi No.128 Şişli, Istanbul, Turkiye, 34394
64	306 Corniche El Nil Street, Maadi, Cairo, Egypt
65	116 Archbishop Street, Valletta, Malta, VLT1444
66	Unit 401, Level 4 Gate Precinct Building 2, Dubai International Financial Centre, P. O. Box 30444, Dubai, United Arab Emirates
67	Majer Consulting, Office 54/44, Building A1, Residence Ryad Anfa, Boulevard Omar El Khayam, Casa Finance City (CFC), Casablanca, Morocco
68	1800 Tysons Boulevard Suite 50, Tysons, Virginia, United States of America, 22102
69	P.O. Box 309 Ugland House, Grand Cayman, Cayman Islands, KY1-1104
70	HSBC House Esplanade, St. Helier, Jersey, JE1 1HS
71	Room 2703, 27F, Tower A, No.8 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120
72	c/o Rogers Capital St. Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius
73	49 avenue J.F. Kennedy, Luxembourg, Luxembourg, 1855
74	4-17/F, Office Tower 2 TaiKoo Hui Development, No. 381 Tian He Road, Guangzhou, Guangdong, China
75	Suite 1005, 10th Floor, Wisma Hamzah Kwong, Hing No. 1, Leboh Ampang, Kuala Lumpur, Malaysia, 50100
76	Building C-1 UP Ayala Technohub, Commonwealth Avenue,, Diliman, Quezon City, Metro Manila, Philippines
77	HSBC House Plot No.8 Survey No.64 (Part), Hightec City Layout Madhapur, Hyderabad, India, 500081
78	Mireka City 324/9 Havelock Road, Colombo 05, Sri Lanka, 00500
79	Smart Village 28th Km Cairo- Alexandria Desert Road Building, Cairo, Egypt
80	Centre Ville 1341 Building - 4th Floor Patriarche Howayek Street, PO Box Riad El Solh, Lebanon, 9597
81	Room 405 Odd House Number of 859-863, Huanhu West 1st Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 201306
82	Hansaallee 3, Düsseldorf, Germany, 40549
83	HSBC Main Building 1 Queen's Road Central, Hong Kong
84	80 Mill Street, Qormi, Malta, QRM 3101
85	121 HaHashmonaim St., Tel Aviv, Israel, 6713328
86	36F., No. 68 Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan, 110419
87	452 Fifth Avenue, New York, United States of America, NY10018
88	Mareva House 4 George Street, Nassau, Bahamas
89	150 King Street West, Suite 200, Toronto, Ontario, Canada, M5H 1J9
90	9 rue du Laboratoire, Grand Duchy of Luxembourg, Luxembourg, L-1911

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92	Alphabeta 14-18 Finsbury Square, London, United Kingdom, EC2A 1BR
93	IConEbene Rue de L'institut, Ebene, Mauritius
94	Meeting Room 18.R005, 18/F Fortune Financial Center No. 5 Dongsanhuan Zhong Road, Chaoyang District, Beijing, China, 100020
95	18th Floor Tower 1, HSBC Centre 1 Sham Mong Road, Kowloon, Hong Kong
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97	CT Corporation System 28 Liberty Street, New York, New York, United States of America, 10005
98	Unit 201, Floor 2, Building 3 No. 12, Anxiang Street, Shunyi District, Beijing, Beijing, China
99	C/O Company Secretarial Department, 280 Bishopsgate, London, United Kingdom, EC2M 4AG
100	300 Delaware Avenue Suite 1401, Wilmington, Delaware, United States of America, 19801
101	Woodbourne Hall, Road Town, Tortola, British Virgin Islands, P.O. Box 916
102	Craigmuir Chambers, Road Town Tortola, British Virgin Islands, VG1110
103	52/60 M G Road Fort, Mumbai, India, 400 001
104	5/F HSBC Centre 3058 Fifth Ave West, Bonifacio Global City, Taguig City, Philippines
105	18 Boulevard de Kockelscheuer, Luxembourg, Luxembourg, 1821
106	Unit 2002 of 20/F, Unit 2101 of 21/F HSBC Building, 8 Century Avenue, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120
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108	HSBC Tower, Downtown Dubai, P O Box 66, Dubai, United Arab Emirates
109	Unit 401, Level 4, Gate Precinct Building 2, Dubai International Financial Centre, P. O. Box 506553, Dubai, United Arab Emirates
110	Level 16, HSBC Tower, Downtown Dubai, P.O. Box 66, Dubai, United Arab Emirates
111	HSBC Tower, Level 21, 188 Quay Street, Auckland, New Zealand, 1010
112	The Corporation Trust Incorporated, 2405 York Road, Suite 201, Lutherville Timonium, Maryland, United States of America, 21093
113	HSBC House Esplanade, St. Helier, Jersey, JE1 1GT
114	9-17 Quai des Bergues, Geneva, Switzerland, 1201
115	1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland, D02 P820
116	6th floor HSBC Centre 18, Cybercity, Ebene, Mauritius, 72201
117	Esentepe Mah. Büyükdere Caddesi No.128, 34394, Şişli, Istanbul, Turkiye
118	5 rue Heienhaff, Senningerberg, Luxembourg, L-1736
119	52/60 M G Road, Fort, Mumbai, India, 400 001
120	Unit 2201, 22/F, Qianhai Chow Tai Fook Finance Tower (Phase I) No. 66 Shu Niu Avenue, Nanshan Subdistrict, the Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone, the PRC, Shenzhen, China, 518054
121	HSBC Building 7267 Olaya - Al Murrooj, Riyadh, Saudi Arabia, 12283 - 2255
122	306 Corniche El Nil, HSBC Building, Maadi, Cairo, Egypt
123	1 Mutual Place, 107 Rivonia Road, Sandton, Gauteng, South Africa, 2196
124	Kapelanka 42A, Krakow, Poland, 30-347
125	C T Corporation System 820 Bear Tavern Road, West Trenton, New Jersey, United States of America, 08628
126	22/F, Tower 2, Taikoo Hui Building, No. 381 Tianhe Road, Tianhe District, Guangzhou, China
127	Business Bay, Wing 2 Tower B, Survey no 103, Hissa no. 2, Airport road, Yerwada, Pune, India, 411006

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131	No. 56 Yu Rong Street, Macheng, China, 438300
132	No. 205 Lie Shan Road Suizhou, Hubei, China
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134	RM101, 102 & 106 Sunshine Fairview, Sunshine Garden, Pedestrian Walkway, Pingjiang, China
135	Craigmuir Chambers, Road Town, Tortola, British Virgin Islands, VG1110
136	Kings Meadow Chester Business Park, Chester, United Kingdom, CH99 9FB
137	Level 15 HSBC Tower, Downtown Dubai, Dubai, United Arab Emirates, PO Box 66
138	De Entrée 201, Amsterdam, Netherlands, 1101 HG
139	World Trade Center 3, 9th Floor, Jalan Jendral Sudirman Kaveling 29-31, Karet, Setiabudi, South Jakarta, DKI Jakarta, Indonesia, 12920
140	5th Floor, World Trade Center 1, Jl. Jend. Sudirman Kav. 29-31, Jakarta, Indonesia, 12920
141	No.198-2 Chengshan Avenue (E), Rongcheng, China, 264300
142	Room 601, 6/F Phase 1 Qianhai Chow Tai Fook Finance Tower, 66 Shuniu Avenue, Nanshan Community, Qianhai Shenzhen-Hong Kong Corporation Zone, Shenzhen, Guangdong, China
143	Woodbourne Hall, Road Town, Tortola, British Virgin Islands, P.O. Box 3162
144	1 Côte d'Eich, Luxembourg, 1450
145	P.O. Box 3119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, Cayman Islands, KY1 – 1205
146	17 Boulevard F.W Raiffeisen, Luxembourg, 2411
147	Tokyo Club Building 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo, Japan
148	27/F, Alexandra House, 18 Chater Road Central, Hong Kong
149	Unit 2017, Floor 20, Tower 1 No.288, Shimen 1st Road, Jing An District, Shanghai, China, 200041
150	10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore, Singapore, 049315
151	RM 2112, HSBC Building, Shanghai ifc No. 8 Century Road, Pudong, Shanghai, China, 200120
152	3 More London Riverside, London, United Kingdom, SE1 2AQ
153	296, floor 18, office A Paseo de la Reforma, Mexico City, Mexico, 06600
154	35 Ballards Lane, London, United Kingdom, N3 1XW
155	1 Raffles Quay #23-01, Singapore, 048583
156	c/o Mayfair Corporate Services Ltd., 26 Burnaby Street, Hamilton, Bermuda, HM11
157	27 Old Gloucester Street, London, United Kingdom, WC1N 3AX
158	All Saints Triangle Caledonian road, London, United Kingdom, N19UT
159	188 Yin Cheng Zhong Lu (Shanghai) Pilot Free Trade Zone, China
160	50/F, Lee Garden One, 33 Hysan Avenue, Hong Kong
161	13-15 York Buildings, London, United Kingdom, WC2N 6JU
162	167-169 Great Portland Street, 5th Floor, London, United Kingdom, W1W 5PF
163	8th Floor Unit No. 808-814, Ambadeep Building, Plot No. 14, Kasturba Gandhi Marg, New Delhi, India, 110001
164	C/O Interpath Ltd, 10 Fleet Place, London, United Kingdom, EC4M 7RB
165	251 Little Falls Drive, New Castle, Wilmington, United States of America, 19808
166	17F, HSBC Building, Shanghai ifc 8 Century Avenue, Pudong, Shanghai, China
167	10th Floor 5 Churchill Place, London, United Kingdom, E14 5HU
168	111 Town Square Place, Suite 840, Jersey City, New Jersey, United States of America, 07310

Registered offices

169	7th Floor, 62 Threadneedle Street, London, United Kingdom, EC2R 8HP
170	Unit 306,307, 308, Gate Village Building 05, Dubai International Financial Centre, Dubai, United Arab Emirates
171	Gartenstrasse 26, Zurich, Switzerland, 8002
172	4482 Deer Ridge Road, Danville, CA, Delaware, United States of America, 94506
173	7383 King Fahad Branch Rd, 2338 - Al Yasmeen Dist., Riyadh, Saudi Arabia, 13325
174	2nd Floor, Regis House, 45 King William Street, London, United Kingdom, EC4R 9AN
175	Coeur Défense - 110, esplanade du Général de Gaulle - La Défense 4 – 92400 Courbevoie
176	3 Dublin Landings, North Wall Quay, Dublin 1, Ireland
177	3, rue Jean Piret,L-2350 Luxembourg,Grand Duchy of Luxembourg