

HSBC Holdings plc

Employee Share Plans 31 December 2018

In accordance with the terms of a waiver granted by the Hong Kong Stock Exchange on 24 December 2010, full details of options under Employee Share Plans required pursuant to Listing Rules 17.07 and 17.09 are disclosed below. These disclosures are also available on the Hong Kong Stock Exchange's website at www.hkex.com.hk and can be obtained upon request from the Group Company Secretary, 8 Canada Square, London E14 5HQ.

Employee share plans

Share options and discretionary awards of shares are granted under HSBC share plans to help align the interests of employees with those of shareholders.

Set out on page 2 are particulars of outstanding share options, including those held by employees working under employment contracts that are regarded as 'continuous contracts' for the purposes of the Hong Kong Employment Ordinance. The options were granted at nil consideration. No options have been granted to substantial shareholders, suppliers of goods or services, or in excess of the individual limit for each share plan. No options were cancelled by HSBC during the year.

Employee share plans are subject to the following limits on the number of HSBC Holdings ordinary shares that may be subscribed for. In any 10-year period not more than 10% of HSBC Holdings ordinary shares in issue (excluding treasury shares) from time to time (approximately 2,004 million HSBC Holdings ordinary shares at 6 February 2019) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other employee share plans operated by HSBC Holdings. In any 10-year period not more than 5% of HSBC Holdings ordinary shares in issue (excluding treasury shares) from time to time (approximately 1,002 million HSBC Holdings ordinary shares at 6 February 2019) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other discretionary share plans operated by HSBC Holdings. The number of HSBC Holdings ordinary shares which may be issued upon exercise of all options under the HSBC Share Plan 2011 and options granted under any other employee share plans operated by HSBC Holdings must not exceed 1,781,741,789 HSBC Holdings ordinary shares (8.89% of the ordinary shares in issue (excluding treasury shares) at 31 December 2018). Under the HSBC Holdings savings-related share option plans there were options outstanding over 57,065,513 HSBC Holdings ordinary shares at 31 December 2018 (0.28% of the ordinary shares in issue (excluding treasury shares)). No further options may be granted under any such plan if this will result in these limits being exceeded. Particulars of options over HSBC Holdings shares held by Directors of HSBC Holdings are set out on page 191 of the Directors' Remuneration Report in the *Annual Report and Accounts 2018*.

The effect on earnings per share of granting share options and share awards which are satisfied by the issue of new shares is shown in diluted earnings per share on the face of the consolidated income statement, with further details disclosed in the Earnings per share Note 10 on the Financial Statements in the *Annual Report and Accounts 2018*.

All-employee share plans

The HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International are all-employee share option plans under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. There have been no further grants of options under the HSBC Holdings Savings-Related Share Option Plan: International; the final grant was in 2012. The HSBC International Employee Share Purchase Plan was introduced in 2013 and now includes employees based in 27 jurisdictions.

For options granted under the HSBC Holdings Savings-Related Option Plan, employees may make contributions of up to £500 each month over a period of three or five years which may be used within six months following the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. Alternatively, the employee may elect to have the savings, plus (where applicable) any interest or bonus, repaid in cash. In the case of redundancy, ceasing employment on grounds of injury or disability, retirement, death, the transfer of the employing business to another party, or a change of control of the employing company, options may be exercised before completion of the relevant savings contract. In certain circumstances, the exercise period of options awarded under the all-employee share option plans may be extended; for example, on the death of a participant, the executors may exercise the option up to six months beyond the normal exercise period.

The terms set out in the preceding paragraph also applied to options granted up to April 2012 under the HSBC Holdings Savings-Related Share Option Plan: International with the exception that contributions were capped at the equivalent of £250.

Under the HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International the option exercise price is determined by reference to the average market value of HSBC Holdings ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20% (for details on each plan see tables on page 2 for further information). Where applicable, the US dollar, Hong Kong dollar and euro exercise prices were converted from the sterling exercise price at the applicable exchange rate on the working day preceding the relevant invitation date. The closing price per HSBC Holdings ordinary share on 20 September 2018, the day before options were granted in 2018 under the HSBC Holdings Savings-Related Share Option Plan, was £6.6570.

The HSBC Holdings Savings-Related Share Option Plan will expire on 23 May 2025 (at which time the plan may be extended with approval from Shareholders) unless the Directors resolve to terminate the plan at an earlier date.

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8 Canada Square
London E14 5HQ
United Kingdom
Telephone: 44 020 7991 8888
www.hsbc.com