

HSBC Holdings plc

Employee Share Plans 31 December 2019

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 and Chief Governance Officer, 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 2,031,370,827 million HSBC Holdings ordinary shares at 5 February 2020) 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 1,015,685,414 million HSBC Holdings ordinary shares at 5 February 2020) may be issued or committed to be issued under the HSBC Share Plan 2011 (and any other discretionary share plans operated by HSBC Holdings from time to time). 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 (8.77% of the ordinary shares in issue (excluding treasury shares) at 31 December 2019). Under the HSBC Holdings savings-related share option plans there were options outstanding over 65,060,681 HSBC Holdings ordinary shares at 31 December 2019 (0.32% 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 199 of the Directors' Remuneration Report in the *Annual Report and Accounts 2019*.

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 9 on the Financial Statements in the *Annual Report and Accounts 2019*.

All-employee share plans

The HSBC Holdings Savings-Related Share Option Plan is an all-employee share option plan under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. The HSBC International Employee Share Purchase Plan was introduced in 2013 and now includes employees based in 27 jurisdictions, although no options are granted under this plan.

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 that 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 or, if a participant has chosen to defer up to 12 contributions, the start of the normal exercise period will be delayed by up to 12 months.

Under the HSBC Holdings Savings-Related Share Option Plan 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). The closing price per HSBC Holdings ordinary share on 19 September 2019, the day before options were granted in 2019 under the HSBC Holdings Savings-Related Share Option Plan, was £6.1600.

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

Employee Share Plans

HSBC Holdings Savings-Related Share Option Plan

Date of award	Exercise price (£)	Usually exercisable		HSBC Holdings ordinary shares				
		from	until	At 1 Jan 2019	Granted during year	Exercised during year ¹	Lapsed during year	At 31 Dec 2019
20 Sep 2013	5.4738	1 Nov 2018	30 Apr 2019	97,631	–	85,110	11,699	822
23 Sep 2014	5.1887	1 Nov 2019	30 Apr 2020	1,835,930	–	1,477,808	25,231	332,891
22 Sep 2015	4.0472	1 Nov 2018	30 Apr 2019	3,025,150	–	2,830,405	188,965	5,780
22 Sep 2015	4.0472	1 Nov 2020	30 Apr 2021	12,175,973	–	266,079	328,687	11,581,207
21 Sep 2016	4.4037	1 Nov 2019	30 Apr 2020	8,725,752	–	6,959,826	279,019	1,486,907
21 Sep 2016	4.4037	1 Nov 2021	30 Apr 2022	2,741,962	–	37,343	160,761	2,543,858
21 Sep 2017	5.9640	1 Nov 2020	30 Apr 2021	6,617,322	–	55,208	1,731,793	4,830,321
21 Sep 2017	5.9640	1 Nov 2022	30 Apr 2023	1,636,043	–	5,364	561,415	1,069,264
21 Sep 2018	5.4490	1 Nov 2021	30 Apr 2022	16,829,437	–	81,705	6,915,669	9,832,063
21 Sep 2018	5.4490	1 Nov 2023	30 Apr 2024	3,380,313	–	6,666	1,588,227	1,785,420
20 Sep 2019	4.6920	1 Nov 2022	30 Apr 2023	–	25,450,242	40	446,309	25,003,893
20 Sep 2019	4.6920	1 Nov 2024	30 Apr 2025	–	6,679,417	–	91,162	6,588,255
				57,065,513	32,129,659	11,805,554	12,328,937	65,060,681

¹ The weighted average closing price of the shares immediately before the dates on which options were exercised was £6.0088.

Discretionary share plans

Note 5 of the Financial Statements in the *Annual Report and Accounts 2019* gives detail on share-based payments, including discretionary awards granted under HSBC's share plans.

Conditional Share awards may be granted on a discretionary basis to senior executives and are the delivery mechanism for the Group's bonus deferral policy. A conditional award of deferred shares defines the number of shares to which the employee will become entitled, generally up to three, five or seven years from the date of the award, and normally subject to the individual remaining in employment. In some cases, the employee's entitlement depends upon the satisfaction of a performance condition.

The Group Performance Share Plan ('GPSP'), long-term incentive awards and fixed pay allowances are incorporated in the HSBC Share Plan 2011. See page 187 of the *Annual Report and Accounts 2019* for further details.

The maximum value of awards or options that may be granted to an employee in any one year under the HSBC Share Plan 2011 is 600% of the employee's annual salary. For the purpose of the limit, any deferred share awards made on or shortly after the commencement of employment or in substitution for all or any part of any bonus to which the employee would otherwise have been entitled, are excluded.

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Incorporated in England with limited liability

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