

Shareholder information

	Page
Interim dividend for 2020	371
Interim dividends for 2021	371
Other equity instruments	371
2020 Annual General Meeting	371
Earnings releases and interim results	372
Shareholder enquiries and communications	372
Stock symbols	373
Investor relations	373
Where more information about HSBC is available	373
Taxation of shares and dividends	374
Approach to ESG reporting	375
Cautionary statement regarding forward-looking statements	375
Certain defined terms	376
Abbreviations	377

A glossary of terms used in this Annual Report and Accounts can be found in the Investors section of www.hsbc.com.

Interim dividend for 2020

The Directors have approved an interim dividend for 2020 of \$0.15 per ordinary share. Information on the currencies in which shareholders may elect to have the cash dividend paid will be sent to shareholders on or about 24 March 2021. The interim dividend will be paid in cash with no scrip alternative, as it is dilutive. The timetable for the interim dividend is:

	Footnotes	
Announcement		23 February 2021
Shares quoted ex-dividend in London, Hong Kong and Bermuda and American Depositary Shares ('ADS') quoted ex-dividend in New York		11 March 2021
Record date – London, Hong Kong, New York, Bermuda	¹	12 March 2021
Mailing of <i>Annual Report and Accounts 2020</i> and/or <i>Strategic Report 2020</i> and dividend documentation		24 March 2021
Final date for receipt by registrars of forms of election, Investor Centre electronic instructions and revocations of standing instructions for dividend elections		15 April 2021
Exchange rate determined for payment of dividends in sterling and Hong Kong dollars		19 April 2021
Payment date		29 April 2021

¹ Removals to and from the Overseas Branch register of shareholders in Hong Kong will not be permitted on this date.

Interim dividends for 2021

In December 2020, the PRA announced that it intends to transition back to its standard approach to capital setting and shareholder distributions through 2021. In the meantime, for 2021 dividends the PRA is content for appropriately prudent dividends to be accrued but not paid out and the PRA aims to provide a further update ahead of the 2021 half-year results of large UK banks. As a result, the Group will not be paying quarterly dividends during 2021 but will consider whether to announce an interim dividend at the 2021 half-year results in August.

The Group will review whether to revert to paying quarterly dividends at or ahead of its 2021 results announcement in February 2022.

The Board has adopted a policy designed to provide sustainable dividends going forward. We intend to transition towards a target payout ratio of between 40% and 55% of reported earnings per ordinary share ('EPS') for 2022 onwards, with the flexibility to adjust EPS for non-cash significant items such as goodwill or intangibles impairments. The dividend policy could be supplemented by buy-backs or special dividends, over time and not in the near term, should the Group find itself in an excess capital position absent compelling investment opportunities to deploy that excess.

Dividends are declared in US dollars and, at the election of the shareholder, paid in cash in one of, or in a combination of, US dollars, pounds sterling and Hong Kong dollars. The Group has decided to discontinue the scrip dividend option as it is dilutive, including to dividend per share progression over time.

Other equity instruments

Additional tier 1 capital – contingent convertible securities

HSBC continues to issue contingent convertible securities that are included in its capital base as fully CRR II-compliant additional tier 1 capital securities. For further details on these securities, please refer to Note 31 on the financial statements.

In 2020, HSBC issued \$1,500m 4.600% Perpetual Contingent Convertible Securities on 17 December 2020.

2020 Annual General Meeting

All resolutions considered at the 2020 Annual General Meeting held at 11:00 am on 24 April 2020 at 8 Canada Square, London E14 5HQ, UK were passed on a poll.

Additional information

Earnings releases and interim results

First and third quarter results for 2021 will be released on 27 April 2021 and 25 October 2021 respectively. The interim results for the six months to 30 June 2021 will be issued on 2 August 2021.

Shareholder enquiries and communications

Enquiries

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

Principal Register:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone: +44 (0) 370 702 0137
Email via website:
www.investorcentre.co.uk/contactus

Investor Centre:
www.investorcentre.co.uk

Hong Kong Overseas Branch Register:

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: +852 2862 8555
Email: hsbc.ecom@computershare.com.hk

Investor Centre:
www.investorcentre.com/hk

Bermuda Overseas Branch Register:

Investor Relations Team
HSBC Bank Bermuda Limited
37 Front Street
Hamilton HM 11
Bermuda
Telephone: +1 441 299 6737
Email: hbbm.shareholder.services@hsbc.bm

Investor Centre:
www.investorcentre.com/bm

Any enquiries relating to ADSs should be sent to the depositary:

The Bank of New York Mellon
Shareowner Services
PO Box 505000
Louisville, KY 40233-5000
USA
Telephone (US): +1 877 283 5786
Telephone (International): +1 201 680 6825
Email: shrrelations@cpushareownerservices.com
Website: www.mybnymdr.com

If you have elected to receive general shareholder communications directly from HSBC Holdings, it is important to remember that your main contact for all matters relating to your investment remains the registered shareholder, or custodian or broker, who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration of it) must continue to be directed to your existing contact at your investment manager or custodian or broker. HSBC Holdings cannot guarantee dealing with matters directed to it in error.

Shareholders who wish to receive a hard copy of this *Annual Report and Accounts 2020* should contact HSBC's Registrars. Please visit www.hsbc.com/investors/investor-contacts for further information. You can also download an online version of the report from www.hsbc.com.

Electronic communications

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

Chinese translation

A Chinese translation of this *Annual Report and Accounts 2020* will be available upon request after 24 March 2021 from the Registrars:

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Please also contact the Registrars if you wish to receive Chinese translations of future documents, or if you have received a Chinese translation of this document and do not wish to receive them in future.

《2020年報及賬目》備有中譯本，各界人士可於2021年3月24日之後，向上列股份登記處索閱。

閣下如欲於日後收取相關文件的中譯本，或已收到本文件的中譯本但不希望繼續收取有關譯本，均請聯絡股份登記處。

Stock symbols

HSBC Holdings ordinary shares trade under the following stock symbols:

London Stock Exchange	HSBA*	New York Stock Exchange (ADS)	HSBC
Hong Kong Stock Exchange	5	Bermuda Stock Exchange	HSBC.BH

*HSBC's Primary market

HSBC delisted from Euronext Paris on 22 December 2020

Investor relations

Enquiries relating to HSBC's strategy or operations may be directed to:

Richard O'Connor, Global Head of Investor Relations
HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom
Telephone: +44 (0) 20 7991 6590
Email: investorrelations@hsbc.com

Mark Phin, Head of Investor Relations, Asia-Pacific
The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong
Telephone: 852 2822 4908
Email: investorrelations@hsbc.com.hk

Where more information about HSBC is available

This *Annual Report and Accounts 2020* and other information on HSBC may be downloaded from HSBC's website: www.hsbc.com. Reports, statements and information that HSBC Holdings files with the Securities and Exchange Commission are available at www.sec.gov. Investors can also request hard copies of these documents upon payment of a duplicating fee by writing to the SEC at the Office of Investor Education and Advocacy, 100 F Street N.E., Washington, DC 20549-0213 or by emailing PublicInfo@sec.gov. Investors should call the Commission at (1) 202 551 8090 if they require further assistance. Investors may also obtain the reports and other information that HSBC Holdings files at www.nyse.com (telephone number (1) 212 656 3000).

HM Treasury has transposed the requirements set out under CRD IV and issued the Capital Requirements Country-by-Country Reporting Regulations 2013. The legislation requires HSBC Holdings to publish additional information in respect of the year ended 31 December 2020 by 31 December 2021. This information will be available on HSBC's website: www.hsbc.com/tax.

Taxation of shares and dividends

Taxation – UK residents

The following is a summary, under current law and the current published practice of HM Revenue and Customs ('HMRC'), of certain UK tax considerations that are likely to be material to the ownership and disposition of HSBC Holdings ordinary shares. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a holder of shares. In particular, the summary deals with shareholders who are resident solely in the UK for UK tax purposes and only with holders who hold the shares as investments and who are the beneficial owners of the shares, and does not address the tax treatment of certain classes of holders such as dealers in securities. Holders and prospective purchasers should consult their own advisers regarding the tax consequences of an investment in shares in light of their particular circumstances, including the effect of any national, state or local laws.

Taxation of dividends

Currently, no tax is withheld from dividends paid by HSBC Holdings.

UK resident individuals

UK resident individuals are generally entitled to a tax-free annual allowance in respect of dividends received. The amount of the allowance for the tax year beginning 6 April 2020 is £2,000. To the extent that dividend income received by an individual in the relevant tax year does not exceed the allowance, a nil tax rate will apply. Dividend income in excess of this allowance will be taxed at 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

UK resident companies

Shareholders that are within the charge to UK corporation tax should generally be entitled to an exemption from UK corporation tax on any dividends received from HSBC Holdings. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or a shareholder within the charge to UK corporation tax elects for an otherwise exempt dividend to be taxable, the shareholder will be subject to UK corporation tax on dividends received from HSBC Holdings at the rate of corporation tax applicable to that shareholder.

Scrip dividends

HSBC Holdings plc did not pay any ordinary share dividends during 2020.

Taxation of capital gains

The computation of the capital gains tax liability arising on disposals of shares in HSBC Holdings by shareholders subject to UK tax on capital gains can be complex, partly depending on whether, for example, the shares were purchased since April 1991, acquired in 1991 in exchange for shares in The Hongkong and Shanghai Banking Corporation Limited, or acquired subsequent to 1991 in exchange for shares in other companies.

For capital gains tax purposes, the acquisition cost for ordinary shares is adjusted to take account of subsequent rights and capitalisation issues. Any capital gain arising on a disposal of shares in HSBC Holdings by a UK company may also be adjusted to take account of indexation allowance if the shares were acquired before 1 January 2018, although the level of indexation allowance that is given in calculating the gain would be frozen at the value that would apply to the disposal of assets acquired on or after 1 January 2018. If in doubt, shareholders are recommended to consult their professional advisers.

Stamp duty and stamp duty reserve tax

Transfers of shares by a written instrument of transfer generally will be subject to UK stamp duty at the rate of 0.5% of the consideration paid for the transfer (rounded up to the next £5), and such stamp duty is generally payable by the transferee. An agreement to transfer shares, or any interest therein, normally will

give rise to a charge to stamp duty reserve tax at the rate of 0.5% of the consideration. However, provided an instrument of transfer of the shares is executed pursuant to the agreement and duly stamped before the date on which the stamp duty reserve tax becomes payable, under the current published practice of HMRC it will not be necessary to pay the stamp duty reserve tax, nor to apply for such tax to be cancelled. Stamp duty reserve tax is generally payable by the transferee.

Paperless transfers of shares within CREST, the UK's paperless share transfer system, are liable to stamp duty reserve tax at the rate of 0.5% of the consideration. In CREST transactions, the tax is calculated and payment made automatically. Deposits of shares into CREST generally will not be subject to stamp duty reserve tax, unless the transfer into CREST is itself for consideration. Following the case HSBC pursued before the European Court of Justice (Case C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners for HM Revenue and Customs) and a subsequent case in relation to depositary receipts, HMRC accepted that the charge to stamp duty reserve tax at 1.5% on the issue of shares (and transfers integral to capital raising) to a depositary receipt issuer or a clearance service was incompatible with European Union law, and would not be imposed.

Following the UK's departure from the European Union and the expiry of the transition period, the 1.5% stamp duty reserve tax charge on issues of shares to overseas clearance services and depositary receipt issuers is still disapplied, but no assurance can be given that legislation will not be amended in the future to reintroduce the charge.

Taxation – US residents

The following is a summary, under current law, of the principal UK tax and US federal income tax considerations that are likely to be material to the ownership and disposition of shares or American Depositary Shares ('ADSs') by a holder that is a US holder, as defined below, and who is not resident in the UK for UK tax purposes.

The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a holder of shares or ADSs. In particular, the summary deals only with US holders that hold shares or ADSs as capital assets, and does not address the tax treatment of holders that are subject to special tax rules. These include banks, tax-exempt entities, insurance companies, dealers in securities or currencies, persons that hold shares or ADSs as part of an integrated investment (including a 'straddle' or 'hedge') comprised of a share or ADS and one or more other positions, and persons that own directly or indirectly 10% or more (by vote or value) of the stock of HSBC Holdings. This discussion is based on laws, treaties, judicial decisions and regulatory interpretations in effect on the date hereof, all of which are subject to change.

For the purposes of this discussion, a 'US holder' is a beneficial holder that is a citizen or resident of the United States, a US domestic corporation or otherwise is subject to US federal income taxes on a net income basis in respect thereof.

Holders and prospective purchasers should consult their own advisers regarding the tax consequences of an investment in shares or ADSs in light of their particular circumstances, including the effect of any national, state or local laws.

Any US federal tax advice included in this *Annual Report and Accounts 2020* is for informational purposes only. It was not intended or written to be used, and cannot be used, for the purpose of avoiding US federal tax penalties.

Taxation of dividends

Currently, no tax is withheld from dividends paid by HSBC Holdings. For US tax purposes, a US holder must include cash dividends paid on the shares or ADSs in ordinary income on the date that such holder or the ADS depositary receives them, translating dividends paid in UK pounds sterling into US dollars using the exchange rate in effect on the date of receipt. A US holder that elects to receive shares in lieu of a cash dividend must include in ordinary income the fair market value of such shares on the dividend payment date, and the tax basis of those shares will equal such fair market value.

Subject to certain exceptions for positions that are held for less than 61 days, and subject to a foreign corporation being considered a 'qualified foreign corporation' (which includes not being classified for US federal income tax purposes as a passive foreign investment company), certain dividends ('qualified dividends') received by an individual US holder generally will be subject to US taxation at preferential rates. Based on the company's audited financial statements and relevant market and shareholder data, HSBC Holdings was not and does not anticipate being classified as a passive foreign investment company. Accordingly, dividends paid on the shares or ADSs generally should be treated as qualified dividends.

Taxation of capital gains

Gains realised by a US holder on the sale or other disposition of shares or ADSs normally will not be subject to UK taxation unless at the time of the sale or other disposition the holder carries on a trade, profession or vocation in the UK through a branch or agency or permanent establishment and the shares or ADSs are or have been used, held or acquired for the purposes of such trade, profession, vocation, branch or agency or permanent establishment. Such gains will be included in income for US tax purposes, and will be long-term capital gains if the shares or ADSs were held for more than one year. A long-term capital gain realised by an individual US holder generally will be subject to US tax at preferential rates.

Inheritance tax

Shares or ADSs held by an individual whose domicile is determined to be the US for the purposes of the United States – United Kingdom Double Taxation Convention relating to estate and gift taxes (the 'Estate Tax Treaty') and who is not for such purposes a national of the UK will not, provided any US federal estate or gift tax chargeable has been paid, be subject to UK inheritance tax on the individual's death or on a lifetime transfer of shares or ADSs except in certain cases where the shares or ADSs (i) are comprised in a settlement (unless, at the time of the settlement, the settlor was domiciled in the US and was not a national of the UK), (ii) are part of the business property of a UK permanent establishment of an enterprise, or (iii) pertain to a UK fixed base of an individual used for the performance of independent personal services. In such cases, the Estate Tax Treaty generally provides a credit against US federal tax liability for the amount of any tax paid in the UK in a case where the shares or ADSs are subject to both UK inheritance tax and to US federal estate or gift tax.

Stamp duty and stamp duty reserve tax – ADSs

If shares are transferred to a clearance service or American Depositary Receipt ('ADR') issuer (which will include a transfer of shares to the depositary) under the current published HMRC practice, UK stamp duty and/or stamp duty reserve tax will be payable. The stamp duty or stamp duty reserve tax is generally payable on the consideration for the transfer and is payable at the aggregate rate of 1.5%.

The amount of stamp duty reserve tax payable on such a transfer will be reduced by any stamp duty paid in connection with the same transfer.

No stamp duty will be payable on the transfer of, or agreement to transfer, an ADS, provided that the ADR and any separate instrument of transfer or written agreement to transfer remain at all times outside the UK, and provided further that any such transfer or written agreement to transfer is not executed in the UK. No stamp duty reserve tax will be payable on a transfer of, or agreement to transfer, an ADS effected by the transfer of an ADR.

US backup withholding tax and information reporting

Distributions made on shares or ADSs and proceeds from the sale of shares or ADSs that are paid within the US, or through certain financial intermediaries to US holders, are subject to information reporting and may be subject to a US 'backup' withholding tax. General exceptions to this rule happen when the US holder: establishes that it is a corporation (other than an S corporation) or other exempt holder; or provides a correct taxpayer identification

number, certifies that no loss of exemption from backup withholding has occurred and otherwise complies with the applicable requirements of the backup withholding rules. Holders that are not US taxpayers generally are not subject to information reporting or backup withholding tax, but may be required to comply with applicable certification procedures to establish that they are not US taxpayers in order to avoid the application of such information reporting requirements or backup withholding tax to payments received within the US or through certain financial intermediaries.

Approach to ESG reporting

The information set out in the ESG review on pages 42 to 75, taken together with other information relating to ESG issues, aims to provide key ESG information and data relevant to our operations for the year ended 31 December 2020. In this context, we have also considered our obligations under the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ('ESG Guide'). We comply with the 'comply or explain' provisions in the ESG Guide, save with respect to the following:

- A1(b) on emissions laws/regulations: we are fully compliant with our publication of information regarding scope 1 and 2 carbon emissions, but we only partially publish information on scope 3 carbon emissions, as the data required for that publication is not yet fully available. Our progress on publishing information with respect to scope 3 is referenced on page 45;
- A1.3 on total hazardous waste produced, A1.6 on the handling of hazardous and non-hazardous waste, A2.2 on water consumption and A2.5 on packaging material: taking into account the nature of our business, we do not consider these to be material issues for our stakeholders; and
- A2.1 on direct energy consumption: taking into account the nature of our business, we do not consider this to be a material issue for our stakeholders. We report on what we consider to be our most relevant operational sustainability KPIs as set out on page 47.

This is aligned with the materiality reporting principle that is set out in the ESG Guide. See 'How we decide what to measure' on page 43 for further information on how we determine what issues are material to our stakeholders.

We will continue to develop and refine our reporting and disclosures on ESG issues in line with feedback received from our investors and other stakeholders, and in view of our obligations under the ESG Guide.

Cautionary statement regarding forward-looking statements

This *Annual Report and Accounts 2020* contains certain forward-looking statements with respect to HSBC's financial condition; results of operations and business; including the strategic priorities; 2021 financial, investment and capital targets; and ESG targets/commitments described herein.

Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'will', 'should', 'expects', 'targets', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, information, data, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances occurring or existing after the date of any forward-looking statements.

Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy

Additional information

statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as continuing or deepening recessions and fluctuations in employment and creditworthy customers beyond those factored into consensus forecasts (including, without limitation, as a result of the Covid-19 pandemic); the Covid-19 pandemic, which is expected to continue to have adverse impacts on our income due to lower lending and transaction volumes, lower wealth and insurance manufacturing revenue, and lower or negative interest rates in markets where we operate, as well as, more generally, the potential for material adverse impacts on our financial condition, results of operations, prospects, liquidity, capital position and credit ratings; deviations from the market and economic assumptions that form the basis for our ECL measurements (including, without limitation, as a result of the Covid-19 pandemic or the UK's exit from the EU); potential changes in dividend policy; changes in foreign exchange rates and interest rates, including the accounting impact resulting from financial reporting in respect of hyperinflationary economies; volatility in equity markets; lack of liquidity in wholesale funding or capital markets, which may affect our ability to meet our obligations under financing facilities or to fund new loans, investments and businesses; geopolitical tensions or diplomatic developments producing social instability or legal uncertainty, such as the unrest in Hong Kong, the continuing US-China tensions and the emerging challenges in UK-China relations, which in turn may affect demand for our products and services and could result in (among other things) regulatory, reputational and market risks for HSBC; the efficacy of government, customer, and HSBC's actions in managing and mitigating climate change and in supporting the global transition to net zero carbon emissions, which may cause both idiosyncratic and systemic risks resulting in potential financial and non-financial impacts; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; societal shifts in customer financing and investment needs, including consumer perception as to the continuing availability of credit; exposure to counterparty risk, including third parties using us as a conduit for illegal activities without our knowledge; the expected discontinuation of certain key lbors and the development of near risk-free benchmark rates, which may require us to enhance our capital position and/or position additional capital in specific subsidiaries; and price competition in the market segments we serve;
- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities in the principal markets in which we operate and the consequences thereof (including, without limitation, actions taken as a result of the Covid-19 pandemic); initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks, which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation

of assets and changes in legislation relating to foreign ownership; the UK's exit from the EU, which may result in a prolonged period of uncertainty, unstable economic conditions and market volatility, including currency fluctuations; passage of the Hong Kong national security law and restrictions on telecommunications, as well as the US Hong Kong Autonomy Act, which have caused tensions between China, the US and the UK; general changes in government policy that may significantly influence investor decisions; the costs, effects and outcomes of regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies; and

- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques); our ability to achieve our financial, investment, capital and ESG targets/commitments, which may result in our failure to achieve any of the expected benefits of our strategic priorities; model limitations or failure, including, without limitation, the impact that the consequences of the Covid-19 pandemic have had on the performance and usage of financial models, which may require us to hold additional capital, incur losses and/or use compensating controls, such as overlays and overrides, to address model limitations; changes to the judgements, estimates and assumptions we base our financial statements on; changes in our ability to meet the requirements of regulatory stress tests; a reduction in the credit ratings assigned to us or any of our subsidiaries, which could increase the cost or decrease the availability of our funding and affect our liquidity position and net interest margin; changes to the reliability and security of our data management, data privacy, information and technology infrastructure, including threats from cyber-attacks, which may impact our ability to service clients and may result in financial loss, business disruption and/or loss of customer services and data; changes in insurance customer behaviour and insurance claim rates; our dependence on loan payments and dividends from subsidiaries to meet our obligations; changes in accounting standards, which may have a material impact on the way we prepare our financial statements; changes in our ability to manage third-party, fraud and reputational risks inherent in our operations; employee misconduct, which may result in regulatory sanctions and/or reputational or financial harm; changes in skill requirements, ways of working and talent shortages, which may affect our ability to recruit and retain senior management and diverse and skilled personnel; and changes in our ability to develop sustainable finance products and our capacity to measure the climate impact from our financing activity, which may affect our ability to achieve our climate ambition. Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; and our success in addressing operational, legal and regulatory, and litigation challenges; and other risks and uncertainties we identify in 'Top and emerging risks' on pages 110 to 116.

Certain defined terms

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

Abbreviations

Currencies

£	British pound sterling
CA\$	Canadian dollar
€	Euro
HK\$	Hong Kong dollar
MXN	Mexican peso
RMB	Chinese renminbi
SGD	Singapore dollar
\$	United States dollar

A

ABS ¹	Asset-backed security
ADR	American Depositary Receipt
ADS	American Depositary Share
AGM	Annual General Meeting
AI	Artificial intelligence
AIEA	Average interest-earning assets
ALCM	Asset, Liability and Capital Management
ALCO	Asset and Liability Management Committee
AML	Anti-money laundering
AML DPA	Five-year deferred prosecution agreement with the US Department of Justice, entered into in December 2012
ARCC	Audit and Risk Committee Chairs' Forum
AT1	Additional tier 1

B

Basel Committee	Basel Committee on Banking Supervision
Basel II ¹	2006 Basel Capital Accord
Basel III ¹	Basel Committee's reforms to strengthen global capital and liquidity rules
BoCom	Bank of Communications Co., Limited, one of China's largest banks
BoE	Bank of England
Bps ¹	Basis points. One basis point is equal to one-hundredth of a percentage point
BVI	British Virgin Islands

C

CAPM	Capital asset pricing model
CDS ¹	Credit default swap
CEA	Commodity Exchange Act (US)
CET1 ¹	Common equity tier 1
CGUs	Cash-generating units
CMB	Commercial Banking, a global business
CMC	Capital maintenance charge
CODM	Chief Operating Decision Maker
COSO	2013 Committee of the Sponsors of the Treadway Commission (US)
CP ¹	Commercial paper
CRD IV ¹	Capital Requirements Regulation and Directive
CRR ¹	Customer risk rating
CRR II ¹	Revised Capital Requirements Regulation and Directive, as implemented
CSA	Credit support annex
CVA ¹	Credit valuation adjustment

D

Deferred Shares	Awards of deferred shares define the number of HSBC Holdings ordinary shares to which the employee will become entitled, generally between one and seven years from the date of the award, and normally subject to the individual remaining in employment
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act (US)
DoJ	US Department of Justice
DPD	Days past due
DPF	Discretionary participation feature of insurance and investment contracts
DVA ¹	Debt valuation adjustment

E

EAD ¹	Exposure at default
EBA	European Banking Authority
EC	European Commission

ECB	European Central Bank
ECL	Expected credit losses. In the income statement, ECL is recorded as a change in expected credit losses and other credit impairment charges. In the balance sheet, ECL is recorded as an allowance for financial instruments to which only the impairment requirements in IFRS 9 are applied

EEA	European Economic Area
Eonia	Euro Overnight Index Average
EPS	Earnings per ordinary share
ESG	Environmental, social and governance
€STR	Euro short-term rate
EU	European Union
Euribor	Euro interbank offered rate
EVE	Economic value of equity

F

FAST-Infra	Finance to Accelerate the Sustainable Transition-Infrastructure
FCA	Financial Conduct Authority (UK)
FFVA	Funding fair value adjustment estimation methodology on derivative contracts
FPA	Fixed pay allowance
FRB	Federal Reserve Board (US)
FRC	Financial Reporting Council
FSB	Financial Stability Board
FSCS	Financial Services Compensation Scheme
FTE	Full-time equivalent staff
FTSE	Financial Times Stock Exchange index
FVOCI ¹	Fair value through other comprehensive income
FVPL ¹	Fair value through profit or loss
FX DPA	Three-year deferred prosecution agreement with the US Department of Justice, entered into in January 2018

G

GAAP	Generally accepted accounting principles
GAC	Group Audit Committee
GBM	Global Banking and Markets, a global business
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GEC	Group Executive Committee
GLCM	Global Liquidity and Cash Management
Global Markets	HSBC's capital markets services in Global Banking and Markets
GMP	Guaranteed minimum pension
GPSP	Group Performance Share Plan
GRC	Group Risk Committee
Group	HSBC Holdings together with its subsidiary undertakings
GTRF	Global Trade and Receivables Finance

H

Hang Seng Bank	Hang Seng Bank Limited, one of Hong Kong's largest banks
HKEx	The Stock Exchange of Hong Kong Limited
HKMA	Hong Kong Monetary Authority
HMRC	HM Revenue and Customs
HNAH	HSBC North America Holdings Inc.
Holdings ALCO	HSBC Holdings Asset and Liability Management Committee
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
HQLA	High-quality liquid assets
HSBC	HSBC Holdings together with its subsidiary undertakings
HSBC Bank	HSBC Bank plc, also known as the non-ring-fenced bank
HSBC Bank Middle East	HSBC Bank Middle East Limited
HSBC Bank USA	HSBC Bank USA, N.A., HSBC's retail bank in the US
HSBC Canada	The sub-group, HSBC Bank Canada, HSBC Trust Company Canada, HSBC Mortgage Corporation Canada and HSBC Securities Canada, consolidated for liquidity purposes
HSBC Continental Europe	HSBC Continental Europe
HSBC Finance	HSBC Finance Corporation, the US consumer finance company (formerly Household International, Inc.)
HSBC Holdings	HSBC Holdings plc, the parent company of HSBC

Additional information

HSBC Private Bank (Suisse)	HSBC Private Bank (Suisse) SA, HSBC's private bank in Switzerland
HSBC UK	HSBC UK Bank plc, also known as the ring-fenced bank
HSBC USA	The sub-group, HSBC USA Inc (the holding company of HSBC Bank USA) and HSBC Bank USA, consolidated for liquidity purposes
HSI	HSBC Securities (USA) Inc.
HSSL	HSBC Securities Services (Luxembourg)
HTIE	HSBC International Trust Services (Ireland) Limited
I	
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBA	ICE Benchmark Administration
Ibor	Interbank offered rate
ICAAP	Internal capital adequacy assessment process
IFRSs	International Financial Reporting Standards
ILAAP	Internal liquidity adequacy assessment process
IRB ¹	Internal ratings-based
ISDA	International Swaps and Derivatives Association
K	
KMP	Key Management Personnel
L	
LCR	Liquidity coverage ratio
LFRR	Liquidity and funding risk management framework
LGBT+	Lesbian, gay, bisexual and transgender. The plus sign denotes other non-mainstream groups on the spectrums of sexual orientation and gender identity
LGD ¹	Loss given default
Libor	London interbank offered rate
LTI	Long-term incentive
LTV ¹	Loan-to-value ratio
M	
Mainland China	People's Republic of China excluding Hong Kong and Macau
MENA	Middle East and North Africa
MREL	Minimum requirement for own funds and eligible liabilities
MRT ¹	Material Risk Taker
N	
Net operating income	Net operating income before change in expected credit losses and other credit impairment charges/Loan impairment charges and other credit provisions, also referred to as revenue
NII	Net interest income
NIM	Net interest margin
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
O	
OCI	Other comprehensive income
OECD	Organisation of Economic Co-operation and Development
OFAC	Office of Foreign Assets Control
OTC ¹	Over-the-counter
P	
PACTA	Paris Agreement Capital Transition Assessment
PBT	Profit before tax
PD ¹	Probability of default
Performance shares ¹	Awards of HSBC Holdings ordinary shares under employee share plans that are subject to corporate performance conditions
Ping An	Ping An Insurance (Group) Company of China, Ltd, the second-largest life insurer in the PRC
POCI	Purchased or originated credit-impaired financial assets
PPI	Payment protection insurance
PRA	Prudential Regulation Authority (UK)
PRC	People's Republic of China
Principal plan	HSBC Bank (UK) Pension Scheme
PVIF	Present value of in-force long-term insurance business and long-term investment contracts with DPF
PwC	The member firms of the PwC network, including PricewaterhouseCoopers LLP
R	
RAS	Risk appetite statement

Repo ¹	Sale and repurchase transaction
Reverse repo	Security purchased under commitments to sell
RFB	Ring-fenced bank
RFR	Risk-free rate
RMBS	Residential mortgage backed security
RMM	Group Risk Management Meeting
RNIV	Risk not in VaR
RoE	Return on average ordinary shareholders' equity
RoTE	Return on average tangible equity
RWA ¹	Risk-weighted asset
S	
SABB	The Saudi British Bank
SAPS	Self-administered pension scheme
SDG	United Nation's Sustainable Development Goals
SE ¹	Structured entity
SEC	Securities and Exchange Commission (US)
ServCo group	Separately incorporated group of service companies planned in response to UK ring-fencing proposals
Sibor	Singapore interbank offered rate
SIC	Securities investment conduit
SID	Senior Independent Director
SME	Small and medium-sized enterprise
SOFR	Secured Overnight Financing Rate
Solitaire	Solitaire Funding Limited, a special purpose entity managed by HSBC
Sonia	Sterling Overnight Index Average
SPE ¹	Special purpose entity
T	
T1	Tier 1
T2	Tier 2
TCFD ¹	Task Force on Climate-related Financial Disclosures
TLAC ¹	Total loss-absorbing capacity
TRLibor	Turkish Lira interbank offered rate
TSR ¹	Total shareholder return
U	
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
US	United States of America
V	
VaR ¹	Value at risk
VIU	Value in use
W	
WPB	Wealth and Personal Banking, a global business

¹ A full definition is included in the glossary to the Annual Report and Accounts 2020 which is available at www.hsbc.com/investors.

HSBC Holdings plc

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