

HSBC HOLDINGS PLC

EMPLOYEE SHARE PLANS

31 December 2015

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 pages 2 to 3 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 from time to time (approximately 1,969 million HSBC Holdings ordinary shares at 22 February 2016) 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 from time to time (approximately 984 million HSBC Holdings ordinary shares on 22 February 2016) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other discretionary share plans adopted 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 plan operated by HSBC Holdings must not exceed 1,781,741,789 HSBC Holdings ordinary shares. Under the HSBC Holdings savings-related share option plans there were options outstanding over 74,774,695 HSBC Holdings ordinary shares at 31 December 2015 (0.38% of the issued ordinary shares). The number of shares which may be issued upon exercise of options under the HSBC Share Plan 2011 and options granted under any other employee share plan operated by HSBC Holdings outstanding at any one time must not exceed 30% of the shares in issue from time to time. No further options may be granted under any such plan if this will result in the limit being exceeded. Particulars of options over HSBC Holdings shares held by Directors of HSBC Holdings are set out on page 314 of the Directors' Remuneration Report in the *Annual Report and Accounts 2015*.

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 2015*.

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 will be no further grant 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 25 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, retirement on grounds of injury or ill health, retirement, 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 21 September 2015, the day before options were granted in 2015 under the HSBC Holdings Savings-Related Share Option Plan was £4.95.

The HSBC Holdings Savings-Related Share Option Plan will terminate on 23 May 2025 unless the Directors resolve to terminate the plans at an earlier date.

Employee Share Plans (continued)

HSBC Holdings Savings-Related Share Option Plan

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares				
		from	until	At 1 Jan 2015	Granted during year	Exercised during year ¹	Lapsed during year	At 31 Dec 2015
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	627,035	–	533,954	93,081	–
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	1,158,530	–	874,340	84,764	199,426
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	224,429	–	160,876	63,553	–
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	1,308,426	–	19,151	203,020	1,086,255
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	12,030,320	–	10,769,656	311,759	948,905
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	3,227,514	–	29,770	501,391	2,696,353
20 Sep 2013	5.4738	1 Nov 2016	30 Apr 2017	5,334,406	–	19,482	2,092,054	3,222,870
20 Sep 2013	5.4738	1 Nov 2018	30 Apr 2019	1,639,031	–	3,740	719,747	915,544
23 Sep 2014	5.1887	1 Nov 2017	30 Apr 2018	18,186,785	–	34,097	10,328,096	7,824,592
23 Sep 2014	5.1887	1 Nov 2019	30 Apr 2020	10,007,479	–	5,645	6,788,772	3,213,062
22 Sep 2015	4.0472	1 Nov 2018	30 Apr 2019	–	35,766,330	–	784,131	34,982,199
22 Sep 2015	4.0472	1 Nov 2020	30 Apr 2021	–	16,862,878	–	242,265	16,620,613
				53,743,955	52,629,208	12,450,711	22,212,633	71,709,819

1 The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.72.

HSBC Holdings Savings-Related Share Option Plan: International

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares			
		from	until	At 1 Jan 2015	Exercised during year ¹	Lapsed during year	At 31 Dec 2015
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	385,923	288,819	97,104	–
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	202,930	78,012	7,962	116,956
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	89,523	35,140	54,192	191
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	152,653	–	23,612	129,041
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	2,388,360	1,848,882	117,212	422,266
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	494,670	–	32,133	462,537
				3,714,059	2,250,853	332,215	1,130,991
	(\$)						
29 Apr 2009	4.8876	1 Aug 2014	31 Jan 2015	175,762	101,365	74,397	–
21 Apr 2010	8.1232	1 Aug 2015	31 Jan 2016	115,465	45,119	18,455	51,891
20 Apr 2011	8.2094	1 Aug 2014	31 Jan 2015	145,417	45,007	99,972	438
20 Apr 2011	8.2094	1 Aug 2016	31 Jan 2017	97,417	292	13,071	84,054
24 Apr 2012	7.1456	1 Aug 2015	31 Jan 2016	1,105,458	713,612	60,260	331,586
24 Apr 2012	7.1456	1 Aug 2017	31 Jan 2018	227,809	2,128	28,205	197,476
				1,867,328	907,523	294,360	665,445
	(€)						
29 Apr 2009	3.6361	1 Aug 2014	31 Jan 2015	43,302	31,715	11,587	–
21 Apr 2010	6.0657	1 Aug 2015	31 Jan 2016	34,565	29,143	1,410	4,012
20 Apr 2011	5.7974	1 Aug 2014	31 Jan 2015	18,281	7,820	10,461	–
20 Apr 2011	5.7974	1 Aug 2016	31 Jan 2017	41,833	–	4,157	37,676
24 Apr 2012	5.3532	1 Aug 2015	31 Jan 2016	353,281	307,653	10,126	35,502
24 Apr 2012	5.3532	1 Aug 2017	31 Jan 2018	80,240	–	3,820	76,420
				571,502	376,331	41,561	153,610
	(HK\$)						
29 Apr 2009	37.8797	1 Aug 2014	31 Jan 2015	273,880	261,289	12,591	–
21 Apr 2010	62.9770	1 Aug 2015	31 Jan 2016	200,317	135,725	9,520	55,072
20 Apr 2011	63.9864	1 Aug 2014	31 Jan 2015	69,745	59,045	10,700	–
20 Apr 2011	63.9864	1 Aug 2016	31 Jan 2017	150,537	–	14,297	136,240
24 Apr 2012	55.4701	1 Aug 2015	31 Jan 2016	5,152,416	4,661,823	117,622	372,971
24 Apr 2012	55.4701	1 Aug 2017	31 Jan 2018	621,887	16,512	54,828	550,547
				6,468,782	5,134,394	219,558	1,114,830

1 The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.73.

Employee Share Plans (continued)

Discretionary Share Plans

Note 6 on the Financial Statements in the *Annual Report and Accounts 2015* gives detail on share-based payments, including discretionary awards granted under HSBC's share plans.

Restricted 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 a Restricted Share defines the number of shares to which the employee will become entitled, generally up to three 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') and fixed pay allowances are incorporated in the HSBC Share Plan 2011. See page 289 of the *Annual Report and Accounts 2015* 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 Restricted 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.

Since September 2005, no discretionary share options have been granted. There are no performance conditions that remain to be satisfied for the exercise of outstanding discretionary share options. Options are generally exercisable between the third and the tenth anniversary of the date of grant.

The exercise price of options granted under the HSBC Share Plan, and the HSBC Holdings Group Share Option Plan, is the higher of the average market value of the ordinary shares on the five business days prior to the grant of the option or the market value of the ordinary shares on the date of grant of the option, or the nominal value of a share.

Discretionary Share Option Plans

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares			
		from	until	At 1 Jan 2015	Exercised during year	Lapsed during year	At 31 Dec 2015
HSBC Holdings Group Share Option Plan¹							
20 Apr 2005	7.2869	20 Apr 2008	20 Apr 2015	6,373,982	–	6,373,982	–
HSBC Share Plan							
30 Sep 2005	7.9911	30 Sep 2008	30 Sep 2015	86,046	–	86,046	–

¹ The HSBC Holdings Group Share Option Plan expired on 26 May 2005 and the HSBC Share Plan expired on 27 May 2011. No options have been granted under the HSBC Share Plan 2011.