

HSBC Holdings plc

**The Capital Requirements (Country-by-Country reporting)
Regulations 2013**

31 December 2024

This report has been prepared for HSBC Holdings plc and its subsidiaries (the 'HSBC Group') to comply with The Capital Requirements (Country-by-Country Reporting) Regulations 2013, which implement article 89 of the Capital Requirements Directive IV ('CRD IV').

The HSBC Group is one of the largest international banking and financial services organisations in the world. Full details of the nature of our business activities are set out in pages 30–36 of *HSBC Holdings plc's Annual Report and Accounts 2024*.

This report shows the turnover, profit before tax, corporation tax paid and average number of employees on a full-time equivalent basis for the entities located in the countries in which we operate.

1 Basis of preparation

(a) Country

Each subsidiary or branch is allocated to the country in which it is subject to tax on its profits. The data is aggregated for all of the subsidiaries and branches allocated to each country.

(b) Turnover and profit before tax

Turnover and profit before tax are compiled from the HSBC Holdings plc consolidated financial statements for the year ended 31 December 2024, which are prepared in accordance with International Financial Reporting Standards ('IFRSs'). Consolidation adjustments and the elimination of intra-HSBC transactions are shown within the 'Group Accounting Adjustments' section of the report. Turnover represents 'Net operating income before change in expected credit losses and other credit impairment charges', excluding losses arising on business disposals, impairments of investments in subsidiaries and dividend income (holding companies' Turnover excludes dividends received from subsidiaries, but includes all other dividend income).

(c) Corporation tax paid

Corporation tax paid represents the net cash taxes paid to, or received from, the tax authority in each country.

Corporation tax paid is reported on a cash basis and will normally differ from the tax expense recorded for accounts purposes due to two main types of timing difference:

- Differences arising from the due dates for tax payments in each country and the basis on which those payments are calculated. These requirements vary between countries. For example, the local requirement may be to make payments calculated on estimated taxable profit for the current period or, alternatively, on the taxable profit of the prior year. Due dates may be designed so that the full tax liability is paid during the year, after the year end or partly in the current year and partly after the year end.
- Differences between when income and expenses are accounted for under IFRSs and when they become taxable. These timing differences may be due to the application of local tax rules or differences between IFRSs and local accounting rules, on which tax returns are based.

(d) Full-time equivalent employees ('FTEs')

FTEs are allocated to the country in which they are primarily based for the performance of their employment duties. The figures disclosed represent the average number of FTEs in each country during the period.

(e) Public subsidies received

There were no public subsidies received during the period.

2 Country-by-Country Reporting

Country-by-Country Reporting

	Year ended 31 December 2024			
	Turnover ¹¹ US\$m	Average FTEs ⁸	Profit/(loss) before tax ¹ US\$m	Corporation tax paid/ (refunded) ⁷ US\$m
Europe				
United Kingdom ^{2, 9}	30,312	33,286	(456)	667
- Of which: impairment of subsidiaries			(11,325)	
France	1,699	3,020	(941)	(43)
- Of which: impairment of subsidiaries			(1,174)	
Germany	1,067	2,153	209	58
Poland	692	4,569	108	20
Jersey	574	563	419	48
Switzerland	523	712	46	6
Malta	291	921	180	54
Luxembourg	278	310	92	7
Ireland	238	277	140	17
Guernsey	214	137	132	3
Netherlands	147	73	115	45
Spain	81	99	46	4
Italy	54	59	18	2
Armenia	50	251	30	—
Isle of Man	41	90	28	3
Czechia	30	48	14	5
Belgium	29	21	17	4
Russian Federation	14	48	9	—
Sweden	10	18	2	—
Denmark	1	—	—	—
Asia				
Hong Kong ³	24,866	26,401	12,127	2,452
- Of which: impairment of subsidiaries			(703)	
India	4,621	43,524	1,664	522
Mainland China	4,616	33,151	933	290
Singapore	2,948	3,989	1,378	197
Australia	1,228	1,834	609	178
Malaysia	1,108	5,870	514	119
Taiwan	727	2,175	398	69
Indonesia	449	2,583	221	50
Republic of Korea	418	525	252	91
Philippines	418	5,819	159	17
Vietnam	336	1,326	190	39
Thailand	256	401	148	30
Bangladesh	252	810	169	59
Japan	229	349	94	33
Sri Lanka	186	3,349	86	38
Mauritius	161	199	133	22
- Of which: reversal of impairment of subsidiaries			7	
Macau	101	271	31	2
New Zealand	98	142	52	3
Maldives	17	16	11	6

Country-by-Country Reporting (continued)

	Year ended 31 December 2024			
	Turnover ¹¹	Average FTEs ⁸	Profit/(loss) before tax ¹	Corporation tax paid/(refunded) ⁷
	US\$m		US\$m	US\$m
Middle East and Africa				
United Arab Emirates	2,044	2,631	1,012	141
- Of which: reversal of impairment of subsidiaries			120	
Egypt	847	3,702	607	95
Türkiye	342	1,480	107	47
Qatar	308	263	162	18
Saudi Arabia	230	230	123	20
Bahrain ⁴	141	166	61	—
South Africa	127	130	72	23
Israel	104	100	48	32
Kuwait	58	66	8	2
Algeria	42	86	25	7
Oman	1	22	(12)	—
Lebanon	1	3	—	—
North America				
United States ⁹	5,927	5,657	1,072	174
Bermuda ⁴	576	303	445	—
Canada	556	1,151	192	126
British Virgin Islands ⁴	2	—	(3)	—
Cayman Islands ⁴	1	2	1	—
Latin America				
Mexico	3,795	16,420	729	203
Argentina	984	2,777	183	174
Uruguay	127	244	56	9
Brazil	105	186	35	9
Chile	56	92	30	9
Group Accounting Adjustments⁵				
Intra-HSBC transactions eliminated on consolidation	(21,986)	—	—	—
Elimination of impairments of investments in subsidiaries	—	—	13,076	—
Share of profit in associates and joint ventures ¹⁰	—	—	2,912	—
Other ⁶	(7,597)	—	(8,009)	—
Total	66,171	215,100	32,309	6,206

- 1 A geographical analysis of profit before tax is provided on page 118 of the HSBC Holdings plc Annual Report and Accounts 2024. That analysis by country is different from the table above, which is based on country of tax residence.
- 2 The UK profit before tax includes \$6,558m for HSBC UK Bank plc, \$(13,296)m for HSBC Holdings plc and \$248m for HSBC Bank plc. The UK profit before tax includes impairments of investments in subsidiaries in several entities including HSBC Holdings plc (\$11,490m), HSBC Latin America Holdings Limited (\$428m) and HSBC Overseas Holdings UK (reversal of \$(543)m), which are offset in the Group Accounting Adjustments section of this report, and a gain of \$3,841m arising on the sale of HSBC Bank Canada. As a result of timing differences, some impairments of investments in subsidiaries are recorded in entities' solus financial statements in a different period from that in which they are reflected for Country-by-Country Reporting.
- 3 Hong Kong Special Administrative Region of the People's Republic of China.
- 4 Local statutory tax rate is 0%.
- 5 Accounting adjustments arising on group consolidation and not included in the results of any jurisdiction.
- 6 This mainly relates to the recycling of foreign currency translation reserves relating to business sold during the year (\$5,816m), other impacts of business disposals, differences in hedging designations between consolidated and subsidiary level and elimination of fair value gains on holdings of intra-group securities.
- 7 The cash flow statement contained within the HSBC Holdings plc Annual Report and Accounts 2024 shows tax paid of \$6,611m. That figure also includes withholding taxes paid.
- 8 FTEs as at 31 December 2024 as reported on page 28 of the HSBC Holdings plc Annual Report and Accounts 2024 was 211,304. The FTEs figure above was the average for the year.
- 9 The cash tax liability for this period was reduced by the utilisation of tax losses which were incurred in prior periods.
- 10 Includes Bank of Communications Co., Ltd (\$2,241m) and Saudi Awwal Bank (\$596m).
- 11 Due to the specific definition of Turnover applied in this report, Total Turnover as shown above is not a figure disclosed on the face of the consolidated income statement within the HSBC Holdings plc Annual Report and Account 2024.

The main subsidiaries of HSBC Holdings plc, their main business activities and their country of operation as at 31 December 2024 are as follows:

Main subsidiary	Country	Nature of activities ¹
Europe		
HSBC Bank plc	United Kingdom	WPB, CMB, GB&M
HSBC UK Bank plc	United Kingdom	WPB, CMB, GB&M
HSBC Continental Europe	France	WPB, CMB, GB&M
Asia		
Hang Seng Bank Limited	Hong Kong	WPB, CMB, GB&M
HSBC Bank (China) Company Limited	Mainland China	WPB, CMB, GB&M
HSBC Bank Malaysia Berhad	Malaysia	WPB, CMB, GB&M
HSBC Life (International) Limited	Hong Kong ²	WPB, CMB
The Hongkong and Shanghai Banking Corporation Limited	Hong Kong	WPB, CMB, GB&M
Middle East and North Africa		
HSBC Bank Middle East Limited	United Arab Emirates	WPB, CMB, GB&M
North America		
HSBC Bank USA, N.A.	United States	WPB, CMB, GB&M
Latin America		
HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC	Mexico	WPB, CMB, GB&M

¹ HSBC's four principal global businesses are Wealth Management and Private Banking ('WPB'), Commercial Banking ('CMB'), Global Banking and Markets ('GB&M') and Corporate Centre. Refer to pages 30-36 of the HSBC Holdings plc Annual Report and Accounts 2024 for descriptions of the global businesses.

² HSBC Life (International) Limited is resident in Hong Kong for tax purposes. Bermuda is the company's place of incorporation.

Details of all HSBC subsidiaries, as required under Section 409 of the Companies Act 2006, are set out on pages 431-435 of the *HSBC Holdings plc Annual Report and Accounts 2024*.

Independent auditors' report to the directors of HSBC Holdings plc

Report on the audit of the country-by-country information

Opinion

In our opinion, HSBC Holdings plc's country-by-country information for the year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2024 in the Country-by-Country Report.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information 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

We remained independent of the HSBC Holdings plc ("the company") in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note 1 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the 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 (i.e. strategy execution) and external risks (i.e. 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; and
- reading and evaluating the adequacy of the disclosures made in HSBC Holdings plc's Annual Report and Accounts 2024 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 company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in note 1 to the country-by-country information, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is 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) 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 this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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 company 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 country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as applicable tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (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.

The group engagement team shared this risk assessment with the component auditors as part of our audit of the group financial statements for the period ended 31 December 2024 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');
- reviewed reporting to the Group Audit Committee and Group Risk Committee in respect of compliance and legal matters;
- enquiries of management and review of internal audit reports, insofar as they related to the financial statements;
- obtain legal confirmations from legal advisors relating to material litigation and compliance matters;
- assessment of 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 expected credit losses, the impairment assessment of the investment in Bank of Communications Co., Limited ("BoCom"), valuation of defined benefit pensions obligations, the impairment assessment of investment in subsidiaries and valuation of financial instruments;
- obtaining confirmations from third parties to confirm the existence of a sample of transactions and balances; and
- identifying and testing journal entries, including those posted with certain descriptions, posted and approved by the same individual, backdated journals or posted by infrequent and 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 country-by-country information. 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.

A further description of our responsibilities for the audit of the country-by-country information 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 opinion, has been prepared for and only for the company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, 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.

The engagement partner responsible for this audit is Sheena Coutinho.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2025

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