

Summary Financial Statement

Notes on the Summary Financial Statement

1. Basis of preparation

Summary Financial Statement

This Summary Financial Statement is a summary of information in the *Annual Report and Accounts 2010*. It does not contain sufficient information to allow for a full understanding of the results of HSBC or the financial position of HSBC Holdings plc. The consolidated financial statements of HSBC and the separate financial statements of HSBC Holdings included in the *Annual Report and Accounts 2010* have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2010, there were no unendorsed standards effective for the year ended 31 December 2010 affecting these consolidated and separate financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to HSBC. Accordingly, HSBC's financial statements for the year ended 31 December 2010 are prepared in accordance with IFRSs as issued by the IASB.

2. Directors' emoluments

The aggregate emoluments of the Directors of HSBC Holdings, computed in accordance with the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 were:

	2010 US\$000	2009 US\$000	2008 US\$000
Fees	3,597	3,756	2,529
Salaries and other emoluments	12,841	11,835	11,584
Bonuses	14,294	–	–
	30,732	15,591	14,113
Gains on the exercise of share options	–	–	23
Vesting of long-term incentive awards	8,523	1,579	7,147

In addition, there were payments under retirement benefit agreements with former Directors of US\$1,016,089 (2009: US\$1,036,385). The provision at 31 December 2010 in respect of unfunded pension obligations to former Directors amounted to US\$17,628,508 (2009: US\$16,296,028).

During the year, aggregate contributions to pension schemes in respect of Directors were US\$1,055,582 (2009: US\$788,734). Discretionary bonuses for Directors are based on a combination of individual and corporate performance and are determined by the Remuneration Committee. Details of Directors' remuneration, share options and conditional awards under the Restricted Share Plan 2000 and the HSBC Share Plan are included in the 'Summary Directors' Remuneration Report' on pages 38 to 39.

3. Particulars of advances, credits and guarantees

Particulars of advances (loans and quasi-loans), credits and guarantees entered into by subsidiaries of HSBC Holdings during 2010 with Directors, disclosed pursuant to section 413 of the Companies Act 2006, are shown below:

	At 31 December	
	2010 US\$m	2009 US\$m
Advances and credits	9	5

Particulars of transactions with related parties, disclosed pursuant to the requirements of IAS 24, are shown below. The disclosure of the year-end balance and the highest amounts outstanding during the year in the table below is considered to be the most meaningful information to represent the amount of the transactions and the amount of outstanding balances during the year.

	2010		2009	
	Balance at 31 December US\$m	Highest amounts outstanding during year US\$m	Balance at 31 December US\$m	Highest amounts outstanding during year US\$m
Key management personnel¹				
Advances and credits	901	1,681	736	1,407
Guarantees	27	31	32	34

1 Includes key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members.

Some of the transactions were connected transactions, as defined by the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited but were exempt from any disclosure requirements under the provisions of those Rules. The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

4. Earnings per share

Basic and diluted earnings per ordinary share are calculated pursuant to the requirements of International Accounting Standard 33. For the year ended 31 December 2010, basic earnings per share was US\$0.73 (2009: US\$0.34; 2008: US\$0.41) and diluted earnings per share was US\$0.72 (2009: US\$0.34; 2008: US\$0.41).

5. Called up share capital

Issued and fully paid

	2010 US\$m	2009 US\$m
HSBC Holdings ordinary shares ¹	8,843	8,705

HSBC Holdings ordinary shares of US\$0.50 each	Number	US\$m
At 1 January 2010	17,408,206,768	8,705
Shares issued under HSBC employee share plans	25,001,734	12
Shares issued in lieu of dividends	252,947,400	126
At 31 December 2010	17,686,155,902	8,843

¹ All ordinary shares in issue confer identical rights in respect of capital, dividends, voting and otherwise.

HSBC Holdings non-cumulative preference shares of US\$0.01 each	Number	US\$m
At 1 January 2010 and 31 December 2010	1,450,000	–

HSBC Holdings non-cumulative preference shares of £0.01 each

On 29 December 2010, HSBC Holdings issued one non-cumulative sterling preference share of £0.01 for £1.00 to facilitate the cancellation of the non-voting deferred shares and comply with the provisions of the Companies (Authorised Minimum) Regulations 2009.

HSBC Holdings non-voting deferred shares

301,500 non-voting deferred shares of £1 each were in issue throughout 2009 and up to 29 December 2010 and were held by a subsidiary of HSBC Holdings. As part of a technical internal capital reorganisation necessitated by the amended EU Capital Requirements Directive 2, which applied to HSBC Holdings from 31 December 2010, all of the non-voting deferred shares of £1.00 each were cancelled.

Perpetual Subordinated Capital Securities

During June 2010, HSBC Holdings issued, in bearer form, 152 million 8.00% of Perpetual Subordinated Capital Securities, Series 2 ('Capital Securities, Series 2'), each with a par value of US\$25 and with an aggregate nominal value of US\$3,800 million. The Capital Securities, Series 2 were issued at par value, raising US\$3,718 million, net of issuance costs.

6. Events after the balance sheet date

A fourth interim dividend for 2010 of US\$0.12 per ordinary share (a distribution of approximately US\$2,125 million) was declared by the Directors after 31 December 2010.

These accounts were approved by the Board of Directors on 28 February 2011 and authorised for issue.

7. Foreign exchange amounts

The sterling and Hong Kong dollar equivalent figures in the consolidated income statement and balance sheet are for information only. These are translated at the average rate for the period for the income statement and the closing rate for the balance sheet as follows:

	At 31 December	
	2010	2009
Closing: HK\$/US\$	7.773	7.754
£/US\$	0.644	0.616
Average: HK\$/US\$	7.769	7.752
£/US\$	0.648	0.641

8. Other information

This Summary Financial Statement is only a summary of information in the HSBC Holdings plc *Annual Report and Accounts 2010*. It is not the Group's statutory accounts and it does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group and of its policies and arrangements concerning Directors' remuneration as would be provided by the full *Annual Report and Accounts 2010*.

Members may obtain, free of charge, a copy of the *Annual Report and Accounts 2010* from Group Communications, HSBC Holdings plc, 8 Canada Square, London E14 5HQ, United Kingdom; Group Communications (Asia), The Hongkong and Shanghai Banking Corporation Limited, 1 Queen's Road Central, Hong Kong; Internal Communications, HSBC – North America, 26525 N Riverwoods Boulevard, Mettawa, Illinois 60045, USA; and Direction de la Communication, HSBC France, 103 avenue des Champs Élysées, 75419 Paris Cedex 08, France. A Chinese translation of the *Annual Report and Accounts 2010* may be obtained from Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Members may elect in writing to receive the full *Annual Report and Accounts* for all future financial years by applying to the appropriate Registrars, the addresses of which are shown on page 393 of the *Annual Report and Accounts 2010*.

The *Annual Report and Accounts 2010* may be viewed on the HSBC web site: www.hsbc.com.

9. Approval of the Summary Financial Statement

This Summary Financial Statement was approved by the Board of Directors and signed on its behalf by D J Flint.