Directors' Remuneration Report

1 *Appendix to Directors' Remuneration Report.*

All disclosures in the Directors' Remuneration Report are unaudited unless otherwise stated.

Disclosures marked as audited should be considered audited in the context of financial statements taken as a whole.

Annual Statement from the Group Remuneration Committee Chairman

Dear Shareholder,

This report sets out HSBC's remuneration policy for executive Directors, what we paid our Directors in 2015 and why.

This is my first year as Group Remuneration Committee (the 'Committee') Chairman, although I have been a member since 30 May 2008.

I have set out below how the Group has performed during 2015, how the remuneration policy was applied in determining the remuneration outcome for our executive Directors, and the new remuneration policy we are putting forward for shareholder approval to give effect to the new Remuneration Rules of the PRA and, to the extent we can at this stage, the new European Banking Authority ('EBA') guidelines.

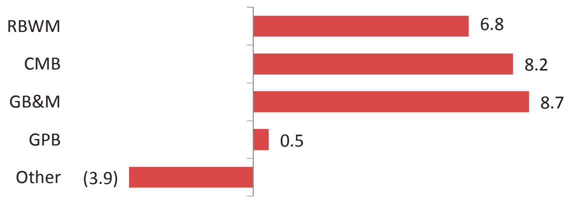
Group performance in 2015

Management laid out its strategy in June 2015, which sets out the plan to reshape our business, capture future growth opportunities and adapt to structural changes in the operating environment. Delivering these strategic objectives will create value for our customers and shareholders and contribute to the long-term sustainability of HSBC. Our executives are focused on delivering on these strategic objectives.

Although adjusted profit before tax fell in 2015, we strengthened our capital position and increased our dividends per ordinary share. We also increased our revenue and, although operating expenses increased from 2014, we made progress in implementing our cost reduction programmes and cost growth slowed in the second half of the year.

Return on equity (%)

Adjusted profit before tax ($bn)



Overall performance summary/business context

We grew adjusted revenue, strengthened our capital position and increased our dividend payable to shareholders.

- Reported PBT for 2015 was up 1% at $18,867m compared with $18,680m for 2014.
- Adjusted PBT was down 7% for 2015 at $20,418m compared with $21,976m for 2014. Adjusted PBT was up in two of five regions.
- Adjusted revenue increased by $538m or 1% in 2015 to $57,765m compared with $57,227m for 2014, driven by revenue growth in client-facing GB&M, principally in Equities and Foreign Exchange. Revenue also increased in CMB and Principal RBWM.
- Adjusted LICs increased by $553m or 17% to $3,721m compared with $3,168m in 2014. LICs increased in CMB and in RBWM.
- Adjusted operating expenses increased by $1,606m or 5% to $36,182m compared with $34,576m for 2014, reflecting investment in growth, and regulatory programmes and compliance costs. Excluding the bank levy which is booked in the fourth quarter each year, operating expenses in the second half of 2015 were broadly in line with the first half of the year. This was despite investment and inflationary pressures, and partly reflects the initial effect of our cost saving initiatives and a strong focus on cost management.
- Dividends in respect of 2015 increased from $0.50 per ordinary share in 2014 to $0.51 per ordinary share.
- Our CRD IV end point CET1 capital ratio of 11.9% at 31 December 2015 was up from 11.1% at 31 December 2014. We continue to generate capital from profit and our progress to achieve targeted RWA initiatives strengthened our CET1 ratio, creating capacity for growth.
- The leverage ratio remained strong at 5.0%.

For further information on financial performance, see the Financial Summary and pages 22 to 27 of the Strategic Report.

Group variable pay pool and risk adjustments

Remuneration is an important tool for instilling the right behaviours, driving and encouraging actions that are aligned to organisational values and expectations. I believe there should be a positive reward for achieving results in the right way – and a penalty when they are not.

To drive positive change and influence the correct behaviour, we launched a global At Our Best recognition programme in July 2015, to be fully implemented by April 2016. This global programme enables everyone at HSBC to recognise colleagues around the world who bring our values to life in the way they think and act. It provides a global shared understanding of what HSBC Values look like in practice, and a consistent way of recognising people who demonstrate them.

Where our aim to drive positive change is unsuccessful, we have a process under which we apply downward adjustments both at the variable pay pool level and at the individual employee level. The 2015 variable pay was determined after taking an automatic adjustment of $431m to reflect fines, penalties and the cost of customer redress. The Committee also reduced the payout ratio from a target of 18.25% to 16%. This resulted in a further adjustment of $398m to the variable pay pool. Additionally, there were a number of actions taken, to reduce variable pay proposed for 2015 for Group employees by $11m, including members of senior management on account of certain notable events that took place in the period.

The Group's policy is for the vast majority of post-tax profits to be allocated to capital retention and to dividends, as described on page 304.

The Committee also reviewed the recommendation on performance management and incentives in a report issued by the G30: *Banking Conduct and Culture: A Call for Sustained and Comprehensive Reform.* The review confirmed that our practice on remuneration and performance management is aligned with the recommendations in the G30 report.

How our remuneration policy was applied in 2015

Based on performance of the executive Directors against their 2015 scorecards, the Committee approved 2015 annual incentive awards at 45% of the maximum for Stuart Gulliver, 80.1% of the maximum for Iain Mackay and 62% of the maximum for Marc Moses (details of the performance outcomes are on page 307).

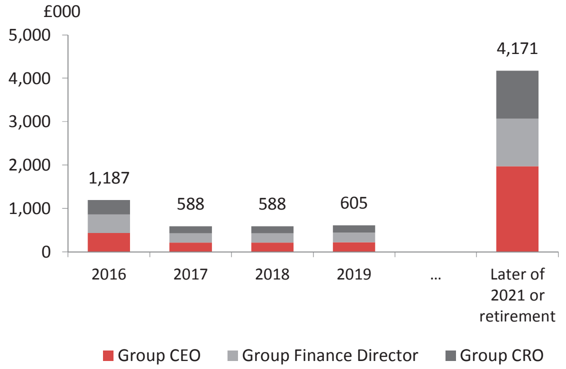
In respect of the Group Performance Share Plan ('GPSP'), we determined that 41.3% of the maximum award should be granted (details of the performance outcomes are on page 310).

In aggregate, total compensation for the Group Chief Executive ('CEO') is down from 2014 reflecting the weaker financial performance of the Group and the progress towards implementation of Global Standards during the year.

Before confirming the total variable pay to be awarded to the executive Directors, we took into account reports from the independent Monitor and received inputs from the Financial System Vulnerabilities Committee on the progress on the implementation of the Monitor's recommendations on AML and sanctions compliance and other Global Standards-related initiatives. Based on the inputs received and each executive Directors' HSBC Values rating, we assessed that no further downward override adjustment is required in respect of the executive Directors or senior executives.

A significant portion of the variable pay awards for executive Directors is deferred and subject to malus during the vesting period. In addition, all variable pay awards are subject to clawback for a minimum period of seven years from the date of grant. The breakdown of the variable pay award and the period over which the awards are paid are set out on page 294.

The following graph illustrates when the variable pay awards for 2015 will be paid to our executive Directors.



New remuneration policy for 2016

We will be seeking approval for a new remuneration policy at the AGM on 22 April 2016. The policy on pages 288 to 299 takes into account the new PRA Remuneration Rules, which require deferral of variable pay over a longer period of seven years, rather than three as is currently the case. It also takes into account changes based on the EBA's Guidelines published in December 2015.

Changes to the policy also address shareholder feedback, mainly the desire to implement a long-term incentive structure in line with that of other FTSE companies and to introduce forward-looking performance conditions. The performance measures for both the annual incentive and the long-term incentive have also been revised to reflect the strategic and financial objectives set out in the update presented to investors in June 2015.

First awards under the new policy will be granted in March 2017, in respect of the 2016 performance year.

We have discussed the proposed changes to our remuneration policy with a number of our large shareholders and proxy advisory bodies, and overall they have been broadly supportive of the changes.

I hope you will support the new remuneration policy, which requires your approval to take effect, by voting for the resolution.

Key changes

Element of pay	Changes
Cash in lieu of pension	• Reduced from 50% of base salary to 30% of base salary.
Fixed pay allowance	• To be released on a pro rata basis over five years.
Annual incentive	• To be delivered in shares, subject to a minimum six-month retention period. • The Committee will retain the discretion to apply longer retention periods or apply deferral to a proportion of the award (with vesting aligned to the long-term incentive).
Long-term incentives	• Prior performance will be taken into consideration when determining the value of the grant. • Awarded in shares, subject to a three-year forward-looking performance period commencing from the start of the financial year in which the awards are granted. • Awards will commence vesting after the end of the three-year performance period. Awards will vest in five equal instalments with the first vesting on or around the third anniversary of the date of grant and the last instalment vesting on or around the seventh anniversary of grant. • A retention period may be applied to ensure compliance with regulatory requirements.
Shareholding requirement	• Expressed as a percentage of base salary.

Looking ahead to 2016

The new PRA Remuneration Rules are more stringent than the rules in force in the EU, US and Asia-Pacific, making it challenging for UK banks to attract talent with transferable skills or from other industries. We believe more regulator co-ordination is required to ensure there are globally consistent remuneration standards and a level playing field.

The Committee will monitor the impact of the changes to our remuneration policy to ensure it continues to be aligned with our strategy, protects our business and delivers shareholder value.

Sam Laidlaw *Chairman*
Group Remuneration Committee
22 February 2016

Directors' remuneration policy

Our new remuneration policy for executive and non-executive Directors is subject to shareholder approval.

The policy has been amended to take into account the new PRA Remuneration Rules, EBA guidelines and shareholder feedback. We will seek approval at the Annual General Meeting on 22 April 2016 and if approved, the policy is intended to apply immediately, for three years to the end of the AGM in 2019.

Material factors taken into account when setting remuneration policy

The Committee takes into account a variety of factors when determining the remuneration policy for Directors.

INTERNAL FACTORS	**Group strategy and objectives**	• The Group strategic objectives are the key drivers for measuring performance and form the basis of the annual scorecard and long term incentive scorecard for our executive Directors. • The targets set for the scorecards are aligned to the strategic targets of the Group.
	Pay and employment conditions within the Group	• In considering individual awards, a comparison of the pay and employment conditions of our employees and senior executives is considered by the Committee. • The Group Head of Performance and Reward presents proposals for remuneration for the wider employee population and consults with the Committee on the extent to which the different elements of remuneration are provided to other employees. • Feedback from employee engagement surveys and HSBC Exchange meetings are taken into account in determining the Group's remuneration policy. • Given the size of the Group's employee base and its geographical presence, the Committee did not consider it appropriate to consult all employees on the Directors' remuneration policy.
	Reinforcing the Group's values	• The remuneration policy is designed to reinforce the Group's values and behaviours and to drive sustainable performance. • The Committee receives input from the Group Risk Committee, the Financial System Vulnerabilities Committee and the Conduct and Values Committee to ensure such behaviours are taken into account.

EXTERNAL FACTORS	**Regulation**	• There is still a wide divergence in local regulations governing remuneration structures globally. This presents significant challenges to HSBC, which operates in over 70 countries worldwide. • In order to deliver long-term sustainable performance, it is important to have market-competitive remuneration which is broadly equivalent across geographical boundaries in order to attract, motivate and retain talented and committed employees around the world. • We aim to ensure that our remuneration policy is aligned with regulatory practices and the interests of shareholders. HSBC is fully compliant with the FSB, FCA, PRA, EBA and HKMA principles and rules on remuneration which apply at the date of this report.
	Comparator group	• The Committee considers market data for executive Directors' remuneration packages from a defined remuneration comparator group: Australia and New Zealand Banking Group Limited, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, JPMorgan Chase & Co, Santander, Standard Chartered and UBS. • These ten global financial services companies were selected for 2015 on the basis of their business coverage, size and international scope, and are subject to annual review for continuing relevance. • The Committee can also review other companies where relevant in determining the remuneration policy.
	Shareholder views	• The Chairman of the Committee, the Group Head of Performance and Reward and the Group Company Secretary meet with key institutional shareholders and other representative bodies to discuss our remuneration policy design, impact of regulatory changes and any key changes introduced. • We consider these meetings important to gather views on our current and developing remuneration practices to ensure that our reward strategy continues to be aligned with the long-term interests of our shareholders. • We also took on board views expressed by our shareholders on our remuneration policy at previous annual general meetings. We have changed our approach on the provision of cash in lieu of pension and long-term incentive awards as a result.

Remuneration policy – executive Directors

Our remuneration policy supports the achievement of our strategic objectives through balancing reward for both short-term and long-term sustainable performance. Our strategy is designed to reward success, and to align employees' remuneration with our Values risk framework and risk outcomes. For our most senior employees, the majority of their reward is deferred, subject to malus, and clawback.

The policy will apply to all executive Directors with the exception of Douglas Flint, who is not eligible for a fixed pay allowance or variable pay awards.

Remuneration policy – executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
Fixed pay	*These elements of remuneration are not subject to performance metrics.*	
Base salary		
To attract and retain key talent by being market competitive and rewarding on-going contribution to role.	Base salary reflects the individual's role, experience and responsibility. The Committee reviews and approves changes within the context of local requirements and market competitiveness. Base salaries are benchmarked on an annual basis against relevant comparator groups as set out on page 288. Base salaries may be reviewed more frequently at the discretion of the Committee.	The annual base salary for each executive Director is set out in the table on page 315. Other than in exceptional circumstances, the base salary for the current executive Directors will not increase by more than 15% above the current levels during the duration of this policy.
Fixed pay allowance ('FPA')		
To deliver fixed pay required to reflect the role, skills, and experience of the Directors and to maintain a competitive total remuneration package for the retention of key talent.	Fixed pay allowances are non-pensionable and will be granted in shares that vest immediately on a quarterly basis or at any other frequency that the Committee deems appropriate. These shares (net of shares sold to cover any income tax and social security) will be subject to a retention period. Shares will be released annually on a pro rata basis over five years, starting from the March immediately following the end of the financial year in which the shares are granted in respect of. Dividends will be paid on the vested shares held during the retention period. The Committee retains the discretion to pay the fixed pay allowance in cash if required to do so by regulation.	Fixed pay allowances are determined based on the role and responsibility of each individual. The fixed pay allowance for the duration of this policy will be capped at 150% of base salary levels at the start of this policy.
Cash in lieu of pension		
To attract and retain key talent by being market competitive.	Directors receive a cash allowance in lieu of a pension entitlement.	30% of base salary.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Variable pay	*Adhering to the HSBC Values is a prerequisite to be considered for any variable pay. The HSBC Values are key to running the bank on a sound, sustainable basis. Executive Directors have an HSBC Values rating that is considered by the Committee following the financial year end.*		
Annual incentive			
To drive and reward performance against annual financial, non-financial and personal objectives which are consistent with the strategy and align to shareholder interests.	Awards are discretionary and are generally delivered in the form of shares. On vesting, the shares (net of shares sold to cover any income tax and social security) will be subject to a minimum retention period of at least six months. Awards are subject to clawback for a period of seven years from the date of award. This may be extended to ten years in the event of an ongoing internal/ regulatory investigation at the end of the seven-year period. The Committee retains the discretion to: • apply a longer retention period; • grant the award partially in cash, as long as at least 50% of the award is in shares; and • defer a portion of the awards, which will be subject to malus during the deferral period. Dividend equivalents will be paid on the vested deferred shares, equal to the dividends paid or payable between the grant and vesting date. These will normally be paid in the form of additional, i.e. scrip, shares. If not permissible under regulatory requirements, the number of shares to be awarded may be based on a share price discounted based on a historical dividend yield.	The maximum opportunity for annual incentive award is up to 215% of base salary. The Committee will assess and judge performance against the targets set to determine the level of achievement. The overall payout of the annual incentive could be between 0% and 100% of the maximum. 25% of the maximum award opportunity will vest at threshold performance and up to 50% will vest for target performance. 100% of the award will pay out for maximum performance. The Committee can reduce (to zero if appropriate) the annual incentive payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.	Performance is measured against an annual scorecard, based on targets set for financial outcomes and non-financial outcomes (including risk-related measures and personal objectives). The scorecards vary by individual. Examples of the types of measures are shown on page 294. The financial measures will have a weighting of 60% for the Group CEO, 50% for the Group Chief Financial Officer and 25% for the Group CRO. The Committee has the discretion to: • change the overall weighting of the financial and non-financial measures; • vary the measures and their respective weightings within each category. The specific performance measures will be disclosed in the 'Annual report on remuneration' for the relevant year; and • make adjustments to performance targets to reflect significant one-off items which occur during the measurement period. Full and clear disclosure of any such adjustments will be made within the 'Annual report on remuneration' at the end of the performance year, subject to commercial confidentiality.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long-term incentive ('LTI')			
To incentivise sustainable long-term performance and long-term alignment with shareholder interests.	Awards are discretionary and are awarded in shares under the HSBC Share Plan 2011, subject to a forward-looking three-year performance period from the start of the financial year in which the awards are granted. At the end of the performance period, the performance outcomes will be used to assess what percentage of the awards will vest. These awards will vest in five equal instalments with the first vesting on or around the third anniversary of the grant and the last instalment vesting on or around the seventh anniversary of the grant date. This is based on the PRA's requirements. On each vesting, the shares (net of shares sold to cover any income tax and social security) will be subject to a minimum retention period of six months if required by regulators. Awards are discretionary and are subject to malus during the vesting period and clawback for a period of seven to ten years from the date of award. Dividend equivalents will be paid on the vested deferred shares, equal to the dividends paid or payable between the grant and vesting date. These will normally be paid in the form of additional, i.e. scrip, shares. If not permissible under regulatory requirements, the number of shares to be awarded may be based on a share price discounted based on a historical dividend yield. The Committee may adjust and amend awards in accordance with the rules of the HSBC Share Plan 2011.	The maximum opportunity for LTI award is up to 320% of base salary. The Committee will assess and judge performance against the targets set to determine the level of achievement. The overall payout level could be between 0% and 100% of the maximum. 25% of the maximum award opportunity will vest at threshold performance and up to 50% will vest for target performance. 100% of the award will vest for maximum performance. The Committee can reduce (to zero if appropriate) the LTI payout based on the outcome of the performance measures, if it considers that the payout determined does not appropriately reflect the overall position and performance of the Company during the performance period.	The Committee will take into consideration prior performance when assessing the value of the LTI grant. Forward-looking performance is measured against a long-term scorecard with financial outcomes (60% weighting) and non-financial outcome, including risk and strategy-related measures (40% weighting). Relative Total Shareholder Return ('TSR') will have a weighting of one-third of the total financial measures. One-third will be based on achieving return on equity targets and one-third will be based on the attainment of cost-efficiency targets. Performance targets are set annually for each three-year cycle by the Committee. The Committee has the discretion to: • change the overall weighting of the financial and non-financial measures; • vary the measures and their respective weightings within each category. The specific performance measures will be disclosed in the 'Annual report on remuneration' for the relevant year; and • make adjustments to performance targets to reflect significant one-off items which occur during the measurement period. Full and clear disclosure of any such adjustments will be made within the 'Annual report on remuneration', subject to commercial confidentiality.

Purpose and link to strategy	Operation	Maximum opportunity
Other	*These elements are not subject to performance metrics.*	
Benefits		
To provide benefits in accordance with local market practice.	Benefits take account of local market practice and include, but are not restricted to, the provision of medical insurance, income protection insurance, health assessment, life assurance, club membership, tax return assistance, car benefit (including any tax due on the benefit) and travel assistance. Stuart Gulliver is also provided with accommodation and car benefit in Hong Kong. HSBC pay any tax due on this benefit. Additional benefits may also be provided where an executive is relocated or spends a substantial proportion of his/her time in more than one jurisdiction based on business needs. Such benefits could include, but are not restricted to, airfare, accommodation, shipment, storage, utilities and any tax and social security that may be due in respect of such benefits.	Determined by the nature of the benefit provided. The benefit amount will be disclosed in the Single Figure Table of Remuneration for the relevant year.
Shareholding guidelines		
To ensure appropriate alignment with the interest of our shareholders.	Executive Directors and other senior executives are subject to shareholding guidelines. The shareholding guidelines as a percentage of base salary are: • Group Chairman: 100% • Group CEO: 400% • Group Finance Director: 300% • Group CRO: 300% Individuals are given five years from 2014 or (if later) their appointment to build up the recommended levels of shareholding. The shareholding guideline does not count unvested share-based incentives. The Committee reviews compliance with the shareholding guidelines. The Committee has full discretion in determining any penalties in cases of non-compliance, which could include a reduction of future awards and/or an increase in the proportion of the annual variable pay that is deferred into shares. HSBC operates an anti-hedging policy and executive Directors are required to certify each year that they have not entered into any personal hedging strategies in relation to their holdings of HSBC shares.	N/A
All employee share plans		
To promote share ownership by all employees.	Executive Directors are also entitled to participate in all employee share plans, such as the HSBC Sharesave, on the same basis as all other employees. Under the Sharesave, executive Directors can make monthly savings over a period of three or five years towards the grant of an option over HSBC shares. The option price can be at a discount, currently of up to 20%, on the share price at the start of the savings period.	The number of options determined by maximum savings set by HM Revenue and Customs per month, currently £500.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Provisions of previous policy that will continue to apply:			
2011 – 2015 Group Performance Share Plan ('GPSP'), deferred cash and share awards.	Vesting of outstanding deferred cash and share-based awards granted in prior years, including 2016. This includes deferred shares and GPSP awards granted under the HSBC Share Plan 2011 and HSBC Share Plan, which will continue to form part of the remuneration policy until vesting. The awards normally vest over a period of up to five years from the date of grant. On vesting, shares (net of any shares sold to cover income tax and social security) will be subject to the applicable retention period set out at the time of the award. Dividend equivalents will be paid on the vested shares. A notional return will be paid for vested deferred cash awards.	Award levels have already been determined based on the outcome of relevant performance measures in the relevant prior year.	The vesting of these awards is subject to a service condition. In respect of performance year 2012, vesting of the deferred shares portion of the annual incentive awards granted in March 2013 is subject to satisfactory conclusion of the Deferred Prosecution Agreement with the US Department of Justice ('US DPA'). No further performance conditions apply for any other awards. The US DPA condition ends on the fifth anniversary of the award date unless it is extended or otherwise continues beyond that date, in which case the awards will vest on the date on which the US DPA expires and otherwise ceases to operate.

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed:

(i) before the policy set out above, or any previous policy came into effect;

(ii) at a time where a previous policy, approved by shareholders, was in place provided the payment is in line with the terms of that policy; or

(iii) at a time when the relevant individual was not a director of the Company and the payment was not in consideration for the individual becoming a Director of the Company.

Differences in policy applied to employees generally

The following table illustrates the differences in policy that apply to different groups of employees. For further details, see Remuneration policy for all employees on pages 300 to 301.

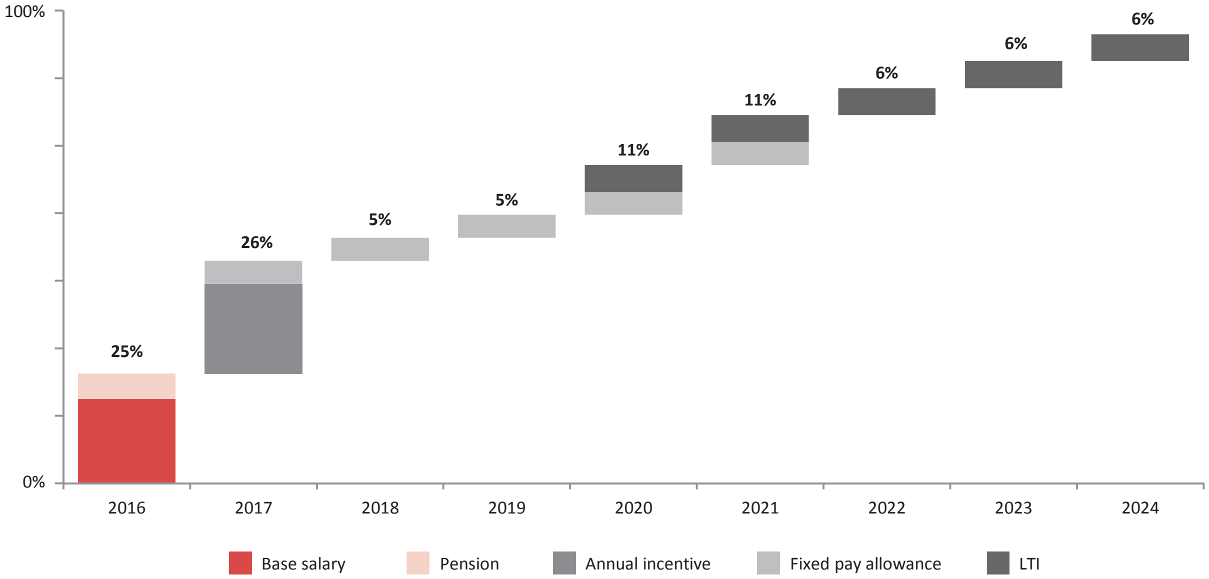
Elements of remuneration applied to employees

	Executive Directors	Group Managing Directors	Other Employees
Base salary	✓	✓	✓
Fixed pay allowance	✓	✓	✓
Annual incentive	✓	✓	✓
GPSP/long-term incentive	✓	✓	–
Benefits and pension	✓	✓	✓

Release profile of total compensation

The following chart provides an illustrative release profile of target performance total compensation for the Group CEO based on the new remuneration policy.

Illustration of release profile at target total compensation



Choice of performance measures and targets

The performance measures were selected as they reflect the Group's financial targets and strategy. The measures were determined in consultation with major shareholders. The targets take into account a number of factors, including the economic environment, market conditions and expectations, the Group's strategic actions and risk appetite.

Further details of the measures and targets under the policy are in the tables below.

Performance measures for annual incentive

Financial measures	Global Standards, including risk and compliance	Personal objectives
Will be aligned to achievement of our annual operating plan targets and linked to the key Group's key strategic actions. Measures may include but are not limited to: • profit before tax; • reduction of Group risk-weighted assets ('RWA's); • delivery of cost savings; and • strategic growth. Targets for threshold and maximum vesting will be based on various factors including each year's annual operating plan targets.	Drive implementation of our Global Standards and risk and compliance policies. Measures may include but are not limited to: • progress and embedding of anti-money laundering and sanctions policies; • implementation of enhanced customer due diligence programmes worldwide; and • implementation and embedding of conduct programmes. The targets set will be linked to milestones agreed with the Monitor, regulators and overall Group objectives.	Progress made on delivering key non-financial milestones aligned to the Group's strategic actions, leadership and people metrics.

Performance measures for long-term incentives

Financial measures	Global Standards, including risk and compliance	Strategy
Will be strongly aligned to the business strategy and based on primary long-term financial goals. Measures may include but are not limited to: • return on equity; • cost efficiency (jaws); and • relative TSR against a global financial services peer group. Targets set for threshold and maximum vesting will be based on long-term financial goals.	Will be used in line with the Monitor's guidance and as part of regulatory requirement to use non-financial measures as part of a balanced scorecard. Measures may include but are not limited to: • completion of US DPA commitments; • management of key risks; and • regulatory transparency. Targets set will be based on achievement of key long-term commitments and achievement of a successful Global Standards roll-out.	Will drive delivery of long-term Group strategic actions.

Changes in remuneration policy for 2016

The following table provides a summary of key changes to the remuneration policy for 2016.

Remuneration component	Policy changes	Rationale for change
Base salary	No change	N/A
Fixed pay allowance	Released pro rata over a period of five years.	Retention period changed to be consistent with market practice and to reflect longer deferral requirements.
Cash in lieu of pension	Maximum reduced from 50% of base salary to 30% of base salary.	Feedback from shareholders that cash in lieu of pension was high relative to large FTSE companies.
Annual incentive	Maximum is 215% of base salary. Delivered 100% in shares, subject to a retention period.	The Committee considered it appropriate to have the annual incentive subject to a retention period, to align with the overall variable pay structure of the PRA Remuneration Rules and to take into account the overall time horizons of the total remuneration package of the executive Directors.
Long-term incentive	Maximum is 320% of base salary. Prior performance will be taken into consideration when assessing the value of the grant. Performance targets set annually for each three-year forward-looking performance period. Introduction of relative TSR as a performance measure. Awards to vest, subject to the outcome of the performance conditions at the end of the three-year performance period, in equal instalments between the third and seventh anniversary of the grant date. A retention period may be applied to ensure compliance with regulatory requirements.	Shareholder feedback on preference to have a more conventional long-term incentive structure, with a forward-looking performance period in line with FTSE practice. Longer deferral period required under the PRA Remuneration Rules.

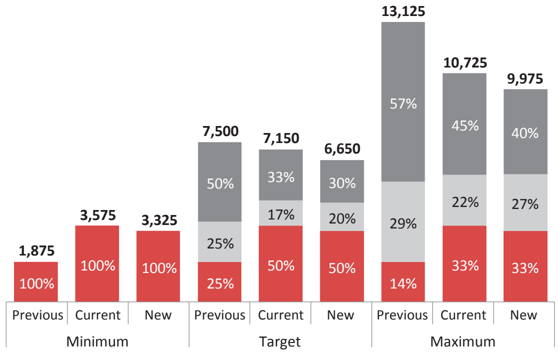
Remuneration scenarios

For the proposed new remuneration policy, the total remuneration opportunity for target and maximum performance has been reduced for executive Directors.

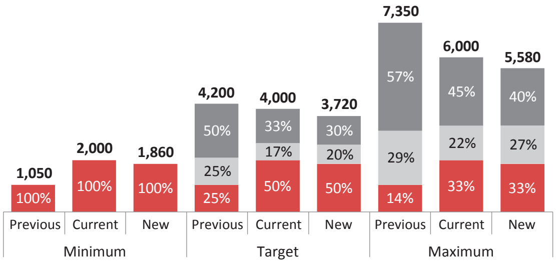
The following charts show how the total value of remuneration (excluding benefits) and its composition would vary under different performance scenarios for executive Directors. 'Previous' models the policy in place prior to shareholder approval in 2014. 'Current' models the policy approved at the 2014 AGM. 'New' models the proposed policy, which will be effective from the date of the 2016 AGM, subject to shareholders' approval. Target is set at 50% of maximum variable pay.

There is no chart for Douglas Flint, who is not eligible for variable pay awards.

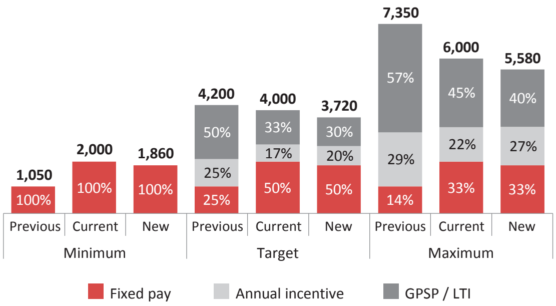
Stuart Gulliver
Amounts in £'000



Iain Mackay
Amounts in £'000



Marc Moses
Amounts in £'000



Other directorships

Executive Directors may accept appointments as non-executive directors of companies which are not part of HSBC if so authorised by either the Board or the Nomination Committee.

When considering a request to accept a non-executive appointment, the Board or the Nomination Committee will take into account, amongst other things, the expected time commitment associated with the proposed appointment. The time commitment for external appointments is also routinely reviewed to ensure that they will not compromise the Directors' commitment to HSBC. The Directors' biographies as set out on pages 294 to 254 includes those directorships provided for under CRD IV.

Any remuneration receivable in respect of an external appointment of an executive Director is normally paid to the Group, unless otherwise approved by the Nomination Committee or the Board.

Approach to recruitment remuneration – executive Directors

On the recruitment or appointment of a new executive Director, the Committee would adhere to the following principles:

- remuneration packages should be in line with the approved policy for executive Directors;
- remuneration packages must meet any applicable local regulatory requirements; and
- where necessary, compensation may be provided in respect of forfeiture of awards from an existing employer (buyout awards).

Outlined in the following table are all components that would be considered for inclusion in the remuneration package of a new executive Director and, for each, the approach that would be adopted.

In the case of an internal appointment, any variable element awarded in respect of the prior role may be allowed to pay out according to its terms on grant.

Components of remuneration package of a new executive Director

Component	Approach taken to each component of remuneration
Fixed pay	Base salary and fixed pay allowance to reflect the individual's role, experience and responsibility and be set in the context of market practice. Pension in line with policy as set out in the 'Remuneration policy' table on page 289.
Benefits	Benefits to be provided will be dependent on circumstances but in line with Group policy and the 'Remuneration policy' table, including the global mobility policy, where applicable, and local regulations.
Annual incentive	New joiners will be eligible to be considered for an annual incentive award as set out in the 'Remuneration policy' table on page 290. Guaranteed bonuses are only permitted by exception and must be limited to the first year of service, subject to the Group Deferral Policy and performance requirements.
Long-term incentive	May be considered for LTI award in year as set out in the 'Remuneration policy' table on page 291.
Buyout	May be offered if the individual holds any outstanding unvested awards which are forfeited on resignation from the previous employer. Group buyout policy is in line with the PRA Remuneration Rules which states that both the terms and amount of any replacement awards will not be more generous than the award forfeited on departure from the former employer. Delivered as HSBC deferred shares with vesting and retention periods to match the terms of forfeited awards with previous employer as closely as possible, subject to proof of forfeiture and other relevant documentation. Where the time to vesting is less than 60 days, cash or deferred cash may be awarded for administrative purposes. Where appropriate, the Committee retains the discretion to utilise the provisions provided in the Listing Rules for the purpose of making buy-out awards.

Service contracts and policy on payments on loss of office – executive Directors

Our policy is to employ executive Directors on service agreements with 12 months' notice period.

Service contracts

Director	Contract date (rolling)	Notice period (Director & HSBC)
Douglas Flint	**14 February 2011**	**12 months**
Stuart Gulliver	**10 February 2011**	**12 months**
Iain Mackay	**4 February 2011**	**12 months**
Marc Moses	**27 November 2014**	**12 months**

Letters setting out the terms of appointment of each of the executive Directors are available for inspection at the Company's registered office. Consistent with the best interests of the Group, the Committee will seek to minimise termination payments. Directors may be eligible for a payment in relation to statutory rights.

The following table sets out the basis on which payments on loss of office may be made. Other than as set out in the table, there are no further obligations which could give rise to remuneration payments or payments for loss of office:

Payments on loss of office

Component of remuneration	Approach taken
Fixed pay and benefits	Executive Directors may be entitled to payments in lieu of: • notice, which shall consist of base salary, pension entitlements and other contractual benefits, or an amount in lieu of; and/or • accrued but untaken holiday entitlement.
Annual incentives and long-term incentives	In exceptional circumstances as determined by the Committee, the executive Director may be eligible for annual incentives and long-term incentives based on the time worked in the performance year and on the individual executive Director's contribution.
Unvested deferred awards	All unvested awards will be forfeited when an executive Director ceases employment voluntarily and is not deemed a good leaver. An executive Director may be considered a good leaver at the discretion of the Committee and the following will apply: • unvested awards will continue to vest in line with the applicable vesting dates, subject to the original performance conditions, the share plan rules, malus and clawback provisions; or • vested shares, subject to retention, will be released to the executive Director on cessation of employment. In the event of death unvested awards will vest and will be released to the executive Director's estate as soon as practicable. In respect of outstanding unvested awards, for an individual to be considered as a good leaver, the Committee needs to be satisfied that the executive has no current or future intention at the date of leaving HSBC of being employed by any competitor financial services firm. The Committee determines the list of competitor firms and length of time this restriction applies. If the Committee becomes aware of any evidence to the contrary before vesting, the award will lapse. If the executive Director is not deemed a good leaver for purposes of the GPSP, vested shares, subject to retention, will be released to the executive Director in three equal tranches on each of the first, second and third anniversary of cessation of employment.
Repatriation	Where an executive Director has been relocated as part of their employment, the Committee retains the discretion to pay the repatriation costs. This may include, but are not restricted to, airfare, accommodation, shipment, storage, utilities and any tax and social security that may be due in respect of such benefits.
Post-departure benefits	Applicable for the duration of the clawback period, up to a maximum of seven years from date of departure for those who depart under good leaver provisions under the HSBC Share Plan and subject to non-compete provisions, in accordance with the terms of the policy. Benefits may include medical coverage, tax return preparation assistance and legal expenses for the duration of the clawback period. The Committee also has the discretion to extend the post-departure benefit of medical coverage to former executive Directors, up to a maximum of seven years from their date of departure.
Legal claims	The Committee retains the discretion to make payments (including professional and outplacement fees) to mitigate against legal claims, subject to any such payments being made in accordance with the terms of an appropriate agreement waiving all claims against the Group.
Change of control	In the event of a change of control, outstanding awards will be treated in line with the provisions set out in the respective plan rules.

Remuneration policy – non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity
Fees		
The fee levels payable reflect the time commitment and responsibilities of a non-executive Director of HSBC Holdings.	The policy for non-executive Directors is to pay: • base fees; and • further fees for additional Board duties such as chairmanship, membership of a committee, or acting as the senior independent Director or deputy Chairman acting as one. Fees are paid in cash. The Board retains the discretion to pay in shares rather than cash where appropriate. Any non-executive Chairman would be paid a fixed annual fee for all Board responsibilities based on their experience and the time commitments expected for the role, together with such other benefits as the Committee may in its absolute discretion determine. Any newly appointed non-executive Director would be paid in line with the policy on a time apportioned basis in the first year as necessary. No sign-on payments are offered to non-executive Directors. The Board (excluding the non-executive Directors) has discretion to approve changes to the fees. The Board may also introduce any new component of fee for non-executive Directors subject to the principles, parameters and other requirements set out in this remuneration policy. Certain non-executive Directors may be entitled to receive fees for their services as directors of subsidiary companies of HSBC Holdings plc. Such additional remuneration is determined by the board of directors of each relevant subsidiary within a framework set by the Group Remuneration Committee.	The Board will review the amount of each component of fees periodically to assess whether, individually and in aggregate, they remain competitive and appropriate in light of changes in roles, responsibilities, and/or time commitment of the non-executive Directors and to ensure that individuals of the appropriate calibre are able to be retained or appointed. Other than in exceptional circumstances, fees will not increase by more than 20% above the current fee levels during the duration of this policy.
Expenses	Reimbursed for any expenses incurred in performing their role and any related tax cost on such reimbursement.	
Shareholding guidelines	To ensure appropriate alignment with the interests of our shareholders, non-executive Directors, individually or with their connected persons, are expected to satisfy a shareholding guideline of 15,000 shares within five years from 2014 or (if later) their appointment. The Committee reviews compliance with the guidelines annually. The Committee has full discretion in determining any consequences in cases of non-compliance.	

Service contracts and policy on payments on loss of office – non-executive Directors

Non-executive Directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by shareholders at annual general meetings. Non-executive Directors do not have service contracts, but are bound by letters of appointment issued for and on behalf of HSBC Holdings plc. Other than as set out above, there are no obligations in the non-executive Directors' letters of appointment which could give rise to remuneration payments or payments for loss of office.

Non-executive Directors' current terms of appointment will expire as follows:

- in 2016, Rona Fairhead and Sir Simon Robertson, who are not seeking reappointment;
- in 2017, Kathleen Casey, Laura Cha, Lord Evans of Weardale, Sam Laidlaw and Jonathan Symonds;
- in 2018, Phillip Ameen, Joachim Faber, John Lipsky, Rachel Lomax and Heidi Miller; and
- in 2019, Henri de Castries, Irene Lee, Pauline van der Meer Mohr and Paul Walsh.

Remuneration policy for all employees

The Committee oversees the Group's remuneration policy and its application to the wider employee population.

The Committee periodically reviews the adequacy and effectiveness of the policy and ensures that it:

- meets the commercial requirement to remain competitive;
- is affordable;
- allows flexibility in response to prevailing circumstances; and
- is consistent with effective risk management.

The mix of fixed and variable pay granted to an employee corresponds to the individual's role, local market factors and regulatory requirements. The variable pay for all material risk takers ('MRT's) is restricted to a maximum of 200% of their fixed pay.

The table provides an overview of the different remuneration elements and how this is operated for our employees:

Component of remuneration	Approach taken
Base salary	Market competitive pay for the role, skills and experience required for the business. Used to attract and retain employees.
Fixed pay allowances	Given where a rebalancing of the fixed and variable pay components of remuneration is appropriate. The criteria used for determining fixed pay allowances include: the role, skills, experience, technical expertise, market compensation and other remuneration that the employee may receive in the year. Allowances may be in cash and/or vested shares. The shares (net of shares sold to cover any income tax and social security) would be subject to a retention period.
Pension and benefits	Provided in accordance with local market practice. This includes but is not limited to the provision of pensions, medical coverage, life insurance, health assessment, tax return preparation, legal fees and relocation allowances.
Annual incentives	Awards to drive and reward performance based on annual financial and non-financial measures consistent with the medium to long-term strategy, shareholder interests and adherence to HSBC Values. **For MRTs,** awards are normally subject to a 40% or 60% deferral. Normally delivered in cash and/or shares, subject to a minimum six-month retention period. The vesting schedule is normally over 3 years. For 2016, it could be 3 years, 5 years or 3-7 years, depending on the regulatory status of the employee. Deferred awards are subject to malus and all awards are subject to clawback. MRTs who meet the *de minimis* requirements of the PRA are subject to the normal deferral rates applicable to all other employees. **For all other employees**, awards can be in the form of cash and/or shares. Awards above a specified threshold are subject to deferral based on a deferral table. All deferred awards are subject to malus. HSBC operates an anti-hedging policy for all employees. As part of this all employees are required to certify each year that they have not entered into any personal hedging strategies in relation to their unvested awards and holdings of HSBC shares subject to a retention period.
Long-term incentives	Share awards made to incentivise sustainable long-term performance and align to shareholder interests. Only **Group Managing Directors** are eligible to receive long-term incentives. All awards are subject to malus and clawback.

Link between pay and performance

Under our remuneration framework, pay decisions are made based on the following factors: business results, performance against scorecard objectives, general individual performance of the role, and adherence to HSBC Values, business principles, risk-related policies, procedures and Global Standards.

At the end of each performance year, performance against scorecard objectives, including risk objectives, form the basis of remuneration decisions. This ensures risk management is embedded and forms an integral part of all our activities. This is especially important for senior executives and MRTs as risk and compliance measures in their scorecards ensure that their individual remuneration has been appropriately assessed with regard to risk.

The performance and remuneration of individuals in control functions is assessed according to a balanced scorecard of objectives specific to the functional role they undertake, to ensure their remuneration is determined independent of the performance of the business areas they control.

HSBC Values are key to the running of a sound, sustainable bank. All employees have a separate behavioural rating, which informs their eligibility for variable pay and influences their variable pay determinations.

Regular reviews are undertaken to assess instances of non-compliance with risk procedures and expected behaviours. Instances of non-compliance are escalated for consideration in variable pay decisions, using the adjustment, malus and clawback policies described in the next section. For MRTs, the Committee has oversight of such decisions.

Adjustment, malus and clawback

Where there are instances of conduct breaches, the following actions can be taken. The Committee has exclusive discretion to apply the malus and clawback under the policies that it has adopted, taking into consideration an individual's proximity to, and responsibility for, the issue in question. Where possible, an adjustment will be made to current year variable pay, before the application of malus, then clawback.

This is in line with the PRA and FCA regulatory requirements.

Type of action	Type of variable pay award affected	Circumstances where it may apply (including, but not limited to):
Adjustment	Current year variable pay	• Detrimental conduct or conduct which brings the business into disrepute. • Involvement in Group-wide events resulting in significant operational losses, including events which have caused or have the potential to cause significant harm to HSBC. • Non-compliance with HSBC Values and other mandatory requirements.
Adjustment under the downward override policy	Current year variable pay for executive Directors and other senior executives	• Based on the recommendations received from the independent Monitor, the Committee introduced the policy in 2014. • The criteria used to determine the downward adjustment will include: – insufficient yearly progress in developing an effective AML and sanctions compliance programme; or – non-compliance with the US DPA and other relevant orders. • In deciding the application and degree of any such downward override to reduce variable pay awards, the Committee will factor in the Financial System Vulnerabilities Committee's recommendations and the feedback from the Monitor in relation to cooperation with their review and progress in developing an effective AML and sanctions compliance programme.
Malus	Unvested deferred awards granted in prior years	• Detrimental conduct or conduct which brings the business into disrepute. • Past performance being materially worse than originally reported. • Restatement, correction or amendment of any financial statements. • Improper or inadequate risk management.
Clawback	Vested or paid awards	• Applicable only to awards granted to MRTs on or after 1 January 2015 for seven years. May be extended to ten years for employees under the Senior Manager Regime in the event of ongoing internal/regulatory investigation at the end of the seven-year period. • Participation in or responsibility for conduct which results in significant losses. • Failing to meet appropriate standards of fitness and propriety. • Reasonable evidence of misconduct or material error that would justify, or would have justified, summary termination of a contract of employment. • HSBC or a business unit suffers a material failure of risk management within the context of Group-risk management standards, policies and procedures.

Annual report on remuneration

Remuneration Committee

Role

Within the authority delegated by the Board, the Committee is responsible for approving the Group's remuneration policy. The Committee also determines the remuneration of executive Directors, senior employees, and employees whose activities have or could have a material impact on our risk profile. No executive Directors are involved in deciding their own remuneration.

Membership

The members of the Group Remuneration Committee during 2015 were Sir Simon Robertson (stepped down as Chairman of this Committee on 24 April 2015), Sam Laidlaw (appointed Chairman on 24 April 2015), and John Lipsky. Pauline van der Meer and Paul Walsh joined the Group Remuneration Committee on 1 January 2016.

Activities

The Committee met 11 times during 2015. The following is a summary of the Committee's key activities during 2015.

Details of the Committee's key activities

Month	Activities
January	• 2014 performance year pay review matters • Directors' Remuneration report • Share Plan – HSBC UK Share Incentive Plan • Governance matters
February	• 2014 performance year pay review matters • 2015 GPSP and Group CEO Annual Scorecards • Update on notable events • Downward Override Policy • 2014 Directors' Remuneration Report and Strategic Report • Regulatory submissions and disclosures • Governance matters
March	• 2015 Monitor's report on remuneration-related matters • Downward Override Policy • Final regulatory submissions and disclosures • Review of draft EBA remuneration guidelines • 2014 performance year pay review matters • Country/business policies and practice • Governance matters
April	• Performance management and reward survey • Regulatory update on EBA guidelines and FCA guidance on ex-post risk adjustment • Group share plans • Country/business policies and practice • Governance matters
May	• Remuneration policy review • 2015 Material Risk Taker review • Update on notable events • Regulatory updates • Country/business policies and practice • Governance reports
July	• Country/business policies and practice • Regulatory updates • Update on notable events • Remuneration policy design considerations • Governance matters
September	• Regulatory updates and submissions • Update on notable events • Remuneration policy design considerations • 2015 performance year pay review matters • Group share plans • Governance matters
October	• G30 study on banking conduct and culture • Remuneration policy design considerations • Country/business policies and practice • Governance matters
November	• 2015 performance year pay review matters • 2015 regulatory submissions • Update on notable events • Remuneration policy design considerations • Shareholder consultation on new remuneration policy • Governance matters
December	• 2015 performance year pay review matters • 2015 regulatory submissions • Governance matters • Country/business policies and practice • Group share plans

Advisers

The Committee received input and advice from different advisers on specific topics during 2015. In 2015, Deloitte was appointed as an objective, independent adviser to support the Committee on a one-off basis with respect to the new remuneration policy.

Deloitte LLP provided benchmarking data on remuneration policy design considerations and independent advice to the Committee. Deloitte also provided tax compliance and other advisory services to the Group. To ensure the advice from Deloitte was objective, the Committee required the advice to be independent and distinct from any internal review and analysis on remuneration policy matters.

During 2015, total fees of £116,200 were paid to Deloitte in relation to the remuneration related advice provided to the Committee. This was based on a fixed fee agreed on an estimated time spent basis.

During the year, the Group CEO provided regular briefings to the Committee. In addition, the Committee received advice from the following employees as part of their executive role as employees of HSBC:

- Ann Almeida, former Group Head of Human Resources and Corporate Sustainability (last meeting attended February 2015),
- Pierre Goad, Group Head of Human Resources,
- Alexander Lowen, Group Head of Performance and Reward,
- Marc Moses, Group Chief Risk Officer,
- Robert Werner, Global Head of Financial Crime Compliance and Group Money Laundering Reporting Officer, and
- John Flint, Chief Executive Retail Banking and Wealth Management.

The Committee also received feedback and input from the Group Risk Committee, Financial System Vulnerabilities Committee and Conduct & Values Committee on risk and compliance-related matters relevant to remuneration. This included the input from Financial System Vulnerabilities Committee on the implementation and annual assessment of progress on the implementation and progress on the AML and sanctions compliance programme for the purposes of the Committee's determination on any adjustments to be made under the downward override policy.

Group variable pay pool

Variable pay pool determination

The Committee considers many factors in determining the Group's variable pay pool funding. Both the annual incentive and GPSP are funded from a single annual variable pay pool from which individual awards are considered.

Variable pay pool determination

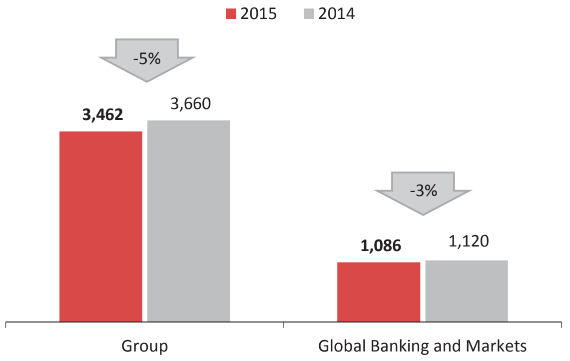
Performance and risk appetite statement	• The variable pay pool takes into account the performance of the Group considered within the context of our risk appetite statement ('RAS') which includes a number of earnings/capital related metrics, such as return on equity, return on notional risk weighted assets, common equity tier 1 capital ratio and the leverage ratio. This ensures that the variable pay pool is both economic and shaped by risk considerations and any Group-wide notable events. • Additionally, individual RAS has been developed for Financial Crime Compliance and Regulatory Compliance to reflect the current regulatory focus on these risks. • The Group CRO regularly updates the Committee on the Group's performance against the risk appetite statement and summarises the notable issues for the various business lines. • The Committee uses these updates along with feedback from the Group Risk Committee as delivered by the Group CRO when determining the annual variable pay pool to ensure that return, risk and remuneration are aligned.
Countercyclical funding methodology	• We use a countercyclical funding methodology which is categorised by both a floor and a ceiling and the payout ratio reduces as performance increases to avoid pro-cyclicality risk. • The floor recognises that even in challenging times, remaining in a competitive position is important. • The ceiling recognises that at higher levels of performance it is possible to limit reward as it is not necessary to continue to increase the variable pay pool, thereby limiting the risk of inappropriate behaviour to drive financial performance.
Distribution of profits	• In addition, our funding methodology considers the relationship between capital, dividends and variable pay to ensure that the distribution of post-tax profits between these three elements is considered appropriate (see next page for the 2015 and 2014 split). • It is deemed fundamental that the majority of post-tax profits should be allocated to capital and to shareholders, particularly when strong performance is delivered.
Commerciality and affordability	• Finally, we consider the commercial requirement to remain competitive in the market and overall affordability. Funding of the Group's annual variable pay pool is determined in the context of Group profitability, capital strength, shareholder returns and the overall compensation and benefits expense. This approach ensures that performance-related awards for individual global businesses, global functions, geographical regions and levels of staff are considered in a holistic fashion. • Market competiveness is also considered in determining the variable pay pool. This allows us to address any gaps to market identified when comparing total reward with our global peers. This also recognises the challenges which arise from being headquartered in the UK and having to apply more stringent reward practices than those in all other markets. We need to retain a competitive market position in Asia, the Middle East and the US in attracting and retaining talent, where our competitors are not subject to discounts applied by employees on their pay due to regulatory requirements including a variable pay cap, higher and longer deferrals, malus and clawback.

2015 variable pay pool

This year's variable pay pool is established by reference to the Group's reported profit before tax, which is adjusted to exclude movements in the fair value of own debt attributable to credit spread, the gains and losses from disposals, and debit valuation adjustment. Reported profit before tax includes the costs of fines, penalties and other items of redress.

The Committee has taken into account all of the factors in the previous table to determine the outcome below:

Variable pay pool outcome ($m)

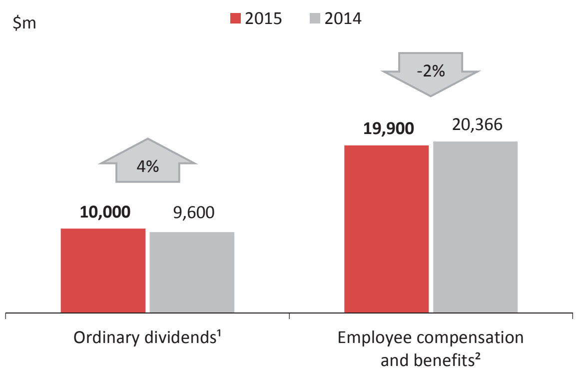


	Group 2015	Group 2014	Global Banking and Markets 2015	Global Banking and Markets 2014
Variable compensation incentive pool as a % of pre-tax profit (pre-variable pay)[1]	**16%**	16%	**12%**	15%
% of variable pay pool deferred[2]	**15%**	14%	**26%**	25%

1 *The 2015 Group pre-tax pre-variable pay profit calculation as described above.*
2 *The percentage of variable pay deferred for 2015 material risk-taker population is 51%.*

Relative importance of spend on pay

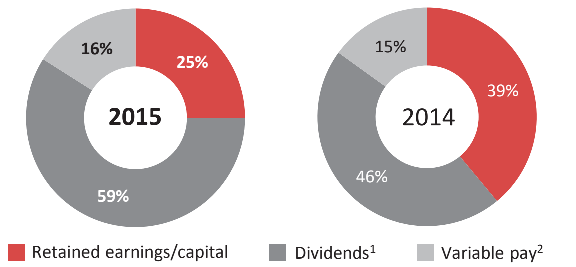
The chart below provides a breakdown of total staff pay relative to the amount paid out in dividends.



1 *Dividends per ordinary share in respect of that year. For 2015, this includes the first, second and third interim dividends paid in 2015 of $5.9bn (gross of scrip) and a fourth interim dividend of $4.1bn.*
2 *Employee compensation and benefits in 2015 and 2014 includes fixed pay, benefits and variable pay as outlined on page 16.*

Pro-forma post-tax profits allocation

On a pro-forma basis, attributable post-tax profits (excluding the movements in the fair value of own debt and before pay distributions) for 2015 were allocated in the proportions shown in the chart below. The overall compensation benefits expense to net revenue was 33% for 2015.



1 *Inclusive of dividends to holders of other equity instruments and net of scrip issuance based on an assumption of scrip take up for the fourth quarter of 2015 of 20%. Dividends per ordinary share declared in respect of 2015 were $0.51, an increase of 2% compared with 2014. The post-tax profits allocation figures shown in the* Annual Report and Accounts 2014 *in respect of that year assumed a scrip take up of 20%. The figures shown above in relation to 2014 have been calculated based on an actual scrip take up of 52%.*
2 *Total variable pay pool net of tax and portion to be delivered by the award of HSBC shares.*

Single figure of remuneration

Executive Directors

(Audited)

	Douglas Flint		Stuart Gulliver		Iain Mackay		Marc Moses	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Fixed pay								
Base salary	**1,500**	1,500	**1,250**	1,250	**700**	700	**700**	700
Fixed pay allowance	**–**	–	**1,700**	1,700	**950**	950	**950**	950
Pension	**750**	750	**625**	625	**350**	350	**350**	350
	2,250	2,250	**3,575**	3,575	**2,000**	2,000	**2,000**	2,000
Variable pay								
Annual incentive	**–**	–	**1,072**	1,290	**1,068**	867	**827**	1,033
GPSP	**–**	–	**1,969**	2,112	**1,101**	1,131	**1,101**	1,131
	–	–	**3,041**	3,402	**2,169**	1,998	**1,928**	2,164
Total fixed and variable pay	**2,250**	2,250	**6,616**	6,977	**4,169**	3,998	**3,928**	4,164
Benefits	**151**	136	**662**	589	**54**	43	**6**	6
Non-taxable benefits	**95**	105	**53**	53	**28**	28	**29**	33
Notional return on deferred cash	**–**	41	**9**	–	**5**	11	**5**	36
Total single figure of remuneration	**2,496**	2,532	**7,340**	7,619	**4,256**	4,080	**3,968**	4,239

Notes to the single figure of remuneration

(Audited)

Base salary

- *Salary paid in year for executive Directors. No fees were paid to executive Directors.*

Fixed pay allowance

- *Fixed pay allowance granted in immediately vested shares in the year for executive Directors.*
- *The shares are subject to a retention period. 20% released in the March immediately following the end of the financial year. 80% released after a period of five years from the date of the first release.*
- *Dividends will be paid on the vested shares held during the retention period.*

Pension

- *The amounts consist of an allowance of 50% of annual base salary in lieu of personal pension arrangements.*
- *No other benefits were received by the executive Directors from the Group pension plans.*

Benefits

- *All taxable benefits (gross value before payment of tax). Benefits include provision of medical insurance, accommodation and car, club membership, tax gross-up for accommodation and car benefit, and car allowance.*
- *Non-taxable benefits include the provision of life assurance and other insurance cover.*

The values of the significant benefits in the above table were as follows:

	Douglas Flint		Stuart Gulliver		Iain Mackay		Marc Moses	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Car benefit (UK and Hong Kong)	**69**	70	**87**	88	**–[1]**	–[1]	**–[1]**	–
Hong Kong bank-owned accommodation[2]	**–**	–	**281**	246	**–**	–	**–**	–
Tax expense on car benefit and Hong Kong bank-owned accommodation	**57**	58	**275**	239	**–[1]**	–[1]	**–[1]**	–
Insurance benefit (non-taxable)	**80**	80	**–[1]**	–[1]	**–[1]**	–[1]	**–[1]**	–

1 *The car benefit and tax on car benefit for Iain Mackay and Marc Moses is not included in the above table as it was not significant. The insurance benefit for Stuart Gulliver, Iain Mackay and Marc Moses is not included in the above table as it was not significant.*

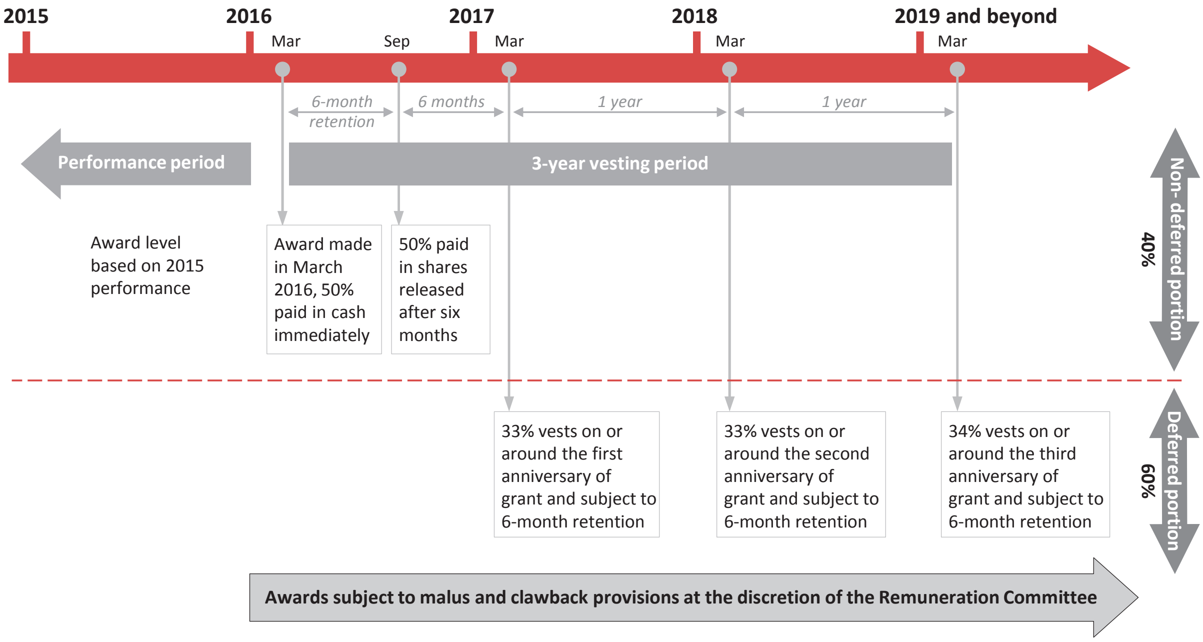
2 *Based on the current market rental value of the bank-owned property in Hong Kong, as estimated by an external lease service provider, plus utility costs, rates, the taxable value of furniture and taking into account the business use of the property. The taxable value of the accommodation is considered to be 70% of the total of these amounts.*

Annual incentive

- *Annual incentive awarded (including deferred amounts) as a result of achievement of performance measures for the relevant financial year. 60% of the award is deferred. 50% of both the deferred and non-deferred component of the award is payable in cash and the remaining 50% in shares, subject to a six-month retention period on vesting.*
- *The deferred element of the 2015 award pays out over a period of three years, subject to service and malus conditions: 33% vests on or around the first and second anniversary of grant and 34% on or around the third anniversary of grant. For the 2015 award the performance measures and the outcomes of the performance conditions can be found on page 307. Outcomes for the 2014 award can be found in the Directors' Remuneration Report in the* Annual Report and Accounts 2014*.*

- *The deferred share awards also include a right to receive dividend equivalents. Dividend equivalents are delivered in the form of additional shares, in the same time, manner and proportion as the original deferred award at vesting. The expected value of these dividend equivalents is included in the value of deferred share awards.*

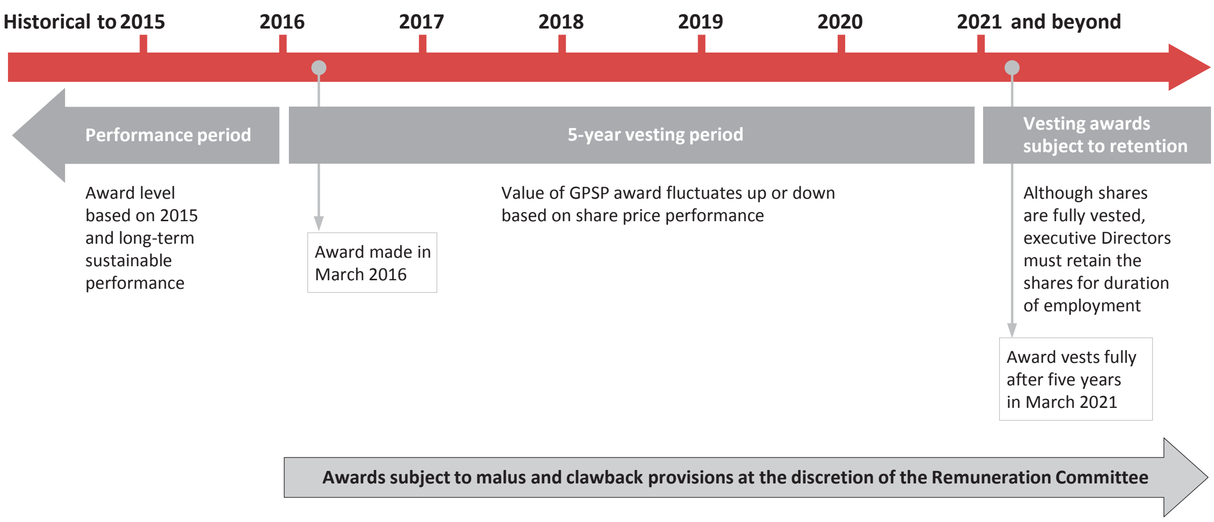
Illustration of annual incentives



GPSP

- *GPSP awarded as a result of achievement of sustainable long-term performance. Figures shown reflect the face value of awards granted in 2015 and 2014, respectively.*
- *Award levels are determined by considering performance against enduring performance measures set out in the long-term performance scorecard. There are no post-grant performance conditions.*
- *The award is subject to a five-year cliff vesting period during which the Committee has the authority to cancel all or part of the award. On vesting, the shares (net of tax) must be retained for the duration of the participant's employment.*
- *For the 2015 award the outcomes of the performance conditions can be found in the section titled 'Awards under the GPSP' on page 310. Outcomes for the 2014 award can be found in the Directors' Remuneration Report in the* Annual Report and Accounts 2014*.*
- *For the 2014 award, the Committee used their discretion to reduce the executive Directors' GPSP awards by £500,000 for Stuart Gulliver, and by £330,000 each for Iain Mackay and Marc Moses.*
- *The GPSP awards also include a right to receive dividend equivalents for the period between the grant and the vesting date. Dividend equivalents on the GPSP awards will be delivered when the GPSP awards vest. There was no vesting of historical GPSP awards in 2015. The expected value of these dividend equivalents is included in the value of GPSP awards.*

Illustration of GPSP



Notional return on deferred cash

- *The deferred cash award portion of the annual incentive also includes a right to receive notional returns for the period between grant date and vesting date and is determined by reference to the dividend yield on HSBC shares, determined annually.*
- *A payment of notional return is made annually in the same proportion as the vesting of the deferred awards on each vesting date. The amount is disclosed on a paid basis in the year in which the payment is made.*

Determining executive Directors' annual performance

(Audited)

Awards made to executive Directors reflected the Committee's assessment of the extent to which they had achieved personal and corporate objectives set within their performance scorecard as agreed by the Board at the beginning of the year, which had been set to reflect the risk appetite and strategic priorities. In addition, in accordance with the downward override policy, the Committee also consulted the Financial System Vulnerabilities Committee and took into consideration their feedback in relation to progress on enhancing AML and sanctions compliance along with progress in meeting the Group's obligations under the US DPA and other relevant orders. The Committee also took into consideration the report of the independent Monitor in determining the scorecard outcomes.

In order for any award of annual incentive to be made under the above performance scorecard, each executive Director must meet a required behavioural rating which is assessed around HSBC Values of being 'open, connected and dependable' and acting with 'courageous integrity'. For 2015, all executive Directors met the required behavioural rating.

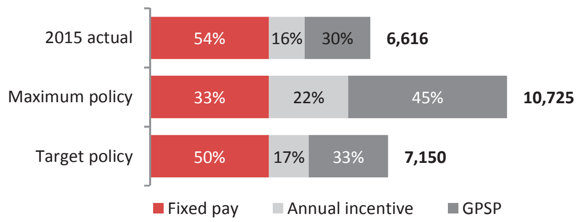
Value of annual incentives awarded to each executive Director

	Stuart Gulliver	Iain Mackay	Marc Moses
Fixed pay			
Value (£000)	3,575	2,000	2,000
Annual incentive			
Maximum multiple of fixed pay	0.67	0.67	0.67
Performance outcome	45.0%	80.1%	62.0%
Multiple awarded	0.30	0.53	0.41
Value (£000)	1,072	1,068	827

Stuart Gulliver

Stuart Gulliver achieved a performance outcome for the year of 45% against his annual scorecard.

The chart shows the value and composition of Stuart Gulliver's remuneration based on the current policy in comparison with the actual 2015 variable pay outcomes.



Annual assessment

Measure	Weighting %	Target	Performance	Assessment %	Outcome %
Profit before tax[1]	15	$21.2bn	$21.1bn	50	7.5
Return on equity	15	7.3	7.2%	–	–
Jaws[2]	15	–	(3.7%)	–	–
Grow dividends[3]	15	0.50	0.51	75	11.2
Financial	60				18.7
Strategy execution	15	Judgement – see commentary		75	11.3
Global Standards including risk and compliance	25	Judgement – see commentary		60	15.0
Non-financial	40				26.3
Promoting HSBC Values	Over-riding test				Met
Total	100				45.0

1 *Profit before tax, as defined for the Group variable pay pool.*
2 *Revenue growth less operating expense, on an adjusted basis.*
3 *Dividend per ordinary share (US dollar) in respect of the year, measured year on year; consistent with the growth of the overall profitability of the Group, predicated on the continued ability to meet with regulatory capital requirements.*

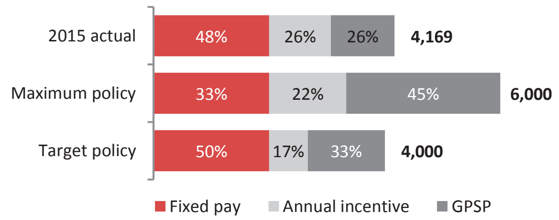
FINANCIAL		
	Profit before tax	• Although the target was not fully met, profit before tax fell marginally short of the baseline. In acknowledgement of a resilient performance in difficult market conditions, an assessment of 50% was awarded.
	Return on equity	• Return on equity for 2015 was 7.2%, 190 basis points lower than 2014, impacted by low revenue growth as well as significant items. While the Committee acknowledged efforts to improve medium-term returns, it decided to not make an award under this opportunity.

FINANCIAL	**Jaws**	• The Group targeted the achievement of positive adjusted jaws in 2015. Based on the profile of the Group's revenues and cost base, it was judged that no award should be made under this element of the scorecard.
	Grow dividends	• The Group is committed to paying out progressive dividends to shareholders, predicated on the growth of overall profitability and the continuing ability to meet regulatory capital requirements. Prospective dividend growth remains dependent upon the long term overall profitability of the Group and delivering further release of less efficiently deployed capital. • The Group was able to increase the dividend per ordinary share in 2015 as well as improve its capital position.
NON-FINANCIAL	**Strategy execution**	• Committee reviewed the progress to date in driving the Strategic Actions announced during the June 2015 Investor Update, particularly around re-sizing and simplifying the Group, and re-deploying capital to invest in higher-return businesses. • The Group had achieved $124bn reduction in RWAs in the year, ahead of the 2015 target and accounting for 45% of the total RWA reduction to be achieved by the end of 2017 to drive improved profitability. • The Committee further recognised favourable progress in optimising the global network with the planned sale of our operations in Brazil. The Committee acknowledged the work under way to re-build profitability in the United States, although noted that underlying revenue growth remains challenged. The Committee also noted the implementation of several initiatives to control costs, improve efficiency, and shift the Group's front office to back office ratio towards customer facing activities. • There were advances made in re-deploying capital to invest in higher-return businesses. The Committee recognised the Group's progress in leveraging its global network to drive growth from global connectivity, in particular through its range of transaction banking products, and to deliver revenue synergies from its universal banking model. The Pivot to Asia strategy is being executed to capture growth opportunities in China's Pearl River Delta, in the Association of Southeast Asian Nations, and in the Asian Asset Management and Insurance businesses. • The Group continues to play a leading role in the Internationalisation of the renminbi, being able to grow revenues and demonstrate several market firsts during 2015, such as the first Panda bond issued by a foreign bank in mainland China.
	Global Standards including risk and compliance	• The Committee was advised that the Group has continued to make progress in the implementation of Global Standards, including completion of certain milestones related to customer due diligence, transaction monitoring and sanctions screening. In addition, the global businesses are focusing on increasing operational impact and improving consistency across geographies to support the implementation of global AML and sanctions policies. • During 2015, the Global Standards programme assurance function has been strengthened to provide additional insight into programme outcomes and effectiveness. This has resulted in enhanced visibility of potential risks and compliance weaknesses and has enabled proactive mitigating actions. • The Committee recognised that the Group had progressed with the implementation of other compliance and regulatory programmes in addition to Global Standards, including global stress testing, ring-fencing and global conduct (e.g. development of Conduct Management Information Dashboard). The Committee further noted favourable trends in customer redress, regulatory fines and regulatory provisions. • However, the Committee exercised its discretion and reduced the assessment from 75% to 60%. This was based on feedback received from the Monitor, matters arising from risk and compliance incidents, and the number and extent of unsatisfactory internal audits covering AML and sanctions related issues.

Iain Mackay

Iain Mackay achieved a performance outcome for the year of 80.1% against his annual scorecard.

The chart shows the value and composition of Iain Mackay's remuneration based on the current policy in comparison with the actual 2015 variable pay outcomes.



Annual assessment

Measure	Weighting %	Target	Performance	Assessment %	Outcome %
Grow both business and dividends	15	Judgement – see commentary		90	13.5
Global Standards including risk and compliance	50	Judgement – see commentary		75	37.5
Streamline processes and procedures	25	Judgement – see commentary		88	21.9
Strategic priorities	90				72.9
People	10	Judgement – see commentary		72	7.2
Promoting HSBC Values	Over-riding test				Met
Total	100				80.1

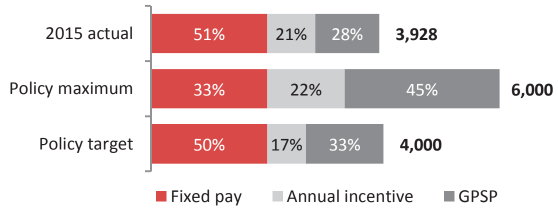
STRATEGIC PRIORITIES

Grow both business and dividends	• Assessed the contribution of the Global Finance function in setting the framework to track progress against the 10 Strategic Actions, and its on-going partnership and support to global businesses on initiatives orientated to the reduction of Group RWAs and revenue generation programmes.
Global Standards including risk and compliance	• Noted the progress towards compliance with regulatory requirements and implementing Global Standards. This was evidenced by the successful execution of the 2015 PRA stress test and the reporting on revised 'Delegated Act' basis of the liquidity coverage ratio, as well as by Finance's tax transparency engagement with global businesses' clients.
Streamline processes and procedures	• Recognised the support that the Global Finance function has provided to global businesses and functions on key streamlining and cost saving initiatives, as well as the progress on its own Finance Transformation Programme.
People	• Noted the full implementation of the revised Finance Operating Model as well as the delivery of accelerated development programmes to targeted Finance populations. • The sustained work of the Global Finance function on improving gender diversity was also noted.

Marc Moses

Marc Moses achieved a performance outcome for the year of 62% against his annual scorecard.

The chart shows the value and composition of Marc Moses' remuneration based on the current policy in comparison with the actual 2015 variable pay outcomes.



Annual assessment

Measure	Weighting %	Target $bn	Performance $bn	Assessment %	Outcome %
Grow both business and dividends	20	Judgement – see commentary		85	17.0
Global Standards including risk and compliance	50	Judgement – see commentary		45	22.5
Streamline processes and procedures	20	Judgement – see commentary		75	15.0
Strategic priorities	90				54.5
People	10	Judgement – see commentary		75	7.5
Promoting HSBC Values	Over-riding test				Met
Total	100				62.0

STRATEGIC PRIORITIES

Grow both business and dividends	• Recognised the use of risk appetite statements to enable a sustainable business, and the provision of resources to support business growth (e.g., each global business has a formal governance process around the management of RWAs).
Global Standards including risk and compliance	• Continued progress towards driving strategic priorities for Global Standards, progressing compliance with regulatory requirements, and de-risking the organisation. Activity has continued at pace ensuring delivery of the Regulatory Compliance Framework. • We continue to prioritise our efforts on material inherent risk areas and implement targeted governance and remediation efforts. • However, the Committee exercised its discretion and reduced the assessment from 75% to 45%. This was based on feedback received from the Monitor, matters arising from risk and compliance incidents, and the number and extent of unsatisfactory internal audits covering AML and sanctions related issues.
Streamline processes and procedures	• These objectives have progressed, supported by the management of business performance, delivery of key transformation initiatives, and re-engineering of policies, procedures and systems. • For example, credit risk management was significantly strengthened through the implementation of multiple new policies on collections, allowances, stress testing, approval authorities and products. • One significant structural change was the announcement of a new development in risk analytics at HSBC: the creation of a centralised team called Global Risk Analytics.
People	• The execution of the pay and performance plans, as well as the learning and development plans which were part of the comprehensive people strategy for the Global Risk function were noted. • Key initiatives include the first Aspiring CRO programme and further investment in the three lines of defence.

Awards under the GPSP

(Audited)

Awards in respect of 2015 were assessed against the 2015 long-term scorecard published in the *Annual Report and Accounts 2014* and reproduced below, the objectives of which were set within the context of the risk appetite and strategic direction agreed by the Board.

As per the annual incentive, in order for GPSP awards to be made, each executive Director must meet a required behavioural rating. For 2015, all executive Directors met the required behavioural rating.

Value of the GPSP awarded to each executive Director

	Stuart Gulliver	Iain Mackay	Marc Moses
Fixed pay			
Value (£000)	3,575	2,000	2,000
GPSP			
Maximum multiple of fixed pay	1.33	1.33	1.33
Performance outcome	41.3%	41.3%	41.3%
Multiple awarded	0.55	0.55	0.55
Value (£000)	1,969	1,101	1,101

Assessment – GPSP

Measure	Weighting %	Long-term target range	Actual 2015 performance	Assessment %	Outcome %
Return on equity	20	>10%	7.2%	–	–
Jaws[1]	20	Positive adjusted	(3.7%)	–	–
Grow dividends[2]	20	Progressive	Progressive	75	15.0
Financial	60				15.0
Strategy execution	15			75	11.3
Global standards including risk and compliance	25			60	15.0
Non-financial	40				26.3
Total performance outcome	**100**				**41.3**

1 *Revenue growth less operating expense, on an adjusted basis.*
2 *Dividend per ordinary share (US dollar) in respect of the year, measured year on year; consistent with the growth of the overall profitability of the Group, predicated on the continued ability to meet with regulatory capital requirements.*

FINANCIAL

Return on equity	• In February 2015, the Group announced an updated medium-term return on equity target of greater than 10%. The Group did not achieve the stated target in 2015, with return on equity decreasing from 7.3% in 2014 to 7.2% for the year. • Significant items, including fines, penalties, UK customer redress and associated provisions, as well as the UK bank levy, continue to have a significant effect, reducing our return on equity in 2015 by 190 basis points. • The Committee acknowledged the progress being made to implement the 10 strategic actions announced at the June 2015 Investor Update which are being undertaken to improve the return on equity. However, the Committee decided not to make any award under this opportunity.
Jaws	• The Group targeted the achievement of positive adjusted jaws in 2015. As this target was not met, the Committee judged that no award should be made under this element of the scorecard. • The Group's ability to generate revenue growth was affected by a slowdown in global trade, reflecting reduced commodity prices, and weaker investor sentiment in the second half of 2015 following stock market corrections in Asia. Operating expenses increased, as expected, reflecting wage inflation, continuing investment in strategic growth areas and in regulatory programmes and compliance. • The Committee noted positive momentum on costs in the second half of the year, with cost growth slowing and a reduction in staff numbers. This was achieved through a strong focus on cost management and the initial effect of our cost saving programmes.
Grow dividends	• The Group is committed to increasing the dividends we pay to shareholders each year, measured by dividends per ordinary share in respect of the year. Prospective dividend growth remains dependent upon the long term overall profitability of the Group and delivering further release of less efficiently deployed capital. Actions to address these points are core elements of the Investor Update provided in June 2015. • The Group was able to increase the dividend per ordinary share in 2015 as well as improve its capital position. The Group's strong capital position supports its capacity to generate dividend growth, despite a challenging operating environment.

NON-FINANCIAL	**Strategy execution**	• The Group outlined 10 Strategic Actions at the June 2015 Investor Update to re-size and simplify the Group and redeploy resources to capture future growth opportunities. • There was strong progress in driving reductions in RWAs, with 45% of the targeted 2017 RWA reduction delivered to date. The Group is implementing several transformation programmes to streamline the cost base, and it was noted that more work is required to meet related medium-term targets in this regard. • The Group has set the foundations for further growth in Asia, investing in select locations, for example, the Pearl River Delta in mainland China and in products, including Insurance and asset management. The Committee also noted the Group's role in driving the internationalisation of the renminbi and business scale in ASEAN.
	Global Standards including risk and compliance	• The Group published Global Standards for AML and sanctions compliance in all countries and progressed the implementation of enhanced controls and related data initiatives. Significant effort continues towards embedding the enhanced standards and controls and improving operational effectiveness. • The Committee noted progress made, and that material work remains to comply fully with enhanced Global Standards by the end of 2017. • However, the Committee exercised its discretion and the assessment was reduced from 75% to 60%. This was based on feedback received from the Monitor, matters arising from risk and compliance incidents, and the number and extent of unsatisfactory internal audits covering AML and sanctions related issues.

Non-executive Directors

Fees and benefits

(Audited)

	Fees		Benefits[9]		Total	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Phillip Ameen[1]	**403**	–	**13**	–	**416**	–
Kathleen Casey	**155**	129	**29**	12	**184**	141
Safra Catz[2]	**95**	95	**4**	4	**99**	99
Laura Cha[3]	**238**	197	**14**	22	**252**	219
Lord Evans of Weardale	**190**	167	**9**	14	**199**	181
Joachim Faber	**145**	145	**14**	10	**159**	155
Rona Fairhead[4]	**510**	494	**14**	19	**524**	513
Sam Laidlaw	**174**	140	**13**	–	**187**	140
Irene Lee[5]	**184**	–	**2**	–	**186**	–
John Lipsky	**180**	168	**49**	27	**229**	195
Rachel Lomax	**253**	205	**11**	21	**264**	226
Heidi Miller[6]	**175**	52	**31**	–	**206**	52
Sir Simon Robertson	**195**	260	**12**	6	**207**	266
Jonathan Symonds[7]	**520**	365	**1**	3	**521**	368
Pauline van der Meer Mohr[8]	**32**	–	**5**	–	**37**	–
Total	**3,449**	2,417	**221**	138	**3,670**	2,555
Total ($000)	**5,274**	3,979	**338**	229	**5,609**	4,208

1 *Appointed as a non-executive Director of HSBC Holdings plc on 1 January 2015. Includes fees of £278,000 in 2015 as Director, Chairman of the Audit Committee and member of the Risk Committee of HSBC North America Holdings Inc.*
2 *Retired as a Director on 31 December 2015.*
3 *Includes fees of £63,000 in 2015 (£57,000 for 2014) as Director, Deputy Chairman and member of the Nomination Committee of The Hongkong and Shanghai Banking Corporation Limited.*
4 *Includes a fee of £360,000 in 2015 (£334,000 for 2014) as non-executive Chairman of HSBC North America Holdings Inc.*
5 *Appointed as a non-executive Director of HSBC Holdings plc on 1 July 2015. Includes fees of £137,000 in 2015 as Director and member of the Audit Committee of The Hongkong and Shanghai Banking Corporation Limited and as Director, member of the Audit Committee and Chairman of the Risk Committee of Hang Seng Bank Limited.*
6 *Includes a fee of £20,000 as a non-executive Director and member of the Nominating and Governance Committee of HSBC North America Holdings Inc. following appointment on 1 October 2015.*
7 *Includes a fee of £345,000 in 2015 (£247,000 for 2014) as non-executive Chairman of HSBC Bank plc.*
8 *Appointed on 1 September 2015.*
9 *Benefits include accommodation and travel-related expenses relating to the attendance at Board and other meetings at HSBC Holdings registered office. Amounts disclosed have been grossed up using a tax rate of 45%, where relevant.*

Payments to past Directors

(Audited)

Alexander Flockhart

Mr Flockhart's employment with HSBC ended on 30 April 2012. The Directors' Remuneration Report in the 2012 ARA provided details of the remuneration arrangements that applied to Mr Flockhart at the time of his retirement. The former executive Director moved from Hong Kong to the UK on 1 January 2011 to undertake his appointment as executive Director, Chairman of Europe, MENA, LAM and CMB. Due to the number of visits he was required to make to the UK prior to his appointment, additional UK tax relating to the period prior to his appointment and relocation to the UK became due. This liability is in addition to the Hong Kong taxes paid and borne by Mr Flockhart in respect of the same employment related income, i.e. it was subject to double taxation both in Hong Kong and the UK, therefore does not represent any additional remuneration payable to Mr Flockhart in relation to services provided to HSBC. A payment of £155,503 was made to Mr Flockhart in 2015 in relation to the tax incurred in this respect and the professional services provided by Deloitte LLP in resolving this matter.

This report does not include details of payments made to past Directors below the *de minimis* limit set by the company of £50,000.

Total pension entitlements

(Audited)

No employees who served as executive Directors during the year have a right to amounts under any HSBC final salary pension schemes for their services as executive Directors or are entitled to additional benefits in the event of early retirement. There is no retirement age set for Directors, but the normal retirement age for employees is 65.

Exit payments made in year

(Audited)

No payments for loss of office were made in 2015 to any person serving as a Director in the year or any previous years.

Scheme interests awarded during 2015

(Audited)

The table below sets out the scheme interests awarded to Directors in 2015 (for performance in 2014) as disclosed in the 2014 Directors' Remuneration Report. No non-executive Directors received scheme interests during the financial year.

Scheme awards in 2015

(Audited)

	Type of interest awarded	Basis on which award made	Dates of award	Face value awarded[1] £000	Percentage receivable for minimum performance[2]	Number of shares awarded	Share price on date of grant[1]	End of performance period
Stuart Gulliver	Deferred cash	Annual incentive 2014	2 Mar 2015	387	–	n/a	n/a	31 Dec 2014
Stuart Gulliver	Deferred shares	Annual incentive 2014	2 Mar 2015	387	–	67,016	£5.773	31 Dec 2014
Stuart Gulliver	Deferred shares	GPSP 2014	2 Mar 2015	2,112	–	365,864	£5.773	31 Dec 2014
Iain Mackay	Deferred cash	Annual incentive 2014	2 Mar 2015	260	–	n/a	n/a	31 Dec 2014
Iain Mackay	Deferred shares	Annual incentive 2014	2 Mar 2015	260	–	45,037	£5.773	31 Dec 2014
Iain Mackay	Deferred shares	GPSP 2014	2 Mar 2015	1,131	–	195,969	£5.773	31 Dec 2014
Marc Moses	Deferred cash	Annual incentive 2014	2 Mar 2015	310	–	n/a	n/a	31 Dec 2014
Marc Moses	Deferred shares	Annual incentive 2014	2 Mar 2015	310	–	53,698	£5.773	31 Dec 2014
Marc Moses	Deferred shares	GPSP 2014	2 Mar 2015	1,131	–	195,969	£5.773	31 Dec 2014

GPSP awards made based on performance up to the financial year-end preceding the grant date with no further performance conditions after grant. Vesting occurs five years after grant date and is normally subject to the Director remaining an employee on the vesting date. Any shares (net of tax) which the director becomes entitled to on the vesting date are subject to a retention requirement.

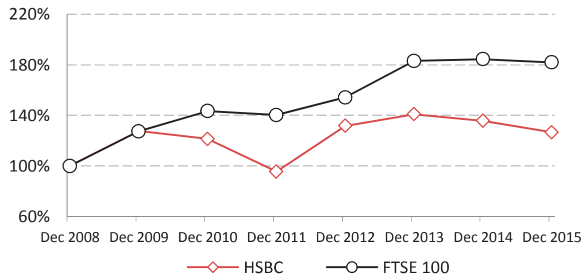
The above table does not include details of shares issued as part of the Fixed Pay Allowances, as those shares vest immediately and are not subject to any service or performance conditions.

1 *Share price used is the closing mid-market price on the last working day preceding the date of grant.*
2 *Awards determined based on performance achieved during the period to 31 December 2014. The overall award level could have been 0% of the maximum opportunity if minimum performance was achieved for the period to 31 December 2014. After grant, awards are subject to service condition and malus provisions.*

Summary of performance

HSBC TSR and FTSE 100 Index

The graph shows the TSR performance against the FTSE 100 Index for the seven-year period that ended on 31 December 2015. The FTSE 100 Index has been chosen as this is a recognised broad equity market index of which HSBC Holdings is a member.



Source: Datastream

CEO remuneration

Historical CEO remuneration

The table below summarises the CEO's single figure remuneration over the past seven years together with the outcomes of the respective annual incentive and long-term incentive awards.

		Single figure of remuneration (£000)	Annual incentive maximum[2] (% of fixed pay)[3]	Annual incentive paid[2] (% of maximum)	Long-term incentive maximum[4] (% of fixed pay)[3]	Long-term incentive paid[4] (% of maximum)
2015	Stuart Gulliver	**7,340**	**67**	**45.0**	**133**	**41.3**
2014	Stuart Gulliver	7,619	67	54.1	133	44.3
2013	Stuart Gulliver	8,033	300	49.0	600	49.0
2012	Stuart Gulliver	7,532	300	52.0	600	40.0
2011	Stuart Gulliver	8,047	300	57.5	600	50.0
2010[1]	Michael Geoghegan	7,932	400	81.6	700	19.1
2009[1]	Michael Geoghegan	7,580	400	93.5	700	25.4

1 *The GPSP was introduced in 2011. Prior to this, values shown relate to awards of Performance Shares under the HSBC Share Plan. Under this plan Performance Share awards vest three years after grant subject to performance conditions of total shareholder return, economic profit and earnings per share, and an over-riding 'sustained improvement' judgement by the committee.*

2 *The 2012 annual incentive figure for Stuart Gulliver used for this table includes 60% of the annual incentive disclosed in the 2012 Directors' Remuneration Report which was deferred for five years. The vesting of these awards is subject to service condition and satisfactory completion of the US DPA. The US DPA condition ends on or around the fifth anniversary of the award date unless the DPA is extended or otherwise continues beyond that date, in which case the awards will vest on or around the date on which it expires and otherwise ceases to operate.*

3 *For 2014 and 2015, fixed pay includes base salary, fixed pay allowance and pension allowance for the year, and excludes benefits. For 2013 and earlier, fixed pay includes base salary only.*

4 *Long-term incentive awards are shown in the year where the performance period is deemed to be substantially completed. For performance share awards this is at the end of the third financial year following the date of grant (Performance Share awards shown in 2010 therefore relate to awards granted in 2008). For GPSP awards this is at the end of the financial year preceding the date of grant (GPSP awards shown in 2011 to 2015 therefore relate to awards granted in 2012 to 2016).*

Comparison of Group CEO and all-employee pay

The following table compares the changes in Group CEO pay to changes in employee pay between 2014 and 2015:

Percentage change in remuneration

	Base salary	Benefits	Annual incentive[5]
Group CEO	**–**[1]	**12%**[3]	**(17)%**
Employee group	**8%**[2]	**(5)%**[4]	**(5)%**

1 *Group CEO's total fixed pay has not increased since 1 January 2014.*

2 *The comparator group has been changed to local full-time UK employees as representative of employees from the different business and functions across the Group. During 2015, certain allowances and other benefits were rolled up into base salaries, resulting in an overall increase in the average base salary per employee.*

3 *There has been no change in the benefits provided to the Group CEO or any new benefit provided to the Group CEO during 2015. The benefit value of the bank-owned property in Hong Kong is based on the current market rental value as estimated by an external lease service provider. As the market value of the accommodation has increased in 2015 this has resulted in a higher reportable value of this benefit in the single figure table.*

4 *Employee group consists of UK employees eligible for taxable benefits only as it was deemed the most appropriate comparison for the Group CEO given varying local requirements. There has been no change in the benefit coverage from 2014 to 2015 and the reduction in the average cost of benefit per employee is reflective of the decrease in the cost of providing such benefit on average. During 2015, approximately 20,000 more employees became eligible for these benefits and the overall cost per employee reduced.*

5 *Employee group consists of all employees globally, based on annual incentive pool less GPSP as disclosed in financial reports and staff numbers (full-time equivalents at the financial year-end).*

Directors' interests in shares

(Audited)

The shareholdings of all persons who were Directors in 2015 (including the shareholdings of their connected persons) at 31 December 2015 are set out below. The table below shows the comparison of shareholdings to the company shareholding guidelines.

Shares

(Audited)

		At 31 December 2015			
			Scheme interests		
				Shares awarded subject to deferral[1]	
	Shareholding guidelines (number of shares)[2]	Share interests (number of shares)	Share options[3]	without performance conditions[4]	with performance conditions
Executive Directors					
Douglas Flint	400,000	401,450	2,919	–	–
Stuart Gulliver	750,000	2,861,265	–	2,955,619	92,185
Iain Mackay	450,000	223,872	3,469	1,187,436	63,730
Marc Moses	450,000	624,643	–	1,484,903	61,917
Group Managing Directors[5]	250,000	n/a	n/a	n/a	n/a
Non-executive Directors[6]					
Phillip Ameen	15,000	5,000	n/a	n/a	n/a
Kathleen Casey	15,000	3,540	n/a	n/a	n/a
Safra Catz[7]	15,000	20,970	n/a	n/a	n/a
Laura Cha	15,000	5,200	n/a	n/a	n/a
Lord Evans of Weardale	15,000	7,416	n/a	n/a	n/a
Joachim Faber	15,000	45,778	n/a	n/a	n/a
Rona Fairhead	15,000	77,888	n/a	n/a	n/a
Sam Laidlaw	15,000	38,012	n/a	n/a	n/a
John Lipsky	15,000	16,165	n/a	n/a	n/a
Rachel Lomax	15,000	18,900	n/a	n/a	n/a
Heidi Miller	15,000	3,695	n/a	n/a	n/a
Sir Simon Robertson	15,000	34,118	n/a	n/a	n/a
Jonathan Symonds	15,000	21,771	n/a	n/a	n/a

1 *The gross number of shares is disclosed. A portion of these shares will be sold at vesting to cover any income tax and social security which falls due at the time of vesting.*
2 *The current shareholding guideline does not count unvested share-based incentives.*
3 *All share options are unvested and unexercised.*
4 *Includes GPSP awards which are made following an assessment of performance over the relevant period ending on 31 December immediately before the grant date but are subject to a five-year vesting period.*
5 *All of the Group Managing Directors are expected to meet their minimum shareholding guideline by 2019 or within five years of the date of their appointment, whichever is later.*
6 *Irene Lee and Pauline van der Meer Mohr did not hold any HSBC Holdings plc shares during the year.*
7 *Retired as a Director on 31 December 2015.*

Share options

(Audited)

			Exercisable				
	Date of award	Exercise price	From[1]	until	At 1 Jan 2015	Exercised in year	At 31 Dec 2015
Douglas Flint	24 Apr 2012	4.4621	1 Aug 2015	1 Feb 2016	2,016	2,016	–
Douglas Flint	23 Sep 2014	5.1887	1 Nov 2019	1 May 2020	2,919	–	2,919
Iain Mackay	23 Sep 2014	5.1887	1 Nov 2017	1 May 2018	3,469	–	3,469

1 *May be advanced to an earlier date in certain circumstances, e.g. retirement.*

The HSBC Sharesave is an all-employee share plan under which eligible employees may be granted options to acquire HSBC Holdings ordinary shares. Employees may make contributions of up to £500 (or equivalent) each month over a period of three or five years which may be used on or around the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. The plans help align the interests of employees with the creation of shareholder value. The options were awarded for nil consideration and are exercisable at a 20% discount to the average market value of the ordinary shares on the five business days immediately preceding the invitation date.

There are no performance criteria conditional upon which the outstanding options are exercisable and there have been no variations to the terms and conditions since the awards were made. The market value per ordinary share at 31 December 2015 was £5.3620. The market value per ordinary share at the time Douglas Flint exercised his options during the year was £5.5620. Market value is the mid-market price derived from the London Stock Exchange Daily Official List on the relevant date. Under the Securities and Futures Ordinance of Hong Kong, the options are categorised as unlisted physically settled equity derivatives.

Shareholder context

The table below shows the outcome of the remuneration-related votes at the AGM held on 24 April 2015 and the last policy vote at the AGM held on 23 May 2014.

	Number of votes cast	For	Against	Withheld
Advisory vote on 2014 Remuneration Report	**8,808,959,472**	**6,720,428,674 (76.29%)**	**2,088,530,798 (23.71%)**	**677,821,869**
Binding vote on the Remuneration Policy	**9,781,954,191**	**7,762,051,505 (79.35%)**	**2,019,902,686 (20.65%)**	**167,509,544**

At the AGM on 24 April 2015, investors who voted against the 2014 remuneration report expressed concerns with the level of cash in lieu of pension and the structure and measurement of performance outcome in the annual incentive and GPSP scorecard. The Committee chairman met with representative group of shareholders to discuss these concerns.

Taking on board investor concerns, the Committee reduced the cash in lieu of pension for executive Directors from 50% of base salary to 30% of base salary from 1 January 2016. This reduces the fixed pay of all executive Directors and also the maximum variable pay potential for the executive Directors due to the regulatory variable pay cap limiting the variable pay to 200% of fixed pay.

We have also changed the approach to our long-term incentive going forward so that awards are subject to three-year forward-looking performance period in line with FTSE practice. This change in approach brings clearer and greater alignment between the scorecard outcome and the achievement of our group strategic objectives, our performance and shareholder value creation. The annual and long-term incentive scorecards are provided below.

Implementation of remuneration policy in 2016 for executive Directors

The table below summarises how each element of pay will be implemented in 2016.

	Operation and planned changes to policy			
Element of pay	**Douglas Flint**	**Stuart Gulliver**	**Iain Mackay**	**Marc Moses**
Fixed pay				
Base salary	£1,500,000	£1,250,000	£700,000	£700,000
Fixed pay allowance	Nil	£1,700,000	£950,000	£950,000
Pension	30% of base salary	30% of base salary	30% of base salary	30% of base salary
Benefits				
Benefits	Addition of post-departure benefits to support obligations under the Senior Managers Regime for up to seven years from departure.			
Variable pay				
Annual incentive	Not eligible	• Awards delivered in shares, subject into a minimum six-month retention period. • Maximum opportunity will be 213% of base salary.		
Long-term incentive	Not eligible	• Awards made in shares, subject to a three-year performance period from 1 January 2017. • Awards will vest pro rata over five years, with the first vesting in 2020. • A retention period may be applied to ensure compliance with regulatory requirements. • Maximum opportunity will be 319% of base salary.		

Annual bonus scorecards

The weightings and performance measures to apply to the 2016 annual incentive for Stuart Gulliver, Iain Mackay and Marc Moses are disclosed. These align to the Group's strategic and financial objectives set out in June 2015.

The performance targets for the annual incentive are commercially sensitive and it would be detrimental to the interests of the Group to disclose them before the start of the financial year. Subject to commercial sensitivity, we will disclose the targets after the end of the relevant financial year in that year's remuneration report.

2016 annual incentive scorecards

Stuart Gulliver

Measures	Description	Weighting
Profit before tax	• Group's reported profit before tax[1]	**20%**
Deliver cost savings	• Group adjusted cost base	**20%**
Reduce Group RWA	• Reduction of Group RWAs	**10%**
Strategic growth	• Asia growth – Pearl River Delta revenue, ASEAN revenue, RMB revenue • International (ex-Asia) growth – Rebuild profitability in Mexico and US – Revenue growth from international network	**10%**
Total financial outcomes		**60%**
Global Standards including risk and compliance	• Embedding of AML, Sanctions and Anti-Bribery and Corruption policies • Enhancement of customer due diligence • Implementation and embedding of global conduct programme • Progress on embedding Global Standards	**25%**
Personal objectives	• Progress transactions in Brazil and Turkey • Progress key milestones on set-up of UK ring-fenced bank • Delivery of other high priority projects • People development including diversity	**15%**
Total risk		**40%**
Total[2]		**100%**

Iain Mackay

Measures	Description	Weighting
Profit before tax	• Group's reported profit before tax[1]	**20%**
Deliver cost savings	• Group adjusted cost base	**20%**
Reduce Group RWA	• Reduction of Group RWAs	**10%**
Total financial outcomes		**50%**
Global Standards including risk and compliance	• Strengthen governance and control around financial processes • Delivery of controls optimisation project • Implementation and embedding of global conduct programme • Enhancement of operational risk management framework • Successful delivery of stress testing in key markets	**25%**
Personal objectives	• Deliver cost savings • Implementation of consistent capital management framework • Progress key milestones on set-up of UK ring-fenced bank • People development including diversity	**25%**
Total risk		**50%**
Total[2]		**100%**

Marc Moses

Measures	Description	Weighting
Profit before tax	• Group's reported profit before tax[1]	**10%**
Reduce Group RWA	• Reduction of Group RWAs	**15%**
Total financial outcomes		**25%**
Global Standards including risk and compliance	• Embedding of AML, Sanctions and Anti-Bribery and Corruption policies • Enhancement of customer due diligence • Implementation and embedding of global conduct programme • Enhancement of operational risk management framework • Implementation of US risk management measures	**50%**
Personal objectives	• Deliver cost savings • Successful delivery of stress testing • Support business growth and improve RWA effectiveness/efficiency • People development including diversity	**25%**
Total risk		**75%**
Total[2]		**100%**

Group long-term incentive scorecard

The measures and weightings of the performance measures to apply to the long-term incentives for Stuart Gulliver, Iain Mackay and Marc Moses are given below. The first grant will be in March 2017, as such the performance period will run from 1 January 2017 to 31 December 2019.

As the performance period does not start until 1 January 2017, the performance targets for this award have not yet been set. The targets set will be disclosed in the Directors' Remuneration Report in the *Annual Report and Accounts 2016*.

Measures	Description	Weighting
Return on equity	• Target strongly aligned to the business strategy and a primary financial goal of the Group based on expected capital requirements	**20%**
Cost efficiency (jaws)	• Focuses management on driving revenue growth while managing operating expense	**20%**
Relative total shareholder return	• Ensures alignment with shareholder value creation • Measured by ranking against a global financial services peer group	**20%**
Total financial outcomes		**60%**
Global Standards including risk and compliance	• Successfully embed Global Standards across the Group	**25%**
Strategy	• Progress on Group strategic objectives	**15%**
Total risk		**40%**
Total[2]		**100%**

1 *Adjusted to exclude movements in fair value of own debt attributable to credit spread, the gains and losses from disposals and the debit valuation adjustment.*

2 *Eligibility for an annual incentive and long-term incentive award requires confirmation of adherence to HSBC Values through a minimum behavioural rating.*

Implementation of remuneration policy in 2016 for non-executive Directors

The Committee has reviewed the fee levels payable to the non-executive Directors. No changes have been made to the fees for 2016.

Category		Current
Base fee		**£95,000**
Senior Independent Director		**£45,000**
Audit, Risk, Remuneration, Financial System Vulnerabilities Committee and Conduct & Values Committee	Chairman	**£50,000**
	Member	**£30,000**
Nomination Committee	Chairman	**£40,000**
	Member	**£25,000**
Philanthropic & Community Investment Oversight Committee	Chairman	**£25,000**
	Member	**£15,000**

Appendix to Directors' Remuneration Report Additional disclosures

This appendix provides disclosures required under the Hong Kong Ordinances, Hong Kong Listing Rules, Project Merlin agreement, Financial Conduct Authority's Prudential Sourcebook for Banks and the US Securities and Exchange Commission Form 20-F disclosures.

Employee compensation and benefits

Emoluments of Directors

Set out below are details of emoluments paid to executive Directors for the year ended 31 December 2015.

	Douglas Flint		Stuart Gulliver		Iain Mackay		Marc Moses	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Basic salaries, allowances and benefits in kind	**2,496**	2,491	**4,290**	4,217	**2,082**	2,071	**2,035**	2,039
Pension contributions	**–**	–	**–**	–	**–**	–	**–**	–
Performance-related pay paid or receivable	**–**	–	**3,041**	3,402	**2,169**	1,998	**1,928**	2,164
Inducements to join paid or receivable	**–**	–	**–**	–	**–**	–	**–**	–
Compensation for loss of office	**–**	–	**–**	–	**–**	–	**–**	–
Total	**2,496**	2,491	**7,331**	7,619	**4,251**	4,069	**3,963**	4,203
Total ($000)	**3,815**	4,101	**11,204**	12,545	**6,497**	6,700	**6,057**	6,922

The aggregate amount of Directors emoluments as defined above (including both executive Directors and non-executive Directors) for the year ended 2015 was $33,182,072. Additionally, the aggregate amount of payments in relation to notional return on deferred cash for the year ended 2015 was $29,339. As per policy, benefits in kind may include, but are not limited to, the provision of medical insurance, income protection insurance, health assessment, life assurance, club membership, tax assistance, Hong Kong accommodation for Stuart Gulliver, car benefit, travel assistance, and relocation costs (including any tax due on the benefit, where applicable). Amounts are converted into US dollars based on the average year-to-date exchange rates for the respective year.

Emoluments of senior management

Set out below are details of emoluments paid to senior management (being executive Directors and Group Managing Directors of HSBC Holdings) for the year ended 31 December 2015 or for the period of appointment as a Director or Group Managing Director.

Emoluments of senior management

	Senior management £000
Basic salaries, allowances and benefits in kind	**31,713**
Pension contributions	**408**
Performance-related pay paid or receivable	**26,858**
Inducements to join paid or receivable	**–**
Compensation for loss of office	**–**
Total	**58,979**
Total ($000)	**90,142**

The aggregate emoluments of senior management for the year ended 31 December 2015 was $89,415,897. The emoluments of senior management were within the following bands:

	Number of senior management
£0 – £1,000,000	**5**
£1,000,001 – £2,000,000	**1**
£2,000,001 – £3,000,000	**5**
£3,000,001 – £4,000,000	**1**
£4,000,001 – £5,000,000	**2**
£5,000,001 – £6,000,000	**2**
£6,000,001 – £7,000,000	**1**
£7,000,001 – £8,000,000	**1**

The aggregate amount set aside or accrued to provide pension, retirement or similar benefits for executive Directors and senior management for the year ended 31 December 2015 was $624,072.

Emoluments of five highest paid employees

Set out below are details of remuneration paid to the five individuals whose emoluments were the highest in HSBC (including two executive Directors and three Group Managing Directors of HSBC Holdings), for the year ended 31 December 2015.

Emoluments of the five highest paid employees

	5 highest paid employees £000
Basic salaries, allowances and benefits in kind	16,108
Pension contributions	117
Performance-related pay paid or receivable	12,700
Inducements to join paid or receivable	–
Compensation for loss of office	–
Total	**28,925**
Total ($000)	44,207

The emoluments of the five highest paid employees were within the following bands:

	Number of 5 highest paid employees
£4,200,001 – £4,300,000	1
£5,200,001 – £5,300,000	2
£6,800,001 – £6,900,000	1
£7,300,001 – £7,400,000	1

Remuneration of eight highest paid senior executives

Set out below are details of the remuneration of the eight highest paid senior executives (including members of the GMB, but not Directors of HSBC Holdings):

	Employee							
	1 £000	2 £000	3 £000	4 £000	5 £000	6 £000	7 £000	8 £000
Fixed								
Cash based	655	656	655	667	276	654	354	655
Shares-based	3,016	1,678	904	786	449	327	444	224
Total fixed	3,671	2,333	1,559	1,453	725	981	797	879
Annual incentive[1]								
Cash	549	375	424	394	271	216	227	194
Non-deferred shares[2]	549	375	424	394	271	216	227	194
Deferred cash[3]	824	563	635	590	407	323	341	290
Deferred shares[3]	824	563	635	590	407	323	341	290
Total annual incentive	2,746	1,876	2,118	1,968	1,356	1,078	1,136	968
GPSP								
Deferred shares	305	209	235	219	151	120	126	108
Total variable pay	3,051	2,085	2,353	2,187	1,507	1,198	1,262	1,076
Total remuneration	**6,722**	**4,418**	**3,912**	**3,640**	**2,232**	**2,179**	**2,059**	**1,955**
Total remuneration ($000)	10,272	6,754	5,979	5,563	3,410	3,330	3,148	2,986

1 *Annual incentive in respect of performance year 2015.*
2 *Awards vested, subject to a six-month retention period.*
3 *Awards vest over a three-year period, 33% vests on or around the first and second anniversary of grant and 34% on or around third anniversary of grant.*

Pillar 3 remuneration disclosures

The following tables show the remuneration awards made by HSBC to its Identified Staff and MRTs for 2015. Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standard EU 604/2014 and additional criteria determined by the Committee. Given this, the total number of MRTs for 2015 has increased from 2014.

These disclosures reflect the requirements of the FCA's Prudential Sourcebook for Banks.

Aggregate remuneration expenditure

	Global business aligned: Retail Banking and Wealth Management $m	Commercial Banking $m	Global Banking and Markets $m	Global Private Banking $m	Non-global business aligned $m	Total $m
Aggregate remuneration expenditure[1]						
2015	**106.9**	**77.6**	**797.8**	**76.2**	**411.9**	**1,470.4**
2014	94.3	61.7	741.3	70.2	374.4	1,341.9

1 *Includes salary and incentives awarded in respect of performance in the years 2014 and 2015 (including deferred component) and any pension or benefits outside of policy.*

Remuneration – fixed and variable amounts – Group-wide

	2015			2014		
	Senior management[1]	**MRTs (non-senior management)**	**Total**	Senior management[1]	MRTs (non-senior management)	Total
Number of MRTs	**101**	**1,208**	**1,309**	98	1,080	1,178
	$m	**$m**	**$m**	$m	$m	$m
Fixed						
Cash-based	**67.9**	**567.3**	**635.2**	64.1	517.0	581.1
Shares-based	**51.3**	**82.8**	**134.1**	51.8	88.7	140.5
Total fixed	**119.2**	**650.1**	**769.3**	115.9	605.7	721.6
Variable[2]						
Cash	**20.0**	**157.5**	**177.5**	18.5	138.9	157.4
Non-deferred shares[3]	**20.0**	**147.8**	**167.8**	18.5	132.0	150.5
Deferred cash	**27.5**	**135.1**	**162.6**	24.9	119.5	144.4
Deferred shares	**47.1**	**146.0**	**193.1**	41.5	126.4	167.9
Total variable pay[4]	**114.6**	**586.4**	**701.0**	103.4	516.8	620.2

1 *Definition of senior management includes members of the GMB, Group General Managers and non-executive Directors.*
2 *Variable pay awarded in respect of performance in the years 2014 and 2015.*
3 *Vested shares, subject to a six-month retention period.*
4 *In accordance with shareholder approval received on 23 May 2014, for each material risk-taker the variable component of remuneration for any one year is limited to 200% of fixed component of total remuneration of the material risk-taker.*

Remuneration – fixed and variable amounts – UK based

	2015			2014		
	Senior management	**MRTs (non-senior management)**	**Total**	Senior management	MRTs (non-senior management)	Total
Number of MRTs	**67**	**505**	**572**	64	446	510
	$m	**$m**	**$m**	$m	$m	$m
Total fixed	**77.6**	**274.1**	**351.7**	73.1	244.5	317.6
Total variable pay[1]	**68.5**	**238.4**	**306.9**	60.7	205.2	265.9

1 *Variable pay awarded in respect of performance in the years 2014 and 2015.*

Deferred remuneration[1]

	2015			2014		
	Senior management $m	MRTs (non-senior management) $m	Total $m	Senior management $m	MRTs (non-senior management) $m	Total $m
Deferred remuneration at 31 December						
Outstanding, unvested	**254.9**	**591.8**	**846.7**	270.2	691.8	962.0
Awarded during the year	**67.3**	**286.5**	**353.8**	112.6	353.8	466.4
Paid out[2]	**73.6**	**408.8**	**482.4**	33.9	210.3	244.2
Reduced through malus	**–**	**–**	**–**	–	–	–

1 *This table provides details of actions taken during the performance years 2014 and 2015. For details of variable pay awards granted for the performance years 2014 and 2015, please refer to both the Remuneration tables above.*
2 *Vested shares are valued using share price as at day of vesting.*

Sign-on and severance payments

	2015			2014		
	Senior management	MRTs (non-senior management)	Total	Senior management	MRTs (non-senior management)	Total
Sign-on payments[1]						
Made during year ($m)	**–**	**14.0**	**14.0**	1.9	2.6	4.5
Number of beneficiaries	**–**	**22**	**22**	1	5	6
Severance payments[2]						
Awarded and paid during year ($m)	**–**	**0.9**	**0.9**	–	4.1	4.1
Number of beneficiaries	**–**	**6**	**6**	–	13	13
Highest such award to single person ($m)	**–**	**0.3**	**0.3**	–	0.5	0.5

1 *Guaranteed variable pay awards granted to new hires and limited to their first year of service.*
2 *Represents non-standard termination payments made in excess of any local policies, standards or statutory amounts.*

Material risk takers' remuneration by band[1]

	Number of 2015 MRTs			Number of 2014 MRTs		
	Senior management	MRTs (non-senior management)	Total	Senior management	MRTs (non-senior management)	Total
€0 – €1,000,000	**29**	**827**	**856**	29	829	858
€1,000,001 – €1,500,000	**11**	**236**	**247**	20	150	170
€1,500,001 – €2,000,000	**19**	**71**	**90**	10	54	64
€2,000,001 – €2,500,000	**9**	**38**	**47**	13	23	36
€2,500,001 – €3,000,000	**7**	**15**	**22**	10	12	22
€3,000,001 – €3,500,000	**8**	**11**	**19**	6	7	13
€3,500,001 – €4,000,000	**4**	**3**	**7**	3	3	6
€4,000,001 – €4,500,000	**2**	**2**	**4**	2	1	3
€4,500,001 – €5,000,000	**4**	**4**	**8**	2	1	3
€5,000,001 – €6,000,000	**5**	**1**	**6**	1	–	1
€6,000,001 – €7,000,000	**1**	**–**	**1**	–	–	–
€7,000,001 – €8,000,000	**–**	**–**	**–**	1	–	1
€8,000,001 – €9,000,000	**1**	**–**	**1**	1	–	1
€9,000,001 – €10,000,000	**1**	**–**	**1**	–	–	–

1 *Table prepared in euros in accordance with Article 450 of the Capital Requirements Regulation, using the rates published by the European Commission for financial programming and budget for December of the reported year as published on their website.*