Taxation of shares and dividends

Taxation – UK residents

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

Taxation of dividends

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

UK resident individuals

UK resident individuals are generally entitled to a tax-free annual allowance in respect of dividends received. The amount of the allowance for the tax year beginning 6 April 2023 is £1,000. To the extent that dividend income received by an individual in the tax year does not exceed the allowance, a nil tax rate will apply. Dividend income in excess of this allowance will be taxed at 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.

UK resident companies

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

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

Taxation of capital gains

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

For capital gains tax purposes, the acquisition cost for ordinary shares is adjusted to take account of subsequent rights and capitalisation issues. Any capital gain arising on a disposal of shares in HSBC Holdings by a UK company may also be adjusted to take account of indexation allowance if the shares were acquired before 1 January 2018, although the level of indexation allowance that is given in calculating the gain would be frozen at the value that would have been applied to a disposal of those shares in December 2017. If in doubt, shareholders are recommended to consult their professional advisers.

Stamp duty and stamp duty reserve tax

Transfers of shares by a written instrument of transfer generally will be subject to UK stamp duty at the rate of 0.5% of the consideration paid for the transfer (rounded up to the next £5), and such stamp duty is generally payable by the transferee. An agreement to transfer shares, or any interest therein, normally will give rise to a charge to stamp duty reserve tax at the rate of 0.5% of the consideration. However, provided an instrument of transfer of the shares is executed pursuant to the agreement and duly stamped before the date on which the stamp duty reserve tax becomes payable under the current published practice of HMRC it will not be necess the stamp duty reserve tax, nor to apply for such tax to be Stamp duty reserve tax is generally payable by the transfere

Paperless transfers of shares within CREST, the UK's paperle transfer system, are liable to stamp duty reserve tax at the 0.5% of the consideration. In CREST transactions, the tax is calculated and payment made automatically. Deposits of share CREST generally will not be subject to stamp duty reserve ta the transfer into CREST is itself for consideration. Until 3 2023, the charge to stamp duty reserve tax at 1.5% on the is shares (and transfers integral to capital raising) to a depo issuer or a clearance service was incompatible with European law as retained in the UK following the UK's departure from European Union, and was not imposed by HMRC. If the UK Finan Bill 2023-24 is enacted in the form it stands as at the date 1.5% charge will be repealed with retrospective effect from 2024.

Taxation – US residents

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

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

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

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

Any US federal tax advice included in the *Annual Report and Accounts 2023* is for informational purposes only. It was not intended to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

Taxation of dividends

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

Subject to certain exceptions for positions that are held fo 61 days, and subject to a foreign corporation being consider 'qualified foreign corporation' (which includes not being cl US federal income tax purposes as a passive foreign investme company), certain dividends ('qualified dividends') received individual US holder generally will be subject to US taxatio preferential rates.

Based on the company's audited financial statements and relevant market and shareholder data, HSBC Holdings does not believe that it was a passive investment company for its 2023 taxable year and does not anticipate becoming a passive foreign investment company in 2024 or the foreseeable future. Accordingly, dividends paid on the shares or ADSs generally should be eligible for qualified dividends treatment.

Taxation of capital gains

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

Inheritance tax

Shares or ADSs held by an individual whose domicile is determined to be the US for the purposes of the United States–United Kingdom

backup withholding tax, but may be required to comply with applicable certification procedures to establish that they persons in order to avoid the application of such US inform reporting requirements or backup withholding tax to payment received within the US or through certain financial interme

Information about the enforceabili of judgments made in the US

HSBC Holdings is a public limited company incorporated in E and Wales.

Most of the Directors and executive officers live outside t result, it may not be possible to serve process on such per HSBC Holdings in the US or to enforce judgments obtained in courts against them or HSBC Holdings based on civil liabili provisions of the securities laws of the US.

There is doubt as to whether English courts would enforce:

- civil liabilities under US securities laws in original ac
- judgments of US courts based upon these civil liability

In addition, awards of punitive damages in actions brought or elsewhere may be unenforceable in the UK.

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

Stamp duty and stamp duty reserve tax – ADSs

If shares are transferred to a clearance service or American Depositary Receipt ('ADR') issuer (which will include a transfer of shares to the depositary) UK stamp duty and/or stamp duty reserve tax will be payable unless the UK Finance Bill 2023-24 is enacted in the form it stands as at the date hereof and the transfer is, or is treated as being, in the course of a capital raising arrangement. The stamp duty or stamp duty reserve tax is generally payable on the consideration for the transfer and is payable at the aggregate rate of 1.5%.

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

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

US information reporting and backup withholding tax

Distributions made on shares or ADSs and proceeds from the sale of shares or ADSs that are paid within the US, or through certain financial intermediaries to US holders, are subject to US information reporting and may be subject to a US 'backup' withholding tax. General exceptions to this rule happen when the US holder: establishes that it is a corporation (other than an S corporation) or other exempt holder; or provides a correct taxpayer identification number, certifies that no loss of exemption from backup withholding has occurred and otherwise complies with the applicable requirements of the backup withholding rules. Holders that are not US persons (as defined in the US Internal Revenue Code of 1986, as amended) generally are not subject to US information reporting or

The enforceability of any judgment in the UK will depend on the particular facts of the case as well as the laws and treati

Exchange controls and other limitations affecting equity secur holders

Other than certain economic sanctions that may be in force from time to time, there are currently no UK laws, decrees or regulat that would prevent the import or export of capital or remittance of distributable profits by way of dividends and other payment to holders of HSBC Holdings' equity securities who are not res the UK. There are also no restrictions under the laws of th terms of the Memorandum and Articles of Association concern right of non-resident or foreign owners to hold HSBC Holdin securities or, when entitled to vote, to do so.

Dividends on the ordinary shares of HSBC Holdings

The HSBC Holdings dividends approved, per ordinary share, in respect of each of the last five years were:

		First interim	Second interim	Third interim	Fourth interim[1]	Total[2]
2023	$	**0.100**	**0.100**	**0.100**	**0.310**	**0.610**
	£	**0.079**	**0.080**	**0.080**	**0.243**	**0.482**
	HK$	**0.783**	**0.783**	**0.780**	**2.422**	**4.768**
2022	$	0.090	0.230			0.320
	£	0.079	0.185			0.264
	HK$	0.706	1.804			2.510
2021	$	0.070	0.180	–	–	0.250
	£	0.051	0.138	–	–	0.189
	HK$	0.545	1.412	–	–	1.957
2020	$	–	–	–	0.150	0.150
	£	–	–	–	0.108	0.108
	HK$	–	–	–	1.165	1.165
2019	$	0.100	0.100	0.100	–	0.300
	£	0.078	0.080	0.078	–	0.236
	HK$	0.781	0.782	0.783	–	2.346

1 *The fourth interim dividend for 2023 of $0.31 per ordinary share will be paid on 25 April 2024. The fourth interim divider into pounds sterling and Hong Kong dollars at the closing rate on 31 December 2023.*
2 *The above dividends approved are accounted for as disclosed in Note 8 on the Financial Statements.*
3 *The above dividend amounts for pounds sterling and Hong Kong dollars have been rounded.*

American Depositary Shares

A holder of HSBC Holdings' American Depositary Shares ('ADSs') may have to pay, either directly or indirectly (via the intermediary through whom their ADSs are held) fees to the Bank of New York Mellon as depositary.

Fees for the holders of the HSBC ADSs include:

Fees may be paid or recovered in several ways: by deduction amounts distributed; by selling a portion of distributable p by deduction from dividend distributions; by directly invoicing or by charging the intermediaries who act for them.

For:	**HSBC ADS holders must pay:**
Each issuance of HSBC ADSs, including as a result of a distribution of shares (including through a stock dividend, stock split or distribution of rights or other property)	$5.00 (or less) per 100 HSBC ADSs or portion thereof
Each cancellation of HSBC ADSs, including if the deposit agreement terminates	$5.00 (or less) per 100 HSBC ADSs or portion thereof
Transfer and registration of shares on our share register to/from the holder's name to/from the name of The Bank of New York Mellon or its agent when the holder deposits or withdraws shares	Registration or transfer fees (of which there currently a none)
Conversion of non-US currency to US dollars	Charges and expenses incurred by The Bank of New York Mellon with respect to the conversion
Each cash distribution to HSBC ADS holders	$0.02 or less per ADS
Transfers of HSBC ordinary shares to the depositary in exchange for HSBC ADSs	Any applicable taxes and/or other governmental charges

Distribution of securities by the depository to HSBC ADS holders	A fee equivalent to the fee that would be payable if secu distributed to you had been shares and those shares had been deposited for issuance of ADSs
Any other charges incurred by the depositary or its agents for servicing the shares or other securities deposited	As applicable

The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

The depositary has agreed to reimburse us for expenses we incur, and to pay certain out-of-pocket expenses and waive certain fees, in connection with the administration, servicing and maintenance of our ADS programme. There are limits on the amount of expenses for which the depositary will reimburse us. During the year ended 31 December 2023, the depositary reimbursed, paid and/or waived fees and expenses totalling $1,516,730.03 in connection with the administration, servicing and maintenance of the programme.

Nature of trading market

HSBC Holdings ordinary shares are listed or admitted to trading on the London Stock Exchange ('LSE'), the Hong Kong Stock Exchange ('HKSE'), the Bermuda Stock Exchange and on the New York Stock Exchange ('NYSE') in the form of ADSs. HSBC Holdings maintains its principal share register in England and overseas branch share registers in Hong Kong and Bermuda (collectively, the 'share register').

As at 31 December 2023, there were a total of 172,243 holder record of HSBC Holdings ordinary shares on the share registe

As at 31 December 2023, a total of 16,561,194 of the HSBC Ho ordinary shares were registered in the HSBC Holdings' share in the name of 13,917 holders of record with addresses in th These shares represented 0.09% of the total HSBC Holdings or shares in issue.

As at 31 December 2023, there were 4,679 holders of record c holding approximately 82.33m ADSs, representing approximatel 411.65m HSBC Holdings ordinary shares, 4,599 of these holder addresses in the US, holding approximately 82.30m ADSs, representing approximately 411.52m HSBC Holdings ordinary sh

As at 31 December 2023, approximately 2.14% of the HSBC Hold ordinary shares were represented by ADSs held by holders of with addresses in the US.

Memorandum and Articles of Association

The disclosure under the caption 'Memorandum and Articles of Association' contained in Form 20-F for the years ended 31 December 2000, 2001, 2014, 2018 and 2022 is incorporated by reference herein.

Differences in HSBC Holdings/New York Stock Exchange corporate governance practices

Under the NYSE's corporate governance rules for listed companies and the applicable rules of the SEC, as a NYSE-listed foreign private issuer, HSBC Holdings must disclose any significant ways in which its corporate governance practices differ from those followed by US companies subject to NYSE listing standards. HSBC Holdings believes the following to be the significant differences between its corporate governance practices and NYSE corporate governance rules applicable to US companies.

US companies listed on the NYSE are required to adopt and disclose corporate governance guidelines. The Listing Rules of the FCA require each listed company incorporated in the UK to include in its annual report and accounts a statement of how it has applied the principles of the UK Corporate Governance Code issued by the Financial Reporting Council and a statement as to whether or not it has complied with the code provisions of The UK Corporate Governance Code throughout the accounting period covered by the annual report and accounts. A company that has not complied with the code provisions, or complied with only some of the code provisions or (in the case of provisions whose requirements are of a continuing nature) complied for only part of an accounting period covered by the report, must specify the code provisions with which it has not complied and (where relevant) for which part of the reporting period such non-compliance continued, and give reasons for any non-compliance. During 2023, HSBC complied with the applicable code provisions of the UK Corporate Governance Code. The UK Corporate Go[illegible] Code does not require HSBC Holdings to disclose the f[illegible] corporate guidelines with which it complies.

Under NYSE standards, companies are required to have a [illegible] corporate governance committee composed entirely of directors determined to be independent in accordance with the NYSE's corporate governance rules. All of the members of the Nomination & Corporate Governance Committee (excluding the Group Chairman) during 2023 were independent non-executive Directors, as determined in accordance with the UK Corporate Governance Code. The terms of reference of our Nomination & Corporate Governance Committee, which comply with the UK Corporate Governance Code, require a majority of members to be independent non-executive Directors. In addition to identifying individuals qualified to become Board members, a nominating/corporate governance committee must develop and recommend to the Board a set of corporate governance principles.

The Nomination & Corporate Governance Committee's terms of reference do not require it to develop and recommend corporate governance principles for HSBC Holdings, as HSBC Holdings is subject to the corporate governance principles of the UK Corporate Governance Code.

The Board of Directors is responsible under its terms of reference for the development and review of Group policies and practices on corporate governance.

Under the NYSE standards, companies are required to have a compensation committee composed entirely of directors determined to be independent in accordance with the NYSE's corporate governance rules. All of the members of the Group Remuneration Committee during 2023 were independent non-executive Directors,

evaluate a chief executive officer's performance in light o and objectives. The Group Remuneration Committee's terms of reference require it to review and approve performance-base remuneration of the executive Directors by reference to cor goals and objectives that are set by the Board of Directors.

Pursuant to NYSE listing standards, non-management director meet on a regular basis without management present and independent directors must meet separately at least once pe

The Group Chairman meets with the independent non-executive Directors without the executive Directors in attendance aft scheduled Board meeting and otherwise, as necessary. HSBC Holdings' practice, in this regard, complies with the UK Co Governance Code.

In accordance with the requirements of the UK Corporate Gov Code, HSBC Holdings discloses in its Annual Report and Acco how the Board, its committees and the Directors are evaluat page 352) and provides extensive information regarding Direc compensation in the Directors' remuneration report (on page 315).

The terms of reference of HSBC Holdings' Group Audit, Nomin Corporate Governance, Group Remuneration and Group Risk Committees are available at www.hsbc.com/who-we-are/leaders and-governance/board-committees.

NYSE listing standards require US companies to adopt a code business conduct and ethics for directors, officers and emp and promptly disclose any waivers of the code for directors executive officers.

In 2021, the Board endorsed the Statement of Business Princ and Code of Conduct, which, pursuant to the requirements of Sarbanes-Oxley Act, incorporates the Sarbanes-Oxley code of ("the Sarbanes-Oxley Principles") applicable to the Group C Executive, as the principal executive officer, and to the G Financial Officer and Global Financial Controller. The Stat Business Principles and Code of Conduct remains in force an to the employees of all our companies. The Statement of Bus Principles and Code of Ccavailable on www.hsbc.com/who-we-are/esg-and-responsible-business/our-conduct or from the Company Secretary and Chief Governance Officer at 8 Canada Square, London E14 5HQ. During 2023, HSBC Holdings granted waivers from its code of ethics.

Under NYSE listing rules applicable to US companies, indepe directors must comprise a majority of the board of director Currently, more than three-quarters of HSBC Holdings' Direc independent.

Under the UK Corporate Governance Code, the HSBC Holdings B determines whether a Director is independent in character a judgement and whether there are relationships or circumstan are likely to affect, or could appear to affect, the Direct judgement.

Under the NYSE rules, a director cannot qualify as independ the board affirmatively determines that the director has no relationship with the listed company; in addition, the NYSE prescribe a list of circumstances in which a director canno independent. The UK Corporate Governance Code requires a company's board to assess director independence by affirmat concluding that the director is independent of management a from any business or other relationship that could material with the exercise of independent judgement. Lastly, a chief officer of a US company listed on the NYSE must annually ce he or she is not aware of any violation by the company of N corporate governance standards. In accordance with NYSE lis rules as applicable to foreign private issuers, HSBC Holdings' Chief Executive is not required to provide the NYSE with th compliance certification. However, in accordance with rules to both US companies and foreign private issuers, the Group Executive is required promptly to notify the NYSE in writin