

HSBC Holdings plc

Employee Share Plans 31 December 2023

In accordance with the terms of a waiver granted by the Hong Kong Stock Exchange on 30 December 2022, full details of share options and share awards under Employee Share Plans required pursuant to Listing Rules 17.07 and 17.09 are disclosed below. These disclosures are also available on the Hong Kong Stock Exchange's website at www.hkex.com.hk and can be obtained upon request from the Group Company Secretary and Chief Governance Officer, 8 Canada Square, London E14 5HQ.

Overview

Share options and discretionary awards of HSBC Holdings plc ('HSBC' or 'HSBC Holdings') ordinary shares of US\$0.50 ('shares') are granted under HSBC share plans to help align the interests of employees with those of shareholders.

The following are particulars of share options and share awards granted to employees and former employees under the HSBC share plans, including those held by employees working under employment contracts that are regarded as 'continuous contracts' for the purposes of the Hong Kong Employment Ordinance. The options and share awards were granted for nil consideration. No options or share awards have been granted to substantial shareholders, suppliers of goods or services or in excess of the 1% individual limit for each share plan. The options and share awards which were granted, vested/exercised or lapsed during the period 1 January 2023 to 31 December 2023 (the 'Relevant Period') are detailed in the tables below. The options and share awards were granted only to employees or former employees. Particulars of options and awards held by Directors of HSBC Holdings and summaries of the relevant plans are set out on page 299 in the *Annual Report and Accounts 2023*.

The number of shares available for the grant of options or share awards under the limits set out in the HSBC share plans at the beginning and end of the Relevant Period are:

- 10% of the ordinary share capital of HSBC in issue immediately before that day, less the number of shares which have already been issued, or may be issued, to satisfy awards under the HSBC share plans granted in the previous 10 years. The number of shares available to issue under this limit at the beginning of the Relevant Period was at least 1,038,335,768 and at the end of the Relevant Period was at least 956,690,538. The number of shares available to issue at the end of the Relevant Period divided by the weighted average number of shares of the relevant class in issue for the Relevant Period is 4.78%.
- 5% of the ordinary share capital of HSBC in issue immediately before that day, less the number of shares which have already been issued, or may be issued, to satisfy awards under the HSBC Share Plan 2011 granted in the previous 10 years. The number of shares available to issue under this limit at the beginning of the Relevant Period was at least 290,981,959 and at the end of the Relevant Period was at least 228,402,984. The number of shares available to issue at the end of the Relevant Period divided by the weighted average number of shares of the relevant class in issue for the Relevant Period is 1.14%.
- 10% of the shares in issue (excluding treasury shares) on the date of shareholder approval of the numerical limit under the HSBC Holdings Savings-Related Share Option Plan (UK), being 2,036,512,211 shares, less all Options currently outstanding and shares already issued to settle Options that were granted after last shareholder approval. The number of shares available to issue under this limit at the beginning of the Relevant Period was 1,920,090,088 and at the end of the Relevant Period was 1,950,244,302.
- 30% of the shares in issue (excluding treasury shares) on the date of inception of the HSBC Holdings Savings-Related Share Option Plan (UK), being 4,675,000,000 shares, less all Options currently outstanding and shares already issued to settle Options since inception. The number of shares available to issue under this limit at the beginning of the Relevant Period was 4,071,722,615 and at the end of the Relevant Period was 4,103,400,213.

Summaries of the share plans

Sharesave

The HSBC Holdings Savings-Related Share Option Plan (UK) ('Sharesave') is an all-employee share option plan under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. During the Relevant Period, approximately 35,000 employees were offered participation in this plan. No options granted under Sharesave are subject to performance targets.

For options granted under Sharesave, employees may make contributions of up to £500 each month over a period of three or five years. The contributions may be used within six months following the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. Alternatively, the employee may elect to have the savings, plus (where applicable) any interest or bonus, repaid in cash. In the case of redundancy, ceasing employment on grounds of injury or disability, retirement, death, the transfer of the employing business to another party, or a change of control of the employing company, options may be exercised before completion of the relevant savings contract. The exercise period of options awarded under the all-employee share option plans may be extended by up to six months following the death of a participant to allow the executors of the estate to exercise the option. If a participant has chosen to defer up to 12 contributions, the start of the normal exercise period will be delayed by up to 12 months.

Under Sharesave, the option exercise price is determined by reference to the average market value of HSBC Holdings ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20%. The vesting periods and the period within which the option may be exercised are set out in the table below. The HSBC Holdings Savings-Related Share Option Plan (UK) has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

Employee Share Plans

HSBC Holdings Savings-Related Share Option Plan (UK)

Date of award	Exercise price (£)	Usually exercisable		HSBC Holdings ordinary share options				
		from	until	At 1 Jan 2023	Granted during year ¹	Exercised during year ²	Lapsed during year	At 31 Dec 2023
21 Sep 2017	5.9640	1 Nov 2020	30 Apr 2021	3,018	—	0	3,018	0
21 Sep 2017	5.9640	1 Nov 2022	30 Apr 2023	313,743	—	55,467	258,276	0
21 Sep 2018	5.4490	1 Nov 2021	30 Apr 2022	9,872	—	3,962	5,910	0
21 Sep 2018	5.4490	1 Nov 2023	30 Apr 2024	423,920	—	315,299	27,113	81,508
20 Sep 2019	4.6920	1 Nov 2022	30 Apr 2023	2,170,920	—	1,436,210	724,164	10,546
20 Sep 2019	4.6920	1 Nov 2024	30 Apr 2025	913,113	—	20,763	60,801	831,549
24 Sep 2020	2.6270	1 Nov 2023	30 Apr 2024	54,602,153	—	46,191,177	1,337,945	7,073,031
24 Sep 2020	2.6270	1 Nov 2025	30 Apr 2026	35,375,906	—	712,217	1,388,789	33,274,900
22 Sep 2021	3.1460	1 Nov 2024	30 Apr 2025	10,405,760	—	218,122	723,901	9,463,737
22 Sep 2021	3.1460	1 Nov 2026	30 Apr 2027	2,824,207	—	21,206	204,054	2,598,947
27 Sep 2022	4.2420	1 Nov 2025	20 Apr 2026	6,977,715	—	29,275	792,333	6,156,107
27 Sep 2022	4.2420	1 Nov 2027	30 Apr 2028	1,630,396	—	3,608	190,820	1,435,968
27 Sep 2023	4.6970	1 Nov 2026	30 Apr 2027	—	19,903,840	106	262,278	19,641,456
27 Sep 2023	4.6970	1 Nov 2028	28 Apr 2029	—	3,478,619	0	52,690	3,425,929
				115,650,723	23,382,459	49,007,412	6,032,092	83,993,678

1 Options over HSBC ordinary shares granted in response to approximately 16,073 applications from HSBC employees in the UK on 27 September 2023. The closing price on the day before the grant date was £6.392. The fair value of the awards at the date of grant on 27 September 2023 was £1.577 for the three year plan and £1.482 for the five year plan based on IFRS 2 accounting standards.

2 The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.9568.

ShareMatch

The HSBC International Employee Share Purchase Plan ('ShareMatch') was introduced in 2013 and now includes employees based in 30 jurisdictions. No options are granted under this plan but matching share awards are granted in the form of conditional awards. During the Relevant Period, approximately 158,000 employees were offered participation in this plan. No awards under the ShareMatch are subject to performance targets and the vesting periods are as set out in the table below.

Under the ShareMatch, shares are purchased on behalf of participants (using their own funds) in the market each quarter up to a maximum annual value of £3,000, or equivalent in local currency, per participant. Matching share awards in the form of conditional awards are granted to participants for nil consideration each quarter at a ratio of one free share for every three purchased. Matching awards vest subject to continued employment and the retention by the participant of the purchased shares for a maximum period of two years and nine months. The ShareMatch has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

HSBC International Employee Share Purchase Plan – awards of matching shares

Purchase price Usually vesting Dates of award			HSBC Holdings ordinary share awards					
			At 1 Jan 2023	Granted in period ²	Vested in period ³	Lapsed in period	Cancelled in period	At 31 Dec 2023
2020 to 2022	0	27 Sep 2024	5,202,288		2,662,491	268,451	—	2,271,346
11 Jan 2023 ¹	0	29 Sep 2025	—	589,943	13,650	41,688	—	534,605
14 Mar 2023 ²	0	27 Sep 2024	—	42	—	—	—	42
13 Apr 2023 ³	0	29 Sep 2025	—	562,620	8,253	31,650	—	522,717
11 Jul 2023 ⁴	0	29 Sep 2025	—	485,843	3,890	18,950	—	463,003
10 Oct 2023 ⁵	0	29 Sep 2025	—	446,698		8,443	—	438,255
			5,202,288	2,085,146	2,688,284	369,182	—	4,229,968

1 The closing price of the shares on the relevant exchange on the day before the grant date was £5.6410 and HK\$53.30. The fair value of the awards granted was £5.0580 based on IFRS 2 accounting standards.

2 The closing price of the shares on the day before the grant date was £5.6810. The fair value of the awards granted was £5.1237 based on IFRS 2 accounting standards.

3 The closing price of the shares on the relevant exchange on the day before the grant date was £5.6160 and HK\$54.75. The fair value of the awards granted was £4.9941 and £5.0376 based on IFRS 2 accounting standards.

4 The closing price of the shares on the relevant exchange on the day before the grant date was £6.0690 and HK\$60.95. The fair value of the awards granted was £5.3360 based on IFRS 2 accounting standards.

5 The closing price of the shares on the relevant exchange on the day before the grant date was £6.4500 and HK\$62.00. The fair value of the awards granted was £5.8412 based on IFRS 2 accounting standards.

UK SIP

The HSBC Holdings UK Share Incentive Plan (the 'UK SIP') was introduced in 2001 and applies to all UK-resident employees (including executive Directors). During the Relevant Period, approximately 33,000 employees were offered participation in this plan.

Employees may be offered a combination of partnership shares, matching shares, free shares and dividend shares under the UK SIP. A maximum of 10% of salary or £1,800 per tax year (whichever is lower) is the maximum amount an employee can have deducted from their salary to acquire any partnership shares. The maximum value of free shares that can be allocated to an employee in any tax year is £3,600. There is no limit on the value of dividends paid on shares that may be re-invested in dividend shares. The free shares and matching share facilities were not used during the course of the Relevant Period, therefore no share awards were granted. The SIP has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

HSBC Share Plan 2011

The HSBC Share Plan 2011 (the '2011 Plan') is an umbrella plan for HSBC's long-term discretionary employee incentive arrangements. During the Relevant Period, approximately 8,400 employees were granted awards under this plan.

Conditional share awards may be granted on a discretionary basis to employees under the 2011 Plan. A conditional award of deferred shares defines the number of shares to which the employee will become entitled, generally up to three, five or seven years from the date of the award, and normally subject to the individual remaining in employment. In some cases, the employee's entitlement depends upon the satisfaction of a performance condition. The maximum value of awards or options that may be granted to an employee in any one year under the 2011 Plan is 600% of the employee's annual salary. For the purpose of the limit, any deferred share awards made on or shortly after the commencement of employment or in substitution for all or any part of any bonus to which the employee would otherwise have been entitled, are excluded. Participants do not need to pay any consideration for the grant or vesting of an award. The 2011 Plan has an expiry date of 24 April 2030 (by which time the plan may be extended with approval from shareholders) unless the Directors resolve to terminate the plan at an earlier date.

Note 5 of the Financial Statements in the *Annual Report and Accounts 2023* gives detail on share-based payments, including discretionary awards granted under HSBC's share plans.

Long-term incentive awards and fixed pay allowances are incorporated in the 2011 Plan. See page 286 of the *Annual Report and Accounts 2023* for further details.

HSBC Share Plan 2011 – particulars of awards

Dates of award	Purchase price (£)	Usually vesting		HSBC Holdings ordinary share awards					
		from	to	At 1 Jan 2023	Granted in period	Vested in period ¹	Lapsed in period	Cancelled in period	At 31 Dec 2023
2013 to 2022	0	1 Mar 2023	30 Mar 2030	119,879,459	—	44,485,485	2,888,364	—	72,505,610
27 Feb 2023 ²	0	27 Feb 2023	30 Mar 2030	—	63,635,613	19,632,760	871,591	7,612	43,123,650
20 Mar 2023 ³	0	20 Mar 2023	30 Mar 2030	—	2,486,251	800,261	80,516	—	1,605,474
15 May 2023 ⁴	0	15 May 2023	30 Mar 2029	—	1,334,867	470,732	8,416	9,191	846,528
21 Aug 2023 ⁵	0	21 Aug 2023	30 Mar 2028	—	856,213	247,496	—	—	608,717
07 Nov 2023 ⁶	0	07 Nov 2023	30 Mar 2028	—	1,313,594	150,941	—	—	1,162,653
01 Jan to 31 Dec 2023 ⁷	0	1 Mar 2023	30 Mar 2027	—	834,179	361,441	9,583	117	463,038
				119,879,459	70,460,717	66,149,116	3,858,470	16,920	120,315,670

¹ The weighted average closing price of the shares immediately before the dates on which the awards were vested was £5.9681.

² The closing price on the day before the grant date was £6.3570. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, range between £2.8390 and £6.3180. These awards include LTI awards and other awards which are subject to satisfaction of performance conditions. LTI awards are subject to a combination of financial and non-financial metrics that are detailed in the Directors' remuneration report in the Annual Report and Accounts. Other performance conditions on awards can include the completion of a strategically important project.

³ The closing price on the day before the grant date was £5.4210. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, range between £4.1060 and £5.4170.

⁴ The closing price on the day before the grant date was £5.9970. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, range between £5.2480 and £6.1100. Includes awards which are subject to performance conditions which can include the completion of a strategically important project.

⁵ The closing price on the day before the grant date was £5.8390. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, range between £5.0100 and £5.8330.

⁶ The closing price on the day before the grant date was £6.0930. The fair values of the awards were calculated according to the IFRS 2 accounting standard. The fair values, which vary based on the length of the vesting period, range between £5.4450 and £6.0830.

⁷ Relates to the allocation of dividend equivalent shares in relation to eligible awards.

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