



Consolidated Balance Sheet
at 31 December 2019 and 31 December 2018

	At 2019 US\$m	At 2018 US\$m
Assets		
Cash and balances at central banks	154,099	162,843
Items in the course of collection from other banks	4,956	5,787
Hong Kong Government certificates of indebtedness	38,380	35,859
Trading assets	254,271	238,130
Financial assets designated and otherwise mandatorily measured at fair value through profit or loss	43,627	41,111
Derivatives	242,995	207,825
Loans and advances to banks	69,203	72,167
Loans and advances to customers	1,036,743	981,696
Reverse repurchase agreements - non-trading	240,862	242,804
Financial investments	443,312	407,433
Prepayments, accrued income and other assets	136,680	110,571
Current tax assets	75	684
Interests in associates and joint ventures	24,474	22,407
Goodwill and intangible assets	20,163	24,357
Deferred tax assets	4,632	4,450
Total assets	2,715,152	2,558,124
Liabilities and Equity		
Liabilities		
Hong Kong currency notes in circulation	38,380	35,859
Deposits by banks	59,022	56,331
Customer accounts	1,439,115	1,362,643
Repurchase agreements - non-trading	140,344	165,884
Items in the course of transmission to other banks	4,817	5,841
Trading liabilities	83,170	84,431
Financial liabilities designated at fair value	164,466	148,505
Derivatives	239,497	205,835
Debt securities in issue	104,555	85,342
Accruals, deferred income and other liabilities	118,156	97,380
Current tax liabilities	2,150	718
Liabilities under insurance contracts	97,439	87,330
Provisions	3,398	2,920
Deferred tax liabilities	3,375	2,619
Subordinated liabilities	24,600	22,437
Total liabilities	2,522,484	2,363,875
Equity		
Called up share capital	10,319	10,180
Share premium account	13,959	13,609
Other equity instruments	20,871	22,367
Other reserves	2,127	1,906
Retained earnings	136,679	138,191
Total shareholders' equity	183,955	186,253
Non-controlling interests	8,713	7,996
Total equity	192,668	194,249
Total liabilities and equity	2,715,152	2,558,124

Consolidated Income Statement
for the period ended 31 December 2019 and 2018

	2019 US\$m	2018 US\$m
Interest income	54,695	49,609
Interest expense	(24,233)	(19,120)
Net interest income	30,462	30,489
Fee income	15,439	16,044
Fee expense	(3,416)	(3,424)
Net fee income	12,023	12,620
Net income from financial instruments held for trading or managed on a fair value basis	10,231	9,531
Net income/(expense) from assets and liabilities of insurance businesses, including related derivatives, measured at fair value through profit or loss	3,478	(1,488)
Changes in fair value of designated debt and related derivatives	90	(97)
Changes in fair value of other financial instruments mandatorily measured at fair value through profit or loss	812	695
Gains less losses from financial investments	335	218
Net insurance premiums income	10,636	10,659
Other operating income/(expense)	2,957	960
Total operating income	71,024	63,587
Net insurance claims and benefits paid and movement in liabilities to policyholders	(14,926)	(9,807)
Net operating income before change in expected credit losses and other credit impairment charges	56,098	53,780
Change in expected credit losses and other credit impairment charges	(2,756)	(1,767)
Net operating income	53,342	52,013
Employee compensation and benefits	(18,002)	(17,373)
General and administrative expenses	(13,828)	(15,353)
Depreciation and impairment of property, plant and equipment and right-of-use assets	(2,100)	(1,119)
Amortisation and impairment of intangible assets and goodwill	(1,070)	(814)
Goodwill impairment	(7,349)	0
Total operating expenses	(42,349)	(34,659)
Operating profit	10,993	17,354
Share of profit in associates and joint ventures	2,354	2,536
Profit before tax	13,347	19,890
Tax expense	(4,639)	(4,865)
Profit for the year	8,708	15,025
Attributable to:		
- ordinary shareholders of the parent company	5,969	12,608
- preference shareholders of the parent company	90	90
- other equity holders	1,324	1,029
- non-controlling interests	1,325	1,298
Profit for the year	8,708	15,025
Basic earnings per ordinary share	US\$ 0.30	US\$ 0.63
Diluted earnings per ordinary share	US\$ 0.30	US\$ 0.63

Consolidated Statement of Comprehensive Income
for the period ended 31 December 2019 and 2018

	2019 US\$m	2018 US\$m
Profit for the Period	8,708	15,025
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
- Debt instruments at fair value through other comprehensive income	1,152	(243)
- fair value gains/(losses)	1,793	(168)
- fair value gains transferred to the income statement on disposal	(365)	(95)
- expected credit recoveries/(losses) recognised in the income statement	109	(94)
- income taxes	(385)	114
Cash flow hedges	206	19
- fair value gains/(losses)	551	(267)
- fair value losses/(gains) reclassified to the income statement	(286)	317
- income taxes	(59)	(31)
Share of other comprehensive income/(expense) of associates and joint ventures	21	(64)
- share for the Period	21	(64)
Exchange differences	1,044	(7,156)
Items that will not be reclassified subsequently to profit or loss:		
- Remeasurement of defined benefit asset/liability	13	(329)
- before income taxes	(17)	(388)
- income taxes	30	59
Changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	(2,002)	2,847
- before income taxes	(2,639)	3,606
- income taxes	637	(759)
Equity instruments designated at fair value through other comprehensive income	366	(27)
- fair value gains/(losses)	364	(71)
- income taxes	2	44
Effects of hyperinflation	217	283
Other comprehensive income/(expense) for the period, net of tax	1,017	(4,670)
Total comprehensive income/(expense) for the year	9,725	10,355
Attributable to:		
- Ordinary shareholders of the parent company	6,838	8,083
- preference shareholders of the parent company	90	90
- other equity holders	1,324	1,029
- non-controlling interests	1,473	1,153
Total comprehensive income/(expense) for the year	9,725	10,355

Consolidated Statement of Changes in Equity
for the period ended 31 December 2019 and 2018

	2019									
	Called up share capital and share premium US\$m	Other equity instruments US\$m	Retained earnings US\$m	Financial assets at FVOCI reserve US\$m	Cash flow hedging reserve US\$m	Foreign exchange reserve US\$m	Merger and other reserves US\$m	shareholder's equity US\$m	Non-controlling interests US\$m	Total equity US\$m
At 1 Jan 2019	23,789	22,367	138,191	(1,532)	(206)	(26,133)	29,777	186,253	7,996	194,249
Profit for the period	-	-	7,383	-	-	-	-	7,383	1,325	8,708
Other comprehensive income (net of tax)	-	-	(1,759)	1,424	204	1,000	-	869	148	1,017
- debt instruments at fair value through other comprehensive income	-	-	-	1,146	-	-	-	1,146	6	1,152
- equity instruments designated at fair value through other comprehensive income	-	-	-	278	-	-	-	278	88	366
- cash flow hedges	-	-	-	-	204	-	-	204	2	206
- changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	-	-	(2,002)	-	-	-	-	(2,002)	-	(2,002)
- remeasurement of defined benefit asset/liability	-	-	5	-	-	-	-	5	8	13
- share of other comprehensive income of associates and joint ventures	-	-	21	-	-	-	-	21	-	21
- effects of hyperinflation	-	-	217	-	-	-	-	217	-	217
- exchange differences	-	-	-	-	-	1,000	-	1,000	44	1,044
Total comprehensive income for the year	-	-	5,624	1,424	204	1,000	-	8,252	1,473	9,725
Shares issued under employee remuneration and share plans	557	-	(495)	-	-	-	-	62	-	62
Shares issued in lieu of dividends and amounts arising thereon	-	-	2,687	-	-	-	-	2,687	-	2,687
Dividends to shareholders	-	-	(11,683)	-	-	-	-	(11,683)	(777)	(12,460)
Redemption of securities	-	(1,496)	(12)	-	-	-	-	(1,508)	-	(1,508)
Transfers	-	-	2,475	-	-	-	(2,475)	-	-	-
Cost of share-based payment arrangements	-	-	478	-	-	-	-	478	-	478
Cancellation of shares	(68)	-	(1,000)	-	-	-	68	(1,000)	-	(1,000)
Other movements	-	-	414	-	-	-	-	414	21	435
At 31 Dec 2019	24,278	20,871	136,679	(108)	(2)	(25,133)	27,370	183,955	8,713	192,668

	2018									
	Called up share capital and share premium US\$m	Other equity instruments US\$m	Retained earnings US\$m	Financial assets at FVOCI reserve US\$m	Cash flow hedging reserve US\$m	Foreign exchange reserve US\$m	Merger reserves US\$m	shareholder's equity US\$m	Non-controlling interests US\$m	Total equity US\$m
At 1 Jan 2018	20,337	22,250	139,414	(1,371)	(222)	(19,072)	27,308	188,644	7,580	196,224
Profit for the year	-	-	13,727	-	-	-	-	13,727	1,298	15,025
Other comprehensive income (net of tax)	-	-	2,765	(245)	16	(7,061)	-	(4,525)	(145)	(4,670)
- debt instruments at fair value through other comprehensive income	-	-	-	(245)	-	-	-	(245)	2	(243)
- equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(27)	(27)
- cash flow hedges	-	-	-	-	16	-	-	16	3	19
- changes in fair value of financial liabilities designated at fair value upon initial recognition arising from changes in own credit risk	-	-	2,847	-	-	-	-	2,847	-	2,847
- remeasurement of defined benefit asset/liability	-	-	(301)	-	-	-	-	(301)	(28)	(329)
- share of other comprehensive income of associates and joint ventures	-	-	(64)	-	-	-	-	(64)	-	(64)
- effects of hyperinflation	-	-	283	-	-	-	-	283	-	283
- exchange differences	-	-	-	-	-	(7,061)	-	(7,061)	(95)	(7,156)
Total comprehensive income for the year	-	-	16,492	(245)	16	(7,061)	-	9,202	1,153	10,355
Shares issued under employee remuneration and share plans	721	-	(610)	-	-	-	-	111	-	111
Shares issued in lieu of dividends and amounts arising thereon	-	-	1,494	-	-	-	-	1,494	-	1,494
Capital securities issued	-	5,968	-	-	-	-	-	5,968	-	5,968
Dividends to shareholders	-	-	(11,547)	-	-	-	-	(11,547)	(710)	(12,257)
Redemption of securities	-	(5,851)	(237)	-	-	-	-	(6,088)	-	(6,088)
Transfers	-	-	2,200	-	-	-	2,200	-	-	-
Cost of share-based payment arrangements	-	-	450	-	-	-	-	450	-	450
Cancellation of shares	2,731	-	(4,998)	-	-	-	269	(1,998)	-	(1,998)
Other movements	-	-	(67)	-	-	-	-	17	(27)	(10)
At 31 Dec 2018	23,789	22,367	138,191	(1,532)	(206)	(26,133)	29,777	186,253	7,996	194,249

Consolidated Statement of Cash Flows
for the period ended 31 December 2019 and 2018

	2019 US\$m	2018 US\$m
Profit before tax	13,347	19,890
Adjustments for non-cash items:		
- Depreciation and amortisation	10,519	1,933
- Net gain from investing activities	(399)	(126)
- Share of profits in associates and joint ventures	(2,354)	(2,536)
- Gain on disposal of associates, joint ventures, subsidiaries and businesses	(929)	-
- Change in expected credit losses gross of recoveries and other credit impairment charges	3,012	2,280
- Provisions including pensions	2,423	1,944
- Share-based payment expense	478	450
- Other non-cash items included in profit before tax	(2,297)	(1,303)
- Elimination of exchange differences	(3,742)	4,930
Changes in operating assets and liabilities		
- Change in net trading securities and derivatives	(18,910)	20,855
- Change in loans and advances to banks and customers	(53,760)	(44,071)
- Change in reverse repurchase agreements - non-trading	(7,390)	(25,399)
- Change in financial assets designated and otherwise mandatorily measured at fair value	(2,308)	(1,515)
- Change in other assets	(21,863)	6,766
- Change in deposits by banks and customer accounts	79,163	(5,745)
- Change in repurchase agreements - non-trading	(26,540)	35,882
- Change in debt securities in issue	19,269	(1,806)
- Change in financial liabilities designated at fair value	20,068	4,500
- Change in other liabilities	23,124	(2,187)
- Dividends received from associates	633	910
- Contributions paid to defined benefit plans	(533)	(332)
- Tax paid	(2,267)	(3,417)
Net cash from operating activities	29,743	32,515
Purchase of financial investments	(445,907)	(399,458)
Proceeds from the sale and maturity of financial investments	413,186	386,056
Net cash flows from the purchase and sale of property, plant and equipment	(1,343)	(1,196)
Net cash flows from purchase/(disposal) of customer and loan portfolios	1,118	(204)
Net investment in intangible assets	(2,289)	(1,848)
Net cash flow on disposal subsidiaries, businesses, associates and joint ventures	(83)	4
Net cash from investing activities	(35,318)	(16,646)
Issue of ordinary share capital and other equity instruments	0	6,001
Cancellation of shares	(1,000)	(1,998)
Net (purchases)/sales of own shares for market-making and investment purposes	141	133
Redemption of preference shares and other equity instruments	0	(6,078)
Subordinated loan capital repaid	(4,210)	(4,077)
Dividends paid to shareholders of the parent company and non-controlling interests	(9,773)	(10,762)
Net cash from financing activities	(14,842)	(16,781)
Net increase/(decrease) in cash and cash equivalents	(20,417)	(912)
Cash and cash equivalents at 1 Jan	312,911	323,718
Exchange differences in respect of cash and cash equivalents	1,248	(9,895)
Cash and cash equivalents at 31 Dec	293,742	312,911
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