

HSBC HOLDINGS PLC

Investor Update 2015

Reconciliations of Non-GAAP Financial Measures for 2012, 2011 and 2010

Currency translation and significant items

	Year ended 31 December 2012							
	Europe \$m	Asia \$m	MENA \$m	North America \$m	Latin America \$m	Total \$m	UK \$m	Hong Kong \$m
Revenue								
Currency translation ¹	(441)	739	75	221	1,683	2,211	(525)	(1)
Significant items								
Own credit spread	(4,110)	(3)	(12)	(1,090)	-	(5,215)	(3,958)	-
Debit valuation adjustment on derivative contracts	303	136	4	58	17	518	227	31
Fair value movements on non-qualifying hedges	(51)	(51)	-	(194)	-	(296)	108	(32)
Acquisitions, disposals and dilutions	(21)	3,839	(67)	5,993	1,063	10,807	(21)	497
Loss on forward contract relating to Ping An sale	-	(553)	-	-	-	(553)	-	-
Gain on sale of non-core investments in India	-	314	-	-	-	314	-	314
	<u>(3,879)</u>	<u>3,682</u>	<u>(75)</u>	<u>4,767</u>	<u>1,080</u>	<u>5,575</u>	<u>(3,644)</u>	<u>810</u>
Difference between reported and adjusted revenue	<u>(4,320)</u>	<u>4,421</u>	<u>-</u>	<u>4,988</u>	<u>2,763</u>	<u>7,786</u>	<u>(4,169)</u>	<u>809</u>
Operating expenses								
Currency translation ¹	390	(320)	(27)	(102)	(912)	(916)	434	1
Significant items								
Acquisitions, disposals and dilutions	-	(145)	-	(800)	(652)	(1,597)	-	(85)
Restructuring and other related costs	(299)	(162)	(27)	(221)	(167)	(876)	(150)	(31)
UK customer redress programmes	(2,338)	-	-	-	-	(2,338)	(2,338)	-
Fines and penalties for inadequate compliance with anti-money laundering and sanction laws	(375)	-	-	(1,546)	-	(1,921)	(375)	-
North America mortgage foreclosure and servicing costs	-	-	-	(104)	-	(104)	-	-
	<u>(3,012)</u>	<u>(307)</u>	<u>(27)</u>	<u>(2,671)</u>	<u>(819)</u>	<u>(6,836)</u>	<u>(2,863)</u>	<u>(116)</u>
Difference between reported and adjusted operating expenses	<u>(2,622)</u>	<u>(627)</u>	<u>(54)</u>	<u>(2,773)</u>	<u>(1,731)</u>	<u>(7,752)</u>	<u>(2,429)</u>	<u>(115)</u>
Profit before tax								
Currency translation ¹	(17)	320	43	100	442	878	(38)	-
Significant items								
Significant revenue items	(3,879)	3,682	(75)	4,767	1,080	5,575	(3,644)	810
Significant operating expense items	(3,012)	(307)	(27)	(2,671)	(819)	(6,836)	(2,863)	(116)
Share of profit in associates – acquisitions, disposals and dilutions	-	1,427	-	-	23	1,450	-	(2)
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	-	1	-	(325)	(114)	(438)	-	(1)
	<u>(6,891)</u>	<u>4,803</u>	<u>(102)</u>	<u>1,771</u>	<u>170</u>	<u>(249)</u>	<u>(6,507)</u>	<u>691</u>
Difference between reported and adjusted PBT	<u>(6,908)</u>	<u>5,123</u>	<u>(59)</u>	<u>1,871</u>	<u>612</u>	<u>629</u>	<u>(6,545)</u>	<u>691</u>

¹ Currency translations are non-additive across geographical regions and global businesses due to inter-company transactions within the Group.

Currency translation and significant items

	Year ended 31 December 2012					
	RBWM \$m	CMB \$m	GB&M \$m	GPB \$m	Other \$m	Total \$m
Revenue						
Currency translation ¹	1,045	592	348	6	292	2,211
Significant items						
Own credit spread	-	-	-	-	(5,215)	(5,215)
Debit valuation adjustment on derivative contracts	-	-	518	-	-	518
Fair value movements on non-qualifying hedges	(193)	-	(42)	4	(65)	(296)
Acquisitions, disposals and dilutions	6,607	826	241	72	3,061	10,807
Loss on forward contract relating to Ping An sale	-	-	-	-	(553)	(553)
Gain on sale of non-core investments in India	-	-	-	-	314	314
	<u>6,414</u>	<u>826</u>	<u>717</u>	<u>76</u>	<u>(2,458)</u>	<u>5,575</u>
Difference between reported and adjusted revenue	<u>7,459</u>	<u>1,418</u>	<u>1,065</u>	<u>82</u>	<u>(2,166)</u>	<u>7,786</u>
Operating expenses						
Currency translation ¹	(598)	(283)	(21)	4	(117)	(916)
Significant items						
Acquisitions, disposals and dilutions	(1,212)	(233)	(124)	(15)	(13)	(1,597)
Restructuring and other related costs	(266)	(62)	(63)	(58)	(427)	(876)
UK customer redress programmes	(1,751)	(258)	(331)	2	-	(2,338)
Fines and penalties for inadequate compliance with anti-money laundering and sanction laws	-	-	-	-	(1,921)	(1,921)
North America mortgage foreclosure and servicing costs	(104)	-	-	-	-	(104)
	<u>(3,333)</u>	<u>(553)</u>	<u>(518)</u>	<u>(71)</u>	<u>(2,361)</u>	<u>(6,836)</u>
Difference between reported and adjusted operating expenses	<u>(3,931)</u>	<u>(836)</u>	<u>(539)</u>	<u>(67)</u>	<u>(2,478)</u>	<u>(7,752)</u>
Profit before tax						
Currency translation ¹	151	180	333	12	175	878
Significant items						
Significant revenue items	6,414	826	717	76	(2,458)	5,575
Significant operating expense items	(3,333)	(553)	(518)	(71)	(2,361)	(6,836)
Share of profit in associates – acquisitions, disposals and dilutions	681	276	432	-	61	1,450
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	(416)	(23)	-	-	1	(438)
	<u>3,346</u>	<u>526</u>	<u>631</u>	<u>5</u>	<u>(4,757)</u>	<u>(249)</u>
Difference between reported and adjusted PBT	<u>3,497</u>	<u>706</u>	<u>964</u>	<u>17</u>	<u>(4,582)</u>	<u>629</u>

1 Currency translations are non-additive across geographical regions and global businesses due to inter-company transactions within the Group.

Currency translation and significant items

	Year ended 31 December 2011							
	Europe \$m	Asia \$m	MENA \$m	North America \$m	Latin America \$m	Total \$m	UK \$m	Hong Kong \$m
Revenue								
Currency translation ¹	12	794	80	245	2,598	3,684	(380)	(45)
Significant items								
Own credit spread	2,947	2	14	970	-	3,933	2,776	-
Fair value movements on non-qualifying hedges	(291)	(33)	-	(1,068)	-	(1,392)	(181)	(13)
Acquisitions, disposals and dilutions	-	362	27	5,925	1,201	7,515	-	115
Refinement of PVIF calculation	94	147	-	-	5	246	66	135
	<u>2,750</u>	<u>478</u>	<u>41</u>	<u>5,827</u>	<u>1,206</u>	<u>10,302</u>	<u>2,661</u>	<u>237</u>
Difference between reported and adjusted revenue	<u>2,762</u>	<u>1,272</u>	<u>121</u>	<u>6,072</u>	<u>3,804</u>	<u>13,986</u>	<u>2,281</u>	<u>192</u>
Operating expenses								
Currency translation ¹	(93)	(443)	(32)	(126)	(1,584)	(2,231)	241	22
Significant items								
Acquisitions, disposals and dilutions	-	(150)	-	(2,171)	(789)	(3,110)	-	(54)
Restructuring and other related costs	(404)	(113)	(31)	(236)	(338)	(1,122)	-	(68)
UK customer redress programmes	(898)	-	-	-	-	(898)	(898)	-
UK pension credit	587	-	-	-	-	587	587	-
North America mortgage foreclosure and servicing costs	-	-	-	(257)	-	(257)	-	-
	<u>(715)</u>	<u>(263)</u>	<u>(31)</u>	<u>(2,664)</u>	<u>(1,127)</u>	<u>(4,800)</u>	<u>(311)</u>	<u>(122)</u>
Difference between reported and adjusted operating expenses	<u>(808)</u>	<u>(706)</u>	<u>(63)</u>	<u>(2,790)</u>	<u>(2,711)</u>	<u>(7,031)</u>	<u>(70)</u>	<u>(100)</u>
Profit before tax								
Currency translation ¹	(48)	196	40	99	575	877	(78)	(22)
Significant items								
Significant revenue items	2,750	478	41	5,827	1,206	10,302	2,661	237
Significant operating expense items	(715)	(263)	(31)	(2,664)	(1,127)	(4,800)	(311)	(122)
Share of profit in associates – acquisitions, disposals and dilutions	-	1,492	25	-	37	1,554	-	11
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	-	(4)	-	(1,599)	(86)	(1,689)	-	-
	<u>2,035</u>	<u>1,703</u>	<u>35</u>	<u>1,564</u>	<u>30</u>	<u>5,367</u>	<u>2,350</u>	<u>126</u>
Difference between reported and adjusted PBT	<u>1,987</u>	<u>1,899</u>	<u>75</u>	<u>1,663</u>	<u>605</u>	<u>6,244</u>	<u>2,272</u>	<u>104</u>

¹ Currency translations are non-additive across geographical regions and global businesses due to inter-company transactions within the Group.

Currency translation and significant items

	Year ended 31 December 2011					
	RBWM \$m	CMB \$m	GB&M \$m	GPB \$m	Other \$m	Total \$m
Revenue						
Currency translation ¹	1,848	1,069	745	27	187	3,684
Significant items						
Own credit spread	-	-	-	-	3,933	3,933
Fair value movements on non-qualifying hedges	(1,039)	-	89	(5)	(437)	(1,392)
Acquisitions, disposals and dilutions	6,639	451	208	35	182	7,515
Refinement of PVIF calculation	184	62	-	-	-	246
	5,784	513	297	30	3,678	10,302
Difference between reported and adjusted revenue	7,632	1,582	1,042	57	3,865	13,986
Operating expenses						
Currency translation ¹	(1,363)	(556)	(250)	(27)	(224)	(2,231)
Significant items						
Acquisitions, disposals and dilutions	(2,647)	(300)	(94)	(42)	(27)	(3,110)
Restructuring and other related costs	(404)	(122)	(158)	(38)	(400)	(1,122)
UK customer redress programmes	(875)	(23)	-	-	-	(898)
UK pension credit	264	212	111	-	-	587
North America mortgage foreclosure and servicing costs	(257)	-	-	-	-	(257)
	(3,919)	(233)	(141)	(80)	(427)	(4,800)
Difference between reported and adjusted operating expenses	(5,282)	(789)	(391)	(107)	(651)	(7,031)
Profit before tax						
Currency translation ¹	82	334	500	1	(37)	877
Significant items						
Significant revenue items	5,784	513	297	30	3,678	10,302
Significant operating expense items	(3,919)	(233)	(141)	(80)	(427)	(4,800)
Share of profit in associates – acquisitions, disposals and dilutions	1,023	246	275	-	10	1,554
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	(1,664)	(26)	-	-	1	(1,689)
	1,224	500	431	(50)	3,262	5,367
Difference between reported and adjusted PBT	1,306	834	931	(49)	3,225	6,244

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Currency translation and significant items

	Year ended 31 December 2010							
	Europe \$m	Asia \$m	MENA \$m	North America \$m	Latin America \$m	Total \$m	UK \$m	Hong Kong \$m
Revenue								
Currency translation ¹	(756)	451	86	156	1,903	1,812	(978)	(33)
Significant items								
Own credit spread	(198)	(7)	-	142	-	(63)	(240)	-
Fair value movements on non-qualifying hedges	(691)	(13)	-	(353)	-	(1,057)	(635)	(17)
Acquisitions, disposals and dilutions	800	523	(35)	6,726	1,052	9,066	800	174
Loss on sale of vehicle finance portfolio in the US	-	-	-	(207)	-	(207)	-	-
Gain on sale and leaseback of Paris HQ	194	-	-	-	-	194	-	-
	105	503	(35)	6,308	1,052	7,933	(75)	157
Difference between reported and adjusted revenue	(651)	954	51	6,464	2,955	9,745	(1,053)	124
Operating expenses								
Currency translation ¹	373	(237)	(33)	(76)	(1,215)	(1,160)	584	20
Significant items								
Acquisitions, disposals and dilutions	(210)	(131)	-	(2,327)	(762)	(3,430)	(210)	(50)
UK customer redress programmes	(78)	-	-	-	-	(78)	(78)	-
US accounting gain on change in staff benefits	-	-	-	148	-	148	-	-
	(288)	(131)	-	(2,179)	(762)	(3,360)	(288)	(50)
Difference between reported and adjusted operating expenses	85	(368)	(33)	(2,255)	(1,977)	(4,520)	296	(30)
Profit before tax								
Currency translation ¹	(224)	(33)	43	55	426	299	(213)	(11)
Significant items								
Significant revenue items	105	503	(35)	6,308	1,052	7,933	(75)	157
Significant operating expense items	(288)	(131)	-	(2,179)	(762)	(3,360)	(288)	(50)
Share of profit in associates – acquisitions, disposals and dilutions	-	1,191	18	-	19	1,228	-	10
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	(48)	(5)	-	(2,173)	(76)	(2,302)	(48)	-
	(231)	1,558	(17)	1,956	233	3,499	(411)	117
Difference between reported and adjusted PBT	(455)	1,525	26	2,011	659	3,798	(624)	106

1 Currency translations are non-additive across geographical regions and global businesses due to inter-company transactions within the Group.

Currency translation and significant items

	Year ended 31 December 2010					
	RBWM \$m	CMB \$m	GB&M \$m	GPB \$m	Other \$m	Total \$m
Revenue						
Currency translation ¹	1,062	563	154	(3)	255	1,812
Significant items						
Own credit spread	-	-	-	-	(63)	(63)
Fair value movements on non-qualifying hedges	(310)	-	(308)	1	(440)	(1,057)
Acquisitions, disposals and dilutions	7,245	590	909	29	293	9,066
Loss on sale of vehicle finance portfolio in the US	(207)	-	-	-	-	(207)
Gain on sale and leaseback of Paris HQ	-	-	-	-	194	194
	6,728	590	601	30	(16)	7,933
Difference between reported and adjusted revenue	7,790	1,153	755	27	239	9,745
Operating expenses						
Currency translation ¹	(871)	(318)	38	-	(133)	(1,160)
Significant items						
Acquisitions, disposals and dilutions	(2,809)	(317)	(264)	(28)	(12)	(3,430)
UK customer redress programmes	(78)	-	-	-	-	(78)
US accounting gain on change in staff benefits	102	16	14	5	11	148
	(2,785)	(301)	(250)	(23)	(1)	(3,360)
Difference between reported and adjusted operating expenses	(3,656)	(619)	(212)	(23)	(134)	(4,520)
Profit before tax						
Currency translation ¹	(87)	154	206	(2)	122	299
Significant items						
Significant revenue items	6,728	590	601	30	(16)	7,933
Significant operating expense items	(2,785)	(301)	(250)	(23)	(1)	(3,360)
Share of profit in associates – acquisitions, disposals and dilutions	838	177	195	-	18	1,228
Loan impairment charges and other credit risk provisions - acquisitions, disposals and dilutions	(2,241)	(15)	(46)	(1)	1	(2,302)
	2,540	451	500	6	2	3,499
Difference between reported and adjusted PBT	2,453	605	706	4	124	3,798

1 Currency translations are non-additive across geographical regions and global businesses due to inter-company transactions within the Group.

HSBC HOLDINGS PLC

Investor Update 2015

**Reconciliation of reported and adjusted Risk-weighted
assets for 2014**

Reconciliation of reported and adjusted average risk-weighted assets by Global Business

	As at 31 December 2014				Total US\$bn
	RBWM US\$bn	CMB US\$bn	GB&M US\$bn	GPB US\$bn	
<i>Average Reported RWAs¹</i>	220	419	511	22	1,209
<i>Acquisitions, disposals and dilutions</i>	(1)	(1)	(1)	-	(2)
<i>Other significant items</i>	-	-	-	-	-
<i>Average adjusted RWAs²</i>	219	418	510	22	1,207
<i>Average reported Associate RWAs</i>	17	101	32	-	157
<i>Acquisitions, disposals and dilutions</i>	-	-	-	-	(1)
<i>Average adjusted Associate RWAs²</i>	17	101	32	-	156
<i>Average adjusted RWAs for Run-off portfolios:</i>					
<i>GB&M Legacy</i>	-	-	48	-	48
<i>US CML and Other</i>	67	-	-	-	67

1 Average RWAs based on a RWAs on a Basel2.5 basis as at 31 December 2013 and on a CRD IV basis in 2014.

2 Global Business Average RWAs are non-additive due to the exclusion of Other Global Business.

HSBC HOLDINGS PLC

Investor Update 2015

**Reconciliation of reported and adjusted Risk-weighted
assets for RBWM and CMB**

Reconciliation of reported and adjusted average risk-weighted assets

Retail Banking and Wealth Management

	2013 ¹	2014 ²
	US\$bn	US\$bn
Average Reported RWAs	252	220
Currency translation adjustment ³	(2)	-
Acquisitions, disposals and dilutions	(4)	(1)
Other significant items	(4)	-
Average adjusted RWAs	242	219
Average reported Associate RWAs	16	17
Currency translation adjustment	-	-
Acquisitions, disposals and dilutions	(1)	-
Average adjusted Associate RWAs	15	17
Average adjusted RWAs for Run-off portfolios:		
US CML and Other	88	67
Cards and Retail Services ⁴	4	-

Commercial Banking

	2013 ¹	2014 ²
	US\$bn	US\$bn
Average Reported RWAs	389	419
Currency translation adjustment ³	(3)	-
Acquisitions, disposals and dilutions	(11)	(1)
Other significant items	-	-
Average adjusted RWAs	375	418
Average reported Associate RWAs	101	101
Currency translation adjustment	1	-
Acquisitions, disposals and dilutions	(7)	-
Average adjusted Associate RWAs	95	101

1 Average RWAs based on a Basel2.5 basis.

2 Average RWAs based on a RWAs on a Basel2.5 basis as at 31 December 2013 and on a CRD IV basis in 2014.

3 Currency translation adjustment includes average RWAs translated at 2014 rates.

4 Cards and Retail services in 2013 represents residual Operational Risk RWAs, which have been fully amortised as at 31 December 2014.