HSBC

8 December 2011

STATEMENT ON RESULTS OF THE 2011 EUROPEAN BANKING AUTHORITY CAPITAL ASSESSMENT

HSBC Holdings plc notes the publication of the European Banking Authority's ("EBA") capital assessment of European banks. HSBC's Core Tier 1 ('CT1') ratio under the EBA's published capital definitions and prescribed approach is 10.0%. This exceeds the benchmark threshold minimum CT1 capital requirement of 9% used in the capital assessment.

The EBA capital assessment applies the EU's Capital Requirements Directive III ("CRD 3") methodology, which will become effective on 31 December 2011, to HSBC's exposures as at 30 September 2011. HSBC published a CT1 capital ratio of 10.6% as at 30 September 2011 in its Interim Management Statement released on 9 November 2011. The 0.6% difference from the EBA capital assessment of HSBC's CT1 ratio is because of the different measurement approach applied under CRD 3 to certain securitisation, re-securitisation and trading book portfolios.

The appendices, via the link below, provide further details, based on positions as at 30 September 2011 of: (1) the composition of CT1 capital based on CRD 3 rules; (2) risk-weighted assets based on CRD 3 rules; (3) European sovereign exposures - central, regional and local government in the EEA; and (4) Summary Credit Default Swap positions.

HSBC will announce its results for the year ended 31 December 2011 on 27 February 2012.

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News Release

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Notes to editors:

The methodology underlying the capital exercise was outlined by the EBA prior to its announcement to ensure consistency across all banks in the EU banking system involved in the exercise.

The EBA
HSBC Holdings plc ('HSBC') notes the announcements made today by the European Banking Authority and competent National Supervisor regarding the capital exercise, which demonstrated the result for HSBC.

The capital exercise proposed by the EBA and agreed by the Council on 26 October 2011 requires banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect current market prices. In addition, it requires them to establish a buffer such that the Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012. The amount of any final capital shortfall identified is based on September 2011 figures. The amount of the sovereign capital buffer will not be revised.

71 banks across Europe, including HSBC, were subject to the capital exercise whose objective is to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risk related to the current difficult market environment. This buffer would explicitly not be designed to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

Following completion of the capital exercise conducted by the European Banking Authority, in close cooperation with the competent national authority, the exercise has determined that HSBC meets the 9% Core Tier 1 ratio after the removal of the prudential filters on sovereign assets in the Available-for-Sale portfolio and prudent valuation of sovereign debt in the Held-to-Maturity and Loans and receivables portfolios, reflecting current market prices.

The HSBC Group
HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 7,500 offices in over 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and Africa. With assets of US$2,716bn at 30 September 2011, HSBC is one of the world's largest banking and financial services organisations.

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