

HSBC HOLDINGS PLC

THE CAPITAL REQUIREMENTS (Country-by-Country Reporting) REGULATION 2013

31 December 2015

This report has been prepared for HSBC Holdings plc and its subsidiaries (the “HSBC Group”) to comply with The Capital Requirements (Country-by-Country Reporting) Regulation 2013, which implements article 89 of the Capital Requirements Directive IV (‘CRD IV’).

The HSBC Group is one of the most international banking and financial services organisations in the world. Full details of the nature of our business activities are set out in pages 2 and 28-31 of HSBC’s *Annual Report and Accounts 2015*. This report shows the turnover, profit before tax and corporation tax paid for the entities located in the countries in which we operate.

1 Basis of preparation

(a) Country

Each subsidiary or branch is allocated to a country based on the main location of the business operations of the subsidiary or branch. The financial data is aggregated for all the subsidiaries and branches allocated to each country.

(b) Turnover and Profit Before Tax

Turnover and profit before tax are compiled from the Group consolidated financial statements for the year ended 31 December 2015, which are prepared in accordance with International Financial Reporting Standards (IFRSs). Turnover excludes dividend payments between countries.

(c) Corporation tax paid

Corporation tax paid is reported on a cash basis as opposed to an accounting basis, and therefore does not necessarily relate to the reported profit before tax for the period ended 31 December 2015. The presentation of corporation tax paid by country is consistent with the basis described in section (a) above. The Group also suffers withholding taxes on dividends, interest and intercompany charges – these are disclosed separately.

(d) Public subsidies received

There were no public subsidies received during the 12 month period ended 31 December 2015.

Country-by-country reporting

	For the year ended 31 December 2015			
	Turnover US\$m	Average FTE	Profit/(loss) before tax US\$m	Corporation tax paid/ (refunded) US\$m
Europe				
UK	15,087	44,559	(533)	124
- Of which: UK Bank Levy Charge	-	-	(1,421)	-
France	2,675	8,526	639	170
Germany	828	2,526	239	56
Switzerland	634	1,418	(216)	5
Turkey	614	5,422	(44)	(14)
Armenia	41	333	17	4
Channel Islands and Isle of Man	405	1,150	233	16
Czech Republic	36	94	21	3
Greece	75	381	(32)	20
Ireland	94	378	11	-
Israel	39	101	21	4
Italy	65	117	29	11
Luxembourg	106	340	-	3
Malta	198	1,322	56	25
Monaco	109	209	30	12
Netherlands	29	24	19	3
Poland	102	1,662	9	1
Russia	115	241	82	14
South Africa	127	225	87	24
Spain	108	149	(4)	16
Asia				
Hong Kong ¹	15,616	29,664	9,806	1,102
Australia	869	1,672	373	150
Mainland China	2,607	21,364	3,060	87
- Of which: BoCom	-	-	2,011	-
India	1,853	33,062	606	284
Indonesia	537	5,437	(7)	68
Malaysia	988	9,172	442	87
Singapore	1,293	3,247	507	76
Taiwan	417	2,310	155	27
Bangladesh	194	894	115	67
Brunei	79	481	36	5
Japan	162	453	35	4
Korea	298	672	165	32
Macau	100	229	65	7
Maldives	24	28	21	6
Mauritius	82	368	51	5
New Zealand	102	221	81	17
Philippines	289	5,280	60	6
Sri Lanka	200	4,260	100	56
Thailand	143	466	90	16
Vietnam	168	1,354	81	10
Middle East and North Africa				
Egypt	610	2,914	410	128
Saudi Arabia ²	-	-	500	-
UAE	1,417	3,274	367	118
Algeria	42	139	19	4
Bahrain	88	237	45	-
Kuwait	48	76	28	-
Lebanon	55	217	20	5
Oman	193	1,034	40	4
Qatar	202	339	109	9
North America				
Canada	1,595	5,663	485	173
USA	5,820	13,925	41	(8)
Bermuda	298	618	88	-

Country-by-country reporting (continued)

	Turnover US\$m	Average FTE	Profit/(loss) before tax US\$m	Corporation tax paid/ (refunded) US\$m
Latin America				
Argentina	1,036	4,258	317	121
Brazil	3,584	19,548	5	169
Mexico	1,971	16,453	32	31
Chile	39	127	12	-
Uruguay	64	284	10	2
Other	61	37	(167)	-
Intra-HSBC items	(4,831)			
Total	59,800	258,954	18,867	3,365
Withholding and other taxes				349
Saudi shareholder tax				138
Total Income Taxes paid				3,852

- Hong Kong Special Administrative Region of the People's Republic of China.*
- Income from associates: Saudi British Bank and SABB Takaful. Saudi withholding tax paid is disclosed separately.*

The Group's principal subsidiaries and country of operation are as follows:

Principal subsidiary	Country	Nature of activities ¹
Europe		
HSBC Bank plc	England	RBWM, CMB, GB&M, GPB
HSBC France	France	RBWM, CMB, GB&M, GPB
HSBC Private Banking Holdings (Suisse) SA	Switzerland	RBWM, GB&M, GPB
HSBC Trinkaus & Burkhardt AG	Germany	RBWM, CMB, GB&M, GPB
Asia		
Hang Seng Bank Limited	Hong Kong	RBWM, CMB, GB&M
HSBC Bank Australia Limited	Australia	RBWM, CMB, GB&M
HSBC Bank (China) Company Limited	PRC ²	RBWM, CMB, GB&M, GPB
HSBC Bank Malaysia Berhad	Malaysia	RBWM, CMB, GB&M
HSBC Bank (Taiwan) Limited	Taiwan	RBWM, CMB, GB&M, GPB
HSBC Life (International) Limited	Hong Kong	RBWM, CMB
The Hongkong and Shanghai Banking Corporation Limited	Hong Kong	RBWM, CMB, GB&M, GPB
Middle East and North Africa		
HSBC Bank Middle East Limited	United Arab Emirates	RBWM, CMB, GB&M, GPB
HSBC Bank Egypt S.A.E.	Egypt	RBWM, CMB, GB&M
North America		
HSBC Bank Canada	Canada	RBWM, CMB, GB&M
HSBC Bank USA, N.A.	USA	RBWM, CMB, GB&M, GPB
HSBC Finance Corporation	USA	RBWM, CMB
HSBC Securities (USA) Inc.	USA	RBWM, CMB, GB&M, GPB
Latin America		
HSBC Bank Brasil S.A. – Banco Múltiplo	Brazil	RBWM, CMB, GB&M, GPB
HSBC Mexico, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC	Mexico	RBWM, CMB, GB&M, GPB

1. HSBC's four principal global businesses are Retail Banking and Wealth Management ('RBWM'), Commercial Banking ('CMB'), Global Banking and Markets ('GB&M') and Global Private Banking ('GPB'). Refer to pages 28 - 31 of HSBC's Annual Report and Accounts 2015 for a description of the above global businesses. The principal subsidiaries represent the most significant operations of the Group globally. The business activities of other, smaller subsidiaries include RBWM, CMB, GB&M and GPB but are not considered material for separate disclosure.
2. People's Republic of China.

Details of all HSBC subsidiaries, as required under Section 409 of the Companies Act 2006, are set out on pages 457 to 469 of HSBC's Annual Report and Accounts 2015.

Independent auditors' report to the Directors of HSBC Holdings plc

We have audited the accompanying schedule of HSBC Holdings plc for the year ended 31 December 2015 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

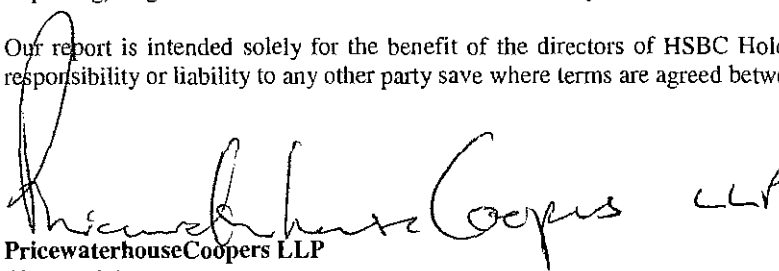
Opinion

In our opinion, the country-by-country information in the schedule as at 31 December 2015 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the schedule, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of HSBC Holdings plc. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.



PricewaterhouseCoopers LLP
Chartered Accountants

24 May 2016
London

Note:

The maintenance and integrity of the HSBC Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the schedule since they were initially presented on the website.