HSBC HOLDINGS PLC

G-SIB INDICATORS DISCLOSURE

31 December 2014

G-SIB indicators disclosures

The disclosure

The 'HSBC Holdings plc G-SIB Indicators Disclosure end-2014 template' sets out data to be used by the Financial Stability Board and the Basel Committee on Banking Supervision in determining HSBC's 2015 global systemically important bank ('G-SIB') ranking and which will ultimately inform the G-SIB capital buffer to be applied in 2017. The data is at 31 December 2014 and has been prepared in accordance with instructions for the end-2014 data collection exercise of the Basel Macroprudential Supervision Group and conforms to the requirements of the final European Banking Authority ('EBA') Implementing Technical Standards published in September 2014. As instructed, we have used the regulatory consolidation scope unless otherwise required.

Basis of preparation

1. Cross-jurisdictional assets and liabilities for the purpose of this exercise include local claims and liabilities of offices outside of our UK home market (such offices, generally, are represented by locally incorporated, capitalised, funded and regulated subsidiaries) as well as actual cross border exposures.
2. In accordance with the regulatory consolidation basis used, associates have been proportionately consolidated. For certain items where detailed information for our associates is not available, we have relied on the publicly available information.

The G-SIB assessment methodology

Under the Basel Committee's G-SIB ranking and capital charge assessment methodology, which the EBA's methodology reflects, a group of the largest banks, as a proxy for the global banking sector, is scored under twelve indicators.

The score for each indicator is calculated by dividing a bank's reported value by the aggregate of the values for that indicator reported by the reference group. This amount is then expressed in basis points. For example: if a bank's reported 'Size' indicator made up 3% of the aggregate value reported, its basis point score for this indicator would be 300.

The score in each of the five main categories is then determined as a simple average of the indicator scores within that category (subject to a cap on the score for Substitutability), and the bank's overall score as a simple average of the five category scores.

It is important to note that a bank's ranking for the purpose of allocation of a capital charge on the scale 0% to 3.5% will therefore be driven by its relative complexity, substitutability, etc. compared with the entire reference group of banks, materially influenced by those of the largest banks in the group.

Thus, if a bank were significantly to shrink its size, simplify operations and reduce complexity, but others were to take even greater steps in this regard, then that bank might nevertheless rise in the overall ranking and potentially incur an increased capital buffer.