

HSBC HOLDINGS PLC

**SUPPLEMENTARY
REGULATORY DISCLOSURES**

30 June 2015

Composition of regulatory capital supplementary disclosure

Transitional own funds disclosure

| | At 30 June 2015 \$m | CRR prescribed residual amount \$m | Final CRD IV text \$m |
|--|------------------------------|--|--------------------------------|
| Common equity tier 1 (CET1) capital: instruments and reserves | | | |
| Capital instruments and the related share premium accounts | 20,643 | – | 20,643 |
| Retained earnings | 136,460 | – | 136,460 |
| Accumulated other comprehensive income (and other reserves) | 8,243 | – | 8,243 |
| Minority interests (amount allowed in consolidated CET1) | 3,579 | | 3,579 |
| Independently reviewed interim net profits net of any foreseeable charge or dividend | 2,028 | | 2,028 |
| Common equity tier 1 capital before regulatory adjustments | 170,953 | | 170,953 |
| Common equity tier 1 capital: regulatory adjustments | | | |
| Additional value adjustments | (1,177) | | (1,177) |
| Intangible assets (net of related deferred tax liability) | (21,397) | | (21,397) |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | (859) | | (859) |
| Fair value reserves related to gains or losses on cash flow hedges | 57 | | 57 |
| Negative amounts resulting from the calculation of expected loss amounts | (5,790) | | (5,790) |
| Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | (134) | | (134) |
| Defined-benefit pension fund assets | (2,583) | | (2,583) |
| Direct and indirect holdings of own CET1 instruments | (990) | | (990) |
| Regulatory adjustments applied to common equity tier 1 in respect of amounts subject to pre-CRR treatment | | | |
| Regulatory adjustments relating to unrealised gains and losses of which: reserves arising from revaluation of property | – | – | – |
| Total regulatory adjustments to CET1 | (32,873) | – | (32,873) |
| CET1 capital | 138,080 | – | 138,080 |
| Additional tier 1 (AT1) capital: instruments | | | |
| Capital instruments and the related share premium accounts | 8,140 | – | 8,140 |
| – of which: classified as equity under applicable accounting standards | 8,140 | – | 8,140 |
| Amount of qualifying items and the related share premium accounts subject to phase out from AT1 | 9,011 | (9,011) | – |
| Qualifying tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties | 4,298 | (4,124) | 174 |
| – of which: instruments issued by subsidiaries subject to phase out | 2,842 | (2,842) | – |
| AT1 capital before regulatory adjustments | 21,449 | (13,135) | 8,314 |
| AT1 capital: regulatory adjustments | | | |
| Residual amounts deducted from AT1 capital with regard to deduction from tier 2 capital during the transitional period | (103) | 103 | – |
| – of which: direct and indirect holdings by the institution of the tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities | (103) | 103 | – |
| Total regulatory adjustments AT1 capital | (103) | 103 | – |
| AT1 capital | 21,346 | (13,032) | 8,314 |
| Tier 1 capital (T1 = CET1 + AT1) | 159,426 | (13,032) | 146,394 |

Regulatory disclosures

| | At 30 June 2015 \$m | CRR prescribed residual amount \$m | Final CRD IV text \$m |
|--|------------------------------|--|--------------------------------|
| Tier 2 (T2) capital: instruments and provisions | | | |
| Capital instruments and the related share premium accounts | 14,942 | – | 14,942 |
| Amount of qualifying items and the related share premium accounts subject to phase out from T2 | 6,644 | (6,644) | – |
| Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments) issued by subsidiaries and held by third parties | 14,338 | (14,316) | 22 |
| – of which: instruments issued by subsidiaries subject to phase out | 14,330 | (14,330) | – |
| T2 capital before regulatory adjustments | 35,924 | (20,960) | 14,964 |
| T2 capital: regulatory adjustments | | | |
| Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) | (240) | (103) | (343) |
| Total regulatory adjustments to T2 capital | (240) | (103) | (343) |
| T2 capital | 35,684 | (21,063) | 14,621 |
| Total capital (TC = T1 + T2) | 195,110 | (34,095) | 161,015 |
| Total risk-weighted assets | 1,193,154 | – | 1,193,154 |
| Capital ratios and buffers | | | |
| Common equity tier 1 | 11.6% | | 11.6% |
| Tier 1 | 13.4% | | 12.3% |
| Total capital | 16.3% | | 13.5% |
| Institution-specific buffer requirement | | | |
| – of which: | | | |
| capital conservation buffer requirement | | | |
| counter cyclical buffer requirement | | | |
| systemic risk buffer requirement | | | |
| Global Systemically Important Institution ('G-SII') or Other Systemically Important Institution ('O-SII') buffer | | | |
| Common equity tier 1 available to meet buffers | 7.1% | | 7.1% |
| Amounts below the threshold for deduction (before risk weighting) | | | |
| Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 4,451 | | |
| Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 3,552 | | |
| Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability) | 7,714 | | |
| Applicable caps on the inclusion of provisions in tier 2 | | | |
| Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap) | – | | |
| Cap on inclusion of credit risk adjustments in T2 under standardised approach | 4,348 | | |
| Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) | – | | |
| Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach | 3,269 | | |
| Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022) | | | |
| Current cap on CET1 instruments subject to phase out arrangements | – | | |
| Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | – | | |
| Current cap on AT1 instruments subject to phase out arrangements | 11,853 | | |
| Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | 1,295 | | |
| Current cap on T2 instruments subject to phase out arrangements | 20,975 | | |
| Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | 5,367 | | |

CRD IV own funds disclosure requirements determine that firms must provide a detailed disclosure of the nature and amounts of specific items of own funds following an EBA specified uniform template. During the transitional period, the relevant template is the one set out in Annex VI of Commission Implementing Regulation 1423/2013, which became applicable from 31 March 2014.

The capital position is presented on a CRD IV transitional basis. Where appropriate, additional line items have been included to accommodate certain amounts not captured by the template. We have also provided additional information in the column 'CRR prescribed residual amount' for completeness, to facilitate the reading of the end point capital resources position which results from adding the two columns together.