

**HSBC HOLDINGS PLC**

**RECONCILIATIONS OF NON-GAAP  
FINANCIAL MEASURES**

**31 March 2016**

## Use of non-GAAP financial measures

Our reported results are prepared in accordance with IFRSs as detailed in the Financial Statements on page 323 of the *Annual Reports and Accounts 2015*. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which distort period-on-period comparisons. These are considered non-GAAP financial measures.

Return on Tangible Equity ('ROTE') is computed by adjusting reported results for the movements in the present value of in-force long-term insurance business ('PVIF') and for impairments of goodwill, and adjusting the reported equity for goodwill, intangibles and PVIF. The adjustment to reported results and reported equity excludes amounts attributable to non-controlling interests.

We provide ROTE in addition to ROE as a way of assessing our performance which is closely aligned to our capital position.

The following table details the adjustments made to the reported results and equity:

### Return on Equity and Return on Tangible Equity

	Three months ended 31 March	
	2016 \$m	2015 \$m
<b>Profit</b>		
Profit attributable to the ordinary shareholders of the parent company	3,888	4,975
Increase in PVIF (net of tax)	(66)	(135)
Profit attributable to the ordinary shareholders, excluding goodwill impairment and PVIF	3,822	4,840
<b>Equity</b>		
Average ordinary shareholders' equity	173,838	175,010
Effect of goodwill, PVIF and other intangibles (net of deferred tax)	(24,927)	(25,361)
Average tangible equity	148,911	149,649
	%	%
<b>Ratio</b>		
Return on equity	9.0	11.5
Return on tangible equity	10.3	13.1

### Reconciliation of reported and adjusted average risk-weighted assets

	Principal RBWM \$bn	CMB \$bn	GB&M \$bn	GPB \$bn
<b>Quarter ended 31 March 2016</b>				
Average reported RWAs	150	421	446	19
Currency translation	—	—	—	—
Significant items	—	—	—	—
Average adjusted RWAs	150	421	446	19
<b>Quarter ended 31 March 2015</b>				
Average reported RWAs	152	428	521	20
Currency translation	(6)	(17)	(12)	—
Significant items	—	—	—	—
Average adjusted RWAs	146	411	509	20

## Use of non-GAAP financial measures (continued)

### Reconciliation of reported and adjusted associate average risk-weighted assets

	Principal RBWM \$bn	CMB \$bn	GB&M \$bn	GPB \$bn
Quarter ended 31 March 2016				
Average reported associate RWAs	20	102	37	—
Currency translation	—	—	—	—
Significant items	—	—	—	—
Average adjusted associate RWAs	<b>20</b>	<b>102</b>	<b>37</b>	<b>—</b>
Quarter ended 31 March 2015				
Average reported associate RWAs	19	101	33	—
Currency translation	(1)	(4)	(1)	—
Significant items	—	—	—	—
Average adjusted associate RWAs	<b>18</b>	<b>97</b>	<b>32</b>	<b>—</b>