

HSBC HOLDINGS PLC  
Form 6-K  
March 25, 2014

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of March  
HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes..... No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.....).

Consolidated balance sheet

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Five-year summary consolidated balance sheet

|  | At 31 December |      |      |      |      |
|--|----------------|------|------|------|------|
|  | 2013           | 2012 | 2011 | 2010 | 2009 |

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|  | US\$m            | US\$m            | US\$m            | US\$m            | US\$m            |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                                  |                  |                  |                  |                  |                  |
| Cash and balances at central banks             | 166,599          | 141,532          | 129,902          | 57,383           | 60,655           |
| Trading assets                                 | 303,192          | 408,811          | 330,451          | 385,052          | 421,381          |
| Financial assets designated at fair value      | 38,430           | 33,582           | 30,856           | 37,011           | 37,181           |
| Derivatives                                    | 282,265          | 357,450          | 346,379          | 260,757          | 250,886          |
| Loans and advances to banks                    | 211,521          | 152,546          | 180,987          | 208,271          | 179,781          |
| Loans and advances to customers <sup>27</sup>  | 1,080,304        | 997,623          | 940,429          | 958,366          | 896,231          |
| Financial investments                          | 425,925          | 421,101          | 400,044          | 400,755          | 369,158          |
| Assets held for sale                           | 4,050            | 19,269           | 39,558           | 1,991            | 3,118            |
| Other assets                                   | 159,032          | 160,624          | 156,973          | 145,103          | 146,061          |
| <b>Total assets</b>                            | <b>2,671,318</b> | <b>2,692,538</b> | <b>2,555,579</b> | <b>2,454,689</b> | <b>2,364,452</b> |
| <b>LIABILITIES AND EQUITY</b>                  |                  |                  |                  |                  |                  |
| <b>Liabilities</b>                             |                  |                  |                  |                  |                  |
| Deposits by banks                              | 129,212          | 107,429          | 112,822          | 110,584          | 124,872          |
| Customer accounts                              | 1,482,812        | 1,340,014        | 1,253,925        | 1,227,725        | 1,159,034        |
| Trading liabilities                            | 207,025          | 304,563          | 265,192          | 300,703          | 268,130          |
| Financial liabilities designated at fair value | 89,084           | 87,720           | 85,724           | 88,133           | 80,092           |
| Derivatives                                    | 274,284          | 358,886          | 345,380          | 258,665          | 247,646          |
| Debt securities in issue                       | 104,080          | 119,461          | 131,013          | 145,401          | 146,896          |
| Liabilities under insurance contracts          | 74,181           | 68,195           | 61,259           | 58,609           | 53,707           |
| Liabilities of disposal groups held for sale   | 2,804            | 5,018            | 22,200           | 86               | 3                |
| Other liabilities                              | 117,377          | 118,123          | 111,971          | 109,868          | 148,411          |
| <b>Total liabilities</b>                       | <b>2,480,859</b> | <b>2,509,409</b> | <b>2,389,486</b> | <b>2,299,774</b> | <b>2,228,791</b> |
| <b>Equity</b>                                  |                  |                  |                  |                  |                  |
| Total shareholders' equity                     | 181,871          | 175,242          | 158,725          | 147,667          | 128,299          |

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|  |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| Non-controlling interests<br>.....   | 8,588     | 7,887     | 7,368     | 7,248     | 7,362     |
| Total equity<br>.....  | 190,459   | 183,129   | 166,093   | 154,915   | 135,661   |
| Total equity and liabilities<br>.....  | 2,671,318 | 2,692,538 | 2,555,579 | 2,454,689 | 2,364,452 |
| Five-year selected financial information   |           |           |           |           |           |
| Called up share capital<br>.....   | 9,415     | 9,238     | 8,934     | 8,843     | 8,705     |
| Capital resources <sup>28,29</sup><br>.....                                      | 194,009   | 180,806   | 170,334   | 167,555   | 155,729   |
| Undated subordinated loan capital<br>.....                                       | 2,777     | 2,778     | 2,779     | 2,781     | 2,785     |
| Preferred securities and dated subordinated loan<br>capital <sup>30</sup> ..     | 48,114    | 48,260    | 49,438    | 54,421    | 52,126    |
| Risk-weighted assets and capital ratios <sup>28</sup>                            |           |           |           |           |           |
| Risk-weighted assets<br>.....  | 1,092,653 | 1,123,943 | 1,209,514 | 1,103,113 | 1,133,168 |
|  | %         | %         | %         | %         | %         |
| Core tier 1 ratio<br>.....   | 13.6      | 12.3      | 10.1      | 10.5      | 9.4       |
| Total capital ratio<br>.....   | 17.8      | 16.1      | 14.1      | 15.2      | 13.7      |
| Financial statistics   |           |           |           |           |           |
| Loans and advances to customers as a<br>percentage of customer accounts<br>..... | 72.9      | 74.4      | 75.0      | 78.1      | 77.3      |
| Average total shareholders' equity to average<br>total assets .                  | 6.55      | 6.16      | 5.64      | 5.53      | 4.72      |
| Net asset value per ordinary share at year-end <sup>31</sup><br>(US\$) .....     | 9.27      | 9.09      | 8.48      | 7.94      | 7.17      |
| Number of US\$0.50 ordinary shares in issue<br>(millions) .....                  | 18,830    | 18,476    | 17,868    | 17,686    | 17,408    |
| Closing foreign exchange translation rates to<br>US\$:                           |           |           |           |           |           |
| US\$1: £<br>.....  | 0.605     | 0.619     | 0.646     | 0.644     | 0.616     |
| US\$1: €<br>.....  | 0.726     | 0.758     | 0.773     | 0.748     | 0.694     |

For footnotes, see page 132.

A more detailed consolidated balance sheet is contained in the Financial Statements on page 419.

## Movement in 2013

Total reported assets were US\$2.7 trillion, 1% lower than at 31 December 2012, on both a reported and constant currency basis. Our balance sheet remains strong, with a ratio of customer advances to customer accounts of 72.9%.

During 2013, GB&M changed the way it manages repo and reverse repo activities. This led to an increase in 2013 in reverse repo agreements classified as 'Loans and advances to customers' and 'Loans and advances to banks', and a decline in those included in 'Trading assets'. Similarly, there was an increase in repo agreements classified in 'Deposits by banks' and 'Customer accounts', with a decline in 'Trading liabilities'. For further details of this change, see page 68.

Loans and advances to customers grew by more than US\$34.2bn in 2013, notably in term and trade-related lending to corporate and commercial customers. Customer accounts increased by over US\$56.3bn in 2013. These movements exclude reverse repo and repo transactions and the effect of currency movements.

The following commentary is on a constant currency basis.

### Assets

Cash and balances at central banks increased by 17%, mainly in Europe, driven by the placement of surplus funds reflecting growth in deposits in excess of lending growth and, to a lesser extent, in North America.

Trading assets decreased by US\$110bn or 27%, driven by a fall in reverse repos, reflecting the change in the way GB&M manages these activities noted above. Excluding this, trading assets were broadly in line with December 2012 levels.

Financial assets designated at fair value increased by 16%, in part due to favourable market movements in our European insurance operations coupled with higher investments from premium income received during the year in our insurance businesses, notably in Europe and Hong Kong.

Derivative assets decreased by 22%. Upward movements in yield curves in major currencies led to a decline in the fair value of interest rate contracts, largely in Europe. In North America, declines in fair values of interest rate contracts reflected the increase in swap rates during the year and increased netting.

Loans and advances to banks rose by US\$61.4bn or 41%, including a US\$56.4bn increase in reverse repos reflecting the change in the way GB&M manages these activities. Excluding this, there was a US\$5.0bn increase driven by higher placements with financial institutions in Hong Kong and Rest of Asia-Pacific.

Loans and advances to customers increased by US\$87.0bn or 9%, including a US\$52.8bn rise in reverse repo balances reflecting the change in the way GB&M manages these activities, which mainly affected balances in North America and the UK. We reclassified over US\$9.5bn of customer lending balances mainly relating to our operations in Panama and first lien mortgage portfolios in the US to 'Assets held for sale'. These were subsequently disposed of in the second half of the year.

Excluding these factors, customer lending balances grew by US\$44.0bn as continued demand for financing led to a rise in term and trade-related lending to CMB and GB&M customers in Hong Kong and, to a lesser extent, in Rest of Asia-Pacific. Commercial real estate and other property-related lending also grew in Hong Kong and Rest of Asia-Pacific. Residential mortgages remained broadly in line with 2012. There was growth in Rest of Asia-Pacific and, to a lesser extent, in Hong Kong, although the rate of growth in Hong Kong fell in the second half of the year.

We also continued to grow our portfolio in the UK, which reflected our competitive offering. These factors were broadly offset by the continued reduction in the US run-off portfolio. In addition, in the UK there was an increase in corporate overdraft balances, mainly in GB&M that did not meet the criteria for netting, with a corresponding rise in related customer accounts.

Financial investments were broadly in line with 2012 levels. We recorded net sales and maturities of available-for-sale government debt securities in North America. This was broadly offset by an increase in Hong Kong due to net new purchases, together with the re-classification of our shareholding in Industrial Bank.

Assets held for sale decreased by 79%, driven by the completion of the sales of our investment in Ping An and of the non-real estate personal lending portfolio in the US.

#### Liabilities

Deposits by banks rose by US\$21.4bn or 20% and included an increase of US\$30.5bn relating to repo balances, reflecting the change in the way GB&M manages these activities. Excluding this, balances fell in Europe and North America.

Customer accounts increased by US\$148.6bn or 11%. This included a rise in repo funding of US\$92.3bn reflecting the change in the way GB&M manages these activities, which mainly affected balances in North America and the UK. In addition, we reclassified over US\$6.5bn of deposit balances, mainly relating to our operations in Panama, to 'Liabilities of disposal groups held for sale'. These were subsequently disposed of in the second half of the year.

Excluding these factors, customer accounts increased by US\$63.4bn, driven by a rise in the UK in RBWM reflecting customers' continued preference for holding higher balances in readily-accessible current and savings accounts in the uncertain economic environment. This was coupled with higher balances in our Payments and Cash Management business in GB&M and CMB. Current accounts also grew in GB&M due to higher balances that did not meet the netting criteria and an increase in short-term deposits. In Hong Kong and Rest of Asia-Pacific, customer accounts rose, mainly in RBWM reflecting customer sentiment, but also in CMB reflecting deposit campaigns in the final quarter of the year. In North America, customer accounts grew, driven by higher balances in our CMB business although this was offset in part by a fall in RBWM, due to re-pricing.

Trading liabilities decreased by US\$102.1bn or 33% and included a fall of US\$114.3bn in repos reflecting the change in the way GB&M manages these activities. Excluding this, trading liabilities increased by US\$12.2bn driven by increases in Europe, reflecting client demand and volumes.

Financial liabilities designated at fair value remained broadly unchanged during 2013.

The reduction in the value of Derivative liabilities was in line with that of 'Derivative assets' as the underlying risk is broadly matched.

Debt securities in issue fell by 12%. This was driven by a net redemption in debt securities in issue in Europe together with maturing debt that was not replaced in the US as funding requirements declined due to business disposals and the run-off of the CML portfolio. These factors were partly offset by an increase in Brazil as we substituted wholesale customer deposits for medium-term loan notes.

Liabilities under insurance contracts rose by 9% as a result of liabilities to policyholders established for new business, largely written in Hong Kong.

Liabilities of disposal groups held for sale decreased by US\$1.9bn, driven by the disposal of non-strategic businesses in Latin America and North America.

## Equity

Total shareholders' equity rose by 4%, primarily driven by profits generated in the year, partly offset by dividends paid.

## Reconciliation of reported and constant currency assets and liabilities

| HSBC  | 31 December 2013 compared with 31 December 2012 |   |   |   |                         |                                     |
|---|---|---|---|---|-------------------------|-------------------------------------|
|   | 31 Dec<br>12<br>as<br>reported<br>US\$m         | Currency<br>translation<br>adjustment <sup>32</sup><br>US \$m | 31 Dec<br>12<br>at 31 Dec<br>13<br>exchange<br>rates<br>US\$m | 31 Dec<br>13<br>as<br>reported<br>US\$m | Reported<br>change<br>% | Constant<br>currency<br>change<br>% |
| Cash and balances at<br>central banks<br>.....        | 141,532   | 565   | 142,097   | 166,599                                 | 18                      | 17                                  |
| Trading assets<br>.....                               | 408,811   | 4,379   | 413,190   | 303,192                                 | (26)                    | (27)                                |
| Financial assets<br>designated at fair value<br>..... | 33,582  | (372)   | 33,210  | 38,430                                  | 14                      | 16                                  |
| Derivative assets<br>.....                            | 357,450   | 6,480   | 363,930   | 282,265                                 | (21)                    | (22)                                |
| Loans and advances to<br>banks                        | 152,546   | (2,420)   | 150,126   | 211,521                                 | 39                      | 41                                  |
| Loans and advances to<br>customers<br>.....           | 997,623   | (4,367)   | 993,256   | 1,080,304                               | 8                       | 9                                   |
| Financial investments<br>.....                        | 421,101   | (3,132)   | 417,969   | 425,925                                 | 1                       | 2                                   |
| Assets held for sale<br>.....                         | 19,269  | (303)   | 18,966  | 4,050                                   | (79)                    | (79)                                |
| Other assets<br>.....                                 | 160,624   | 3,215   | 163,839   | 159,032                                 | (1)                     | (3)                                 |
| Total assets<br>.....                                 | 2,692,538                                       | 4,045   | 2,696,583   | 2,671,318                               | (1)                     | (1)                                 |
| Deposits by banks<br>.....                            | 107,429   | 339   | 107,768   | 129,212                                 | 20                      | 20                                  |
| Customer accounts<br>.....                            | 1,340,014                                       | (5,801)   | 1,334,213   | 1,482,812                               | 11                      | 11                                  |
| Trading liabilities<br>.....                          | 304,563   | 4,605   | 309,168   | 207,025                                 | (32)                    | (33)                                |
|   | 87,720  | 1,155   | 88,875  | 89,084                                  | 2                       | -                                   |

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|  |           |         |           |           |      |      |
|--|-----------|---------|-----------|-----------|------|------|
| Financial liabilities designated at fair value |           |         |           |           |      |      |
| .....  |           |         |           |           |      |      |
| Derivative liabilities                         |           |         |           |           |      |      |
| .....  | 358,886   | 6,815   | 365,701   | 274,284   | (24) | (25) |
| Debt securities in issue                       |           |         |           |           |      |      |
| .....  | 119,461   | (1,088) | 118,373   | 104,080   | (13) | (12) |
| Liabilities under insurance contracts          |           |         |           |           |      |      |
| .....  | 68,195    | 115     | 68,310    | 74,181    | 9    | 9    |
| Liabilities of disposal groups held for sale   |           |         |           |           |      |      |
| .....  | 5,018     | (280)   | 4,738     | 2,804     | (44) | (41) |
| Other liabilities                              |           |         |           |           |      |      |
| .....  | 118,123   | (1,594) | 116,529   | 117,377   | -    | 1    |
| Total liabilities                              |           |         |           |           |      |      |
| .....  | 2,509,409 | 4,266   | 2,513,675 | 2,480,859 | (1)  | (1)  |
| Total shareholders' equity ....                | 175,242   | (463)   | 174,779   | 181,871   | 4    | 4    |
| Non-controlling interests .....                | 7,887     | (43)    | 7,844     | 8,588     | 9    | 9    |
| Total equity                                   |           |         |           |           |      |      |
| .....  | 183,129   | (506)   | 182,623   | 190,459   | 4    | 4    |
| Total equity and liabilities ....              | 2,692,538 | 3,760   | 2,696,298 | 2,671,318 | (1)  | (1)  |

For footnote, see page 132.

In 2013, GB&M changed the way it manages repo and reverse repo activities in the Credit and Rates businesses, which were previously being managed in a trading environment. During the year, the repo and reverse repo business activities were organised into trading and non-trading portfolios, with separate risk management procedures. This resulted in an increase in the amount of reverse repos classified as 'Loans and advances to customers' and 'Loans and advances to banks', and a decline in the amount classified as 'Trading assets' at 31 December 2013, compared with previous year-ends. Similarly, at 31 December 2013 there was an increase in the amount of repos classified as 'Customer accounts' and 'Deposits by banks', with a decline in the amount classified as 'Trading liabilities', compared with previous year-ends. The increase in amortised cost balances and the decrease in trading balances primarily occurred in Europe and North America, specifically the UK and the US.

The impact of repos and reverse repos on the balance sheet is set out in the table below. The table also provides a combined view of customer lending and customer deposits which, by taking into account loans and advances to customers and customer account balances reported as held for sale, more accurately reflects the overall size of our lending and deposit books.

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Combined view of lending and deposits

|  | 2013<br>US\$m | 2012<br>US\$m | Change<br>% |
|--|---------------|---------------|-------------|
| Customers - amortised cost   |               |               |             |
| Loans and advances to customers  |               |               |             |
| .....  | 1,080,304     | 997,623       | 8           |
| - loans and other  |               |               |             |
| receivables.....   | 992,089       | 962,972       | 3           |
| - reverse  |               |               |             |
| repos.....   | 88,215        | 34,651        | 155         |
| Loans and advances to customers reported in 'Assets held for sale' <sup>33</sup> |               |               |             |
| .....  | 1,703         | 6,124         | (72)        |
| <br>Combined customer lending  |               |               |             |
| .....  | 1,082,007     | 1,003,747     | 8           |
| <br>Customer accounts  |               |               |             |
| .....  | 1,482,812     | 1,340,014     | 11          |
| - cash deposits and other accounts   |               |               |             |
| .....  | 1,361,297     | 1,311,396     | 4           |
| -  |               |               |             |
| repos.....   | 121,515       | 28,618        | 325         |
| Customer accounts reported in 'Liabilities of disposal groups held for sale' ... |               |               |             |
| .....  | 2,187         | 2,990         | (27)        |
| <br>Combined customer deposits   |               |               |             |
| .....  | 1,484,999     | 1,343,004     | 11          |
| <br>Banks - amortised cost   |               |               |             |
| Loans and advances to banks  |               |               |             |
| .....  | 211,521       | 152,546       | 39          |
| - loans and other  |               |               |             |
| receivables.....   | 120,046       | 117,085       | 3           |
| - reverse  |               |               |             |
| repos.....   | 91,475        | 35,461        | 158         |
| <br>Deposits by banks  |               |               |             |
| .....  | 129,212       | 107,429       | 20          |
| - cash deposits and other accounts   |               |               |             |
| .....  | 86,507        | 95,480        | (9)         |
| -  |               |               |             |
| repos.....   | 42,705        | 11,949        | 257         |
| <br>Customers and banks - fair value   |               |               |             |
| Trading assets - reverse repos   |               |               |             |
| .....  | 10,120        | 118,681       | (91)        |
| - loans and advances to  |               |               |             |
| customers.....   | 7,180         | 73,666        | (90)        |
| .....  | 2,940         | 45,015        | (93)        |



- loans and advances to  
banks.....

Trading liabilities - repos

|                             |        |         |      |
|-----------------------------|--------|---------|------|
| .....                       | 17,421 | 130,223 | (87) |
| - customer<br>accounts..... | 9,611  | 103,483 | (91) |
| - deposits by<br>banks..... | 7,810  | 26,740  | (71) |

For footnote, see page 132.

Financial investments

|                       | At 31 December 2013            |                              |                 | At 31 December 2012            |                              |                 |
|-----------------------|--------------------------------|------------------------------|-----------------|--------------------------------|------------------------------|-----------------|
|                       | Equity<br>securities<br>US\$bn | Debt<br>securities<br>US\$bn | Total<br>US\$bn | Equity<br>securities<br>US\$bn | Debt<br>securities<br>US\$bn | Total<br>US\$bn |
| -                     |                                |                              |                 |                                |                              |                 |
| Balance Sheet         |                                |                              |                 |                                |                              |                 |
| Management .....      | -                              | 314.4                        | 314.4           | -                              | 293.4                        | 293.4           |
| Insurance entities    |                                |                              |                 |                                |                              |                 |
| .....                 | -                              | 46.4                         | 46.4            | -                              | 43.4                         | 43.4            |
| Structured entities   |                                |                              |                 |                                |                              |                 |
| .....                 | 0.1                            | 22.6                         | 22.7            | -                              | 24.7                         | 24.7            |
| Principal investments |                                |                              |                 |                                |                              |                 |
| .....                 | 2.7                            | -                            | 2.7             | 2.9                            | -                            | 2.9             |
| Other                 |                                |                              |                 |                                |                              |                 |
| .....                 | 6.3                            | 33.4                         | 39.7            | 2.9                            | 53.8                         | 56.7            |
| -                     |                                |                              |                 |                                |                              |                 |
|                       | 9.1                            | 416.8                        | 425.9           | 5.8                            | 415.3                        | 421.1           |

The table above analyses the Group's holdings of financial investments by business activity. Further information can be found in the following sections:

- 'Balance Sheet Management' (page 238) for a description of the activities and an analysis of third party assets in balance sheet management.
- 'Risk management of insurance operations' (page 249) includes an analysis of the financial investments within our insurance operations by the type of contractual liabilities that they back.
- 'Structured entities' (page 550) for further information about the nature of securities investment conduits in which the above financial investments are held.
- 'Equity securities classified as available for sale' (page 235) includes private equity holdings and other strategic investments.
- 'Other' represents financial investments held in certain locally managed treasury portfolios and other GB&M portfolios held for specific business activities.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: Ben J S Mathews

Title: Group Company Secretary

Date: 25 March 2014