HSBC HOLDINGS PLC
Form 6-K
March 26, 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 X 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 X

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

Distribution of financial instruments by credit quality
(Audited)

	Neither past due nor impaired				Past due but not impaired	Impaired	Impairment allowances11	Total
	Strong	Good	Satisfactory	Sub-standard				
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m

At 31 December 2013								
Cash and balances at central banks	162,017	2,877	265	1,440				166,599
Items in the course of collection from other banks.........................	5,590	66	286	79				6,021
Hong Kong Government certificates of indebtedness	25,220	-	-	-				25,220
Trading assets12	163,444	39,475	34,868	1,514				239,301
- treasury and other eligible bills	17,235	3,585	758	6				21,584
- debt securities	107,831	16,498	16,167	1,148				141,644
- loans and advances:								
to banks	15,804	5,546	6,342	193				27,885
to customers	22,574	13,846	11,601	167				48,188
Financial assets designated at fair value12	6,608	5,183	671	257				12,719
- treasury and other eligible bills	50	-	-	-				50
- debt securities	6,490	5,179	664	256				12,589
- loans and advances:								
to banks	68	-	7	1				76
to customers	-	4	-	-				4
Derivatives12	220,711	47,004	13,425	1,125				282,265
Loans and advances to customers held at amortised cost13	535,947	262,698	220,970	23,944	15,460	36,428	(15,143)	1,080,304
- personal	326,269	39,024	14,882	1,580	10,175	18,798	(6,602)	404,126
- corporate and commercial	133,355	194,970	175,046	21,281	5,009	16,877	(8,059)	538,479
- financial (non-bank financial institutions)	76,323	28,704	31,042	1,083	276	753	(482)	137,699
of which:								
- reverse repos	47,443	19,621	21,149	2	-	-	-	88,215
Loans and advances to banks held at amortised cost	155,598	39,388	13,382	3,125	11	75	(58)	211,521

of which:								
- reverse repos	64,100	18,257	7,116	2,002	-	-	-	91,475
Financial investments	362,799	27,833	17,556	6,089	-	2,508		416,785
- treasury and other similar bills	69,364	5,595	1,856	1,296	-	-		78,111
- debt securities	293,435	22,238	15,700	4,793	-	2,508		338,674
Assets held for sale	1,129	642	1,050	351	89	156	(111)	3,306
- disposal groups	1,093	642	496	351	86	90	(111)	2,647
- non-current assets held for sale	36	-	554	-	3	66	-	659
Other assets	11,372	7,386	13,798	808	218	436		34,018
- endorsements and acceptances	1,976	4,824	4,562	225	19	18		11,624
- accrued income and other	9,396	2,562	9,236	583	199	418		22,394
	1,650,435	432,552	316,271	38,732	15,778	39,603	(15,312)	2,478,059

	Neither past due nor impaired				Past due		Impair-	
	Strong US$m	Good US$m	Satisfactory US$m	Sub-standard US$m	but not impaired US$m	Impaired US$m	ment allowances11 US$m	Total US$m
At 31 December 2012								
Cash and balances at central banks	138,124	3,235	147	26				141,532
Items in the course of collection from other banks	6,661	203	439	-				7,303
Hong Kong Government certificates of indebtedness................	22,743	-	-	-				22,743
Trading assets12	237,078	60,100	66,537	3,462				367,177
- treasury and other eligible bills	20,793	4,108	1,340	41				26,282
- debt securities	106,453	16,685	20,931	608				144,677
- loans and advances:								
to banks	49,133	21,018	7,418	702				78,271
to customers	60,699	18,289	36,848	2,111				117,947

Financial assets designated at fair value12	6,186	5,884	401	243				12,714
- treasury and other eligible bills	54	-	-	-				54
- debt securities	6,089	5,830	391	241				12,551
- loans and advances:								
to banks	43	-	10	2				55
to customers	-	54	-	-				54
Derivatives12	284,115	46,214	24,877	2,244				357,450
Loans and advances to customers held at amortised cost13	507,871	222,402	202,666	23,224	18,901	38,671	(16,112)	997,623
- personal	321,887	39,533	16,225	1,430	12,267	23,751	(8,212)	406,881
- corporate and commercial	137,139	166,338	172,457	20,920	6,437	14,093	(7,346)	510,038
- financial (non-bank financial institutions)	48,845	16,531	13,984	874	197	827	(554)	80,704
of which:								
- reverse repos	29,324	4,944	381	2	-	-	-	34,651
Loans and advances to banks held at amortised cost	117,220	23,921	10,575	772	10	105	(57)	152,546
of which:								
- reverse repos	29,483	3,509	2,467	2	-	-	-	35,461
Financial investments	357,452	27,428	21,143	6,759	-	2,530		415,312
- treasury and other similar bills	80,320	3,818	1,957	1,455	-	-		87,550
- debt securities	277,132	23,610	19,186	5,304	-	2,530		327,762
Assets held for sale	2,425	3,287	2,311	314	387	1,286	(718)	9,292
- disposal groups	2,033	1,118	1,789	268	118	82	(49)	5,359
- non-current assets held for sale	392	2,169	522	46	269	1,204	(669)	3,933
Other assets	9,679	6,007	13,845	1,759	231	462		31,983
- endorsements and acceptances	1,995	4,344	5,195	483	7	8		12,032
- accrued income and other	7,684	1,663	8,650	1,276	224	454		19,951

1,689,554	398,681	342,941	38,803	19,529	43,054	(16,887)	2,515,675

For footnotes, see page 263.

Past due but not impaired gross financial instruments
(Audited)

Past due but not impaired loans are those in respect of which the customer is in the early stages of delinquency and has failed to make a payment or a partial payment in accordance with the contractual terms of the loan agreement. This is typically when a loan is less than 90 days past due and there are no other indicators of impairment.

Further examples of exposures past due but not impaired include individually assessed mortgages that are in arrears more than 90 days for which there are no other indicators of impairment and the value of collateral is sufficient to repay both the principal debt and all potential interest for at least one year, or short-term trade facilities past due more than 90 days for technical reasons such as delays in documentation but there is no concern over the creditworthiness of the counterparty. When groups of loans are collectively assessed for impairment, collective impairment allowances are recognised for loans classified as past due but not impaired.

At 31 December 2013, US$15.5bn of loans and advances held at amortised cost were classified as past due but not impaired (2012: US$18.9bn). The largest concentration of these balances was in HSBC Finance, where they decreased by 13% compared with the end of 2012 due to the continued run-off and loan sales in the CML portfolio. In Latin America, balances decreased by 54% to US$1.6bn, primarily in Brazil as we reposition our portfolio. In addition, we disposed of our operations in Panama.

Past due but not impaired loans and advances to customers and banks by geographical region
(Audited)

	Europe US$m	Hong Kong US$m	Rest of Asia-Pacific US$m	MENA US$m	North America US$m	Latin America US$m	Total US$m
31 December 2013							
Banks	-	11	-	-	-	-	11
Customers	2,399	1,488	2,723	757	6,453	1,640	15,460
- personal	1,287	882	1,882	174	4,817	1,133	10,175
- corporate and commercial	1,092	410	787	580	1,635	505	5,009
- financial (non-bank financial institutions)	20	196	54	3	1	2	276
	2,399	1,499	2,723	757	6,453	1,640	15,471
31 December 2012							

Banks	-	-	10	-	-	-	10
Customers	2,339	1,311	2,964	975	7,721	3,591	18,901
- personal	1,416	638	1,961	248	5,806	2,198	12,267
- corporate and commercial	909	579	953	726	1,910	1,360	6,437
- financial (non-bank financial institutions)	14	94	50	1	5	33	197
	2,339	1,311	2,974	975	7,721	3,591	18,911

Ageing analysis of days for past due but not impaired gross financial instruments (Audited)

	Up to 29 days US$m	30-59 days US$m	60-89 days US$m	90-179 days US$m	180 days and over US$m	Total US$m
At 31 December 2013						
Loans and advances to customers held at amortised cost	11,689	2,587	1,057	76	51	15,460
- personal	7,170	2,124	865	16	-	10,175
- corporate and commercial	4,290	418	190	60	51	5,009
- financial (non-bank financial institutions)	229	45	2	-	-	276
Loans and advances to banks held at amortised cost ...	11	-	-	-	-	11
Loans and advances	11,700	2,587	1,057	76	51	15,471
Assets held for sale	61	12	8	6	2	89
- disposal groups	61	11	8	5	1	86
- non-current assets held for sale	-	1	-	1	1	3
Other assets	142	43	18	6	9	218
- endorsements and acceptances	13	3	-	1	2	19
- other	129	40	18	5	7	199
	11,903	2,642	1,083	88	62	15,778

At 31 December 2012						
Loans and advances to customers held at amortised cost	14,226	3,189	1,262	200	24	18,901
- personal	8,718	2,441	1,058	42	8	12,267
- corporate and commercial	5,384	675	204	158	16	6,437
- financial (non-bank financial institutions)..........	124	73	-	-	-	197
Loans and advances to banks held at amortised cost ...	10	-	-	-	-	10
Loans and advances	14,236	3,189	1,262	200	24	18,911
Assets held for sale	251	84	48	2	2	387
- disposal groups	87	17	11	1	2	118
- non-current assets held for sale	164	67	37	1	-	269
Other assets	122	37	24	12	36	231
- endorsements and acceptances	6	1	-	-	-	7
- other	116	36	24	12	36	224
	14,609	3,310	1,334	214	62	19,529

Renegotiated loans and forbearance
(Audited)

Current policies and procedures regarding renegotiated loans and forbearance are described in the Appendix to Risk on page 268.

The contractual terms of a loan may be modified for a number of reasons, including changes in market conditions, customer retention and other factors not related to the current or potential credit deterioration of a customer. 'Forbearance' describes concessions made on the contractual terms of a loan in response to an obligor's financial difficulties. We classify and report loans on which concessions have been granted under conditions of credit distress as 'renegotiated loans' when their contractual payment terms have been modified, because we have significant concerns about the borrowers' ability to meet contractual payments when due. Concessions on loans made to customers which do not affect the

payment structure or basis of repayment, such as waivers of financial or security covenants, do not directly provide concessionary relief to customers in terms of their ability to service obligations as they fall due and are therefore not included in this classification.

There were no material changes to our group standard policies and procedures regarding renegotiated loans in 2013. In Brazil, we realigned local practices to meet Group standard policy and reviewed the impairment allowance methodology used for our retail banking and Business Banking mass portfolios to ensure that it better reflected the level of restructuring that is taking place and the performance of these restructured accounts.

The following tables show the gross carrying amounts of the Group's holdings of renegotiated loans and advances to customers by industry sector, geography and credit quality classification.

Renegotiated loans and advances to customers
(Audited)

	At 31 December 2013				At 31 December 2012			
	Neither past due nor impaired US$m	Past due but not impaired US$m	Impaired US$m	Total US$m	Neither past due nor impaired US$m	Past due but not impaired US$m	Impaired US$m	Total US$m
Personal	5,895	3,585	12,092	21,572	7,952	3,524	18,279	29,755
- first lien residential mortgages	4,881	3,219	10,857	18,957	5,861	2,828	15,459	24,148
- other personal1	1,014	366	1,235	2,615	2,091	696	2,820	5,607
Corporate and commercial..	3,147	362	8,493	12,002	4,608	295	6,892	11,795
- manufacturing and international trade services	1,529	163	4,178	5,870	2,381	154	3,012	5,547
- commercial real estate and other property-related	1,050	113	3,385	4,548	1,796	10	3,484	5,290
- governments	274	-	43	317	177	-	-	177
- other commercial10	294	86	887	1,267	254	131	396	781
Financial	358	-	243	601	255	-	422	677
	9,400	3,947	20,828	34,175	12,815	3,819	25,593	42,227
Total renegotiated loans and advances to customers as a percentage of total gross loans and advances to customers				3.1%				4.2%

For footnotes, see page 263.

Renegotiated loans and advances to customers by geographical region
(Audited)

	Europe US$m	Hong Kong US$m	Rest of Asia-Pacific US$m	MENA US$m	North America US$m	Latin America US$m	Total US$m
31 December 2013							
Personal	2,251	218	217	149	18,130	607	21,572
- first lien residential mortgages	1,820	52	65	91	16,853	76	18,957
- other personal1	431	166	152	58	1,277	531	2,615
Corporate and commercial	7,270	125	205	1,583	658	2,161	12,002
- manufacturing and international trade services	3,709	18	85	489	198	1,371	5,870
- commercial real estate and other property-related	2,940	3	36	662	446	461	4,548
- governments	-	-	-	137	-	180	317
- other commercial10	621	104	84	295	14	149	1,267
Financial	235	-	2	362	1	1	601
	9,756	343	424	2,094	18,789	2,769	34,175
Total impairment allowances on renegotiated loans	1,867	13	88	460	2,285	1,014	5,727
- individually assessed	1,821	12	66	460	98	464	2,921
- collectively assessed	46	1	22	-	2,187	550	2,806

	Europe US$m	Hong Kong US$m	Rest of Asia-Pacific US$m	MENA US$m	North America US$m	Latin America US$m	Total US$m
31 December 2012							
Personal	2,817	245	248	190	25,474	781	29,755
- first lien residential mortgages	1,896	68	78	112	21,896	98	24,148
	921	177	170	78	3,578	683	5,607

- other personal1							
Corporate and commercial	6,829	147	300	1,859	685	1,975	11,795
- manufacturing and international trade services	3,002	22	193	659	191	1,480	5,547
- commercial real estate and other property-related	3,641	25	37	899	486	202	5,290
- governments	-	-	-	2	-	175	177
- other commercial10	186	100	70	299	8	118	781
Financial	328	-	4	340	3	2	677
	9,974	392	552	2,389	26,162	2,758	42,227
Total impairment allowances on renegotiated loans	1,547	16	96	546	3,864	485	6,554
- individually assessed	1,545	15	63	543	39	213	2,418
- collectively assessed	2	1	33	3	3,825	272	4,136

For footnotes, see page 263.

Movement in renegotiated loans by geographical region
(Unaudited)

	Europe US$m	Hong Kong US$m	Rest of Asia-Pacific US$m	MENA US$m	North America US$m	Latin America US$m	Total US$m
Renegotiated loans at 1 January 2013	9,974	392	552	2,389	26,162	2,758	42,227
- personal	2,817	245	248	190	25,474	781	29,755
- corporate and commercial	6,829	147	300	1,859	685	1,975	11,795
- financial	328	-	4	340	3	2	677
Loans renegotiated in the year without derecognition...	2,807	-	49	101	1,727	1,311	5,995
- personal	264	-	8	16	1,335	507	2,130
- corporate and commercial	2,541	-	41	85	391	803	3,861
- financial	2	-	-	-	1	1	4
	105	47	66	14	-	62	294

Loans renegotiated in the year resulting in recognition of a new loan.............................							
- personal	17	46	30	14	-	25	132
- corporate and commercial	88	1	36	-	-	37	162
- financial	-	-	-	-	-	-	-
Repayments	(2,139)	(99)	(134)	(541)	(1,759)	(707)	(5,379)
- personal	(489)	(71)	(40)	(64)	(1,387)	(353)	(2,404)
- corporate and commercial	(1,574)	(28)	(93)	(477)	(370)	(354)	(2,896)
- financial	(76)	-	(1)	-	(2)	-	(79)
Amounts written off	(426)	(2)	(23)	(38)	(1,035)	(409)	(1,933)
- personal	(99)	(2)	(18)	(9)	(995)	(233)	(1,356)
- corporate and commercial	(303)	-	(5)	(29)	(40)	(175)	(552)
- financial	(24)	-	-	-	-	(1)	(25)
Other	(565)	5	(86)	169	(6,306)	(246)	(7,029)
- personal	(259)	-	(11)	2	(6,297)	(120)	(6,685)
- corporate and commercial	(311)	5	(74)	145	(8)	(125)	(368)
- financial	5	-	(1)	22	(1)	(1)	24
At 31 December 2013	9,756	343	424	2,094	18,789	2,769	34,175
- personal	2,251	218	217	149	18,130	607	21,572
- corporate and commercial	7,270	125	205	1,583	658	2,161	12,002
- financial	235	-	2	362	1	1	601

For footnote, see page 263.

The above table shows the movement in renegotiated loans for the year. During the year there were US$6.3bn of new loans classified as renegotiated, of which US$294m resulted in the derecognition of the original loan and recognition of a new loan. The majority of the movement during the year was in 'Other', which included a reduction in North America of US$5.6bn due to loan sales in the CML portfolio and transfers to other assets upon foreclosure and repossession of the real estate collateral of US$668m. In addition, there were refinements in data collection to personal and corporate and commercial, which resulted in improved renegotiated loan identification and led to a decrease in Turkey of US$523m.

See page 270 for further details on the types of restructures that may result in derecognition accounting.

2013 compared with 2012
(Unaudited)

The following commentary is on a reported basis.

Renegotiated loans totalled US$34.2bn at 31 December 2013 (2012: US$42.2bn). The most significant portfolio remained in North America at US$18.8bn or 55% of the total at 31 December 2013 (2012: US$26.2bn or 62%), substantially all of which were retail loans held by HSBC Finance

Further commentary is provided below for retail and corporate and commercial renegotiated loans.

Retail renegotiated loans
(Unaudited)

The following commentary is on a reported basis.

Renegotiated loans to retail customers totalled US$21.6bn at 31 December 2013, a reduction of US$8.2bn compared with the end of 2012. This was due to the continued run-off and loan sales in the CML portfolio. The most significant portfolio of renegotiated retail loans remained in North America and amounted to US$18.1bn or 84% of the Group's total, substantially all of which were retail loans held by HSBC Finance.

The next largest portfolio of renegotiated retail loans was in Europe and amounted to US$2.3bn, a reduction of US$566m compared with the end of 2012. The decrease was mainly due to repayments and write-offs on renegotiated loans in the UK.

In Latin America, renegotiated retail loans decreased by US$174m to US$607m, mainly resulting from more restrictive conditions being required for the approval of renegotiations.

Renegotiated retail loans in Hong Kong, Rest of Asia-Pacific and the Middle East and North Africa remained low.

HSBC Finance loan modifications and re-age programmes

HSBC Finance maintains loan modification and re-age ('loan renegotiation') programmes in order to manage customer relationships, improve collection opportunities and, if possible, avoid foreclosure.

Since 2006, HSBC Finance has implemented an extensive loan renegotiation programme, and a significant portion of its loan portfolio has been subject to renegotiation at some stage in the life of the customer relationship as a consequence of the economic conditions in the US and the nature of HSBC Finance's customer base.

The volume of loans that qualify for modification has reduced significantly in recent years. We expect this trend to continue as HSBC Finance believes the percentage of its customers with unmodified loans who would benefit from loan modification in a way that would avoid non-payment of future cash flows is decreasing. In addition, volumes of new loan modifications are expected to decrease due to gradual improvements in economic conditions, the cessation of new real estate secured and personal non-credit card receivables originations, and the continued run-off and loan sales in the CML portfolio.

Qualifying criteria

For an account to qualify for renegotiation it must meet certain criteria. However, HSBC Finance retains the right to decline a renegotiation. The extent to which HSBC Finance renegotiates accounts that are eligible under its existing policies varies according to its view of prevailing economic conditions and other factors which may change from year to year. In addition, exceptions to policies and practices may be made in specific situations in response to legal or regulatory agreements or orders.

Renegotiated real estate secured and personal lending receivables are not eligible for a subsequent renegotiation for twelve and six months, respectively, with a maximum of five renegotiations permitted within a five-year period.

Borrowers must be approved for a modification and generally make two minimum qualifying monthly payments within 60 days to activate a modification. In certain circumstances where the debt has been restructured in bankruptcy proceedings, fewer or no payments may be required. Accounts whose borrowers are subject to a Chapter 13 plan filed with a bankruptcy court generally may be re-aged upon receipt of one qualifying payment, while accounts whose borrowers have filed for Chapter 7 bankruptcy protection may be re-aged upon receipt of a signed reaffirmation agreement. In addition, for some products accounts may be re-aged without receipt of a payment in certain special circumstances (e.g. in the event of a natural disaster or a hardship programme).

Types of loan renegotiation programme in HSBC Finance

· A temporary modification is a change to the contractual terms of a loan that results in HSBC Finance giving up a right to contractual cash flows over a pre-defined period. With a temporary modification the loan is expected to revert back to the original contractual terms, including the interest rate charged, after the modification period. An example is reduced interest payments.

A substantial number of HSBC Finance modifications involve interest rate reductions, which lower the amount of interest income HSBC Finance is contractually entitled to receive in future periods. Historically, modifications have generally been for six months, although extended modification periods are now more common.

Loans that have been re-aged are classified as impaired with the exception of first-time loan re-ages that were less than 60 days past due at the time of re-age. These remain classified as impaired until they have demonstrated a history of payment performance against their original contracted terms for at least 12 months.

· A permanent modification is a change to the contractual terms of a loan that results in HSBC Finance giving up a right to contractual cash flows over the life of the loan. An example is a permanent reduction in the interest rate charged.

Permanent or long-term modifications which are due to an underlying hardship event remain classified as impaired for their full life.

· The term 're-age' describes a renegotiation by which the contractual delinquency status of a loan is reset to current after demonstrating payment performance. The overdue principal and/or interest is deferred and paid at a later date. Loan re-ageing enables customers who have been unable to make a small number of payments to have their loan delinquency status reset to current so that their credit score is not affected by the overdue balances. Loans that have been re-aged remain classified as impaired until they have demonstrated a history of payment performance against the original contractual terms for at least 12 months. A temporary or permanent modification may also lead to a re-ageing of a loan although a loan may be re-aged without any modification to its original terms and conditions.

Where loans have been granted multiple concessions, subject to the qualifying criteria discussed above, the concession is deemed to have been made due to concern regarding the borrower's ability to pay, and the loan is disclosed as impaired. The loan remains disclosed as impaired from that date forward until the borrower has demonstrated a history of repayment performance for the period of time required for either modifications or re-ages, as described above.

2013 compared with 2012

At 31 December 2013, renegotiated real estate secured accounts in HSBC Finance represented 91% (2012: 86%) of North America's total renegotiated loans. US$10bn (2012: US$14bn) of renegotiated real estate secured loans were classified as impaired. A significant portion of HSBC Finance's renegotiated portfolio has received multiple renegotiations. Consequently, a significant proportion of loans included in the table below have undergone multiple re-ages or modifications. In this regard, multiple modifications have remained consistent at 75% to 80% of total modifications.

During 2013, the aggregate number of renegotiated loans reduced, due to the run-off and loan sales in the CML portfolio, despite renegotiation activity continuing. Within the constraints of our Group credit policy, HSBC Finance's policies allow for multiple renegotiations under certain circumstances, and a significant number of accounts received second or subsequent renegotiations during the year which do not appear in the statistics presented. These statistics treat a loan as an addition to the volume of renegotiated loans on its first renegotiation only. At 31 December 2013, renegotiated loans were 57% (2012: 58%) of the total portfolio of HSBC Finance's real estate secured accounts.

Gross loan portfolio of HSBC Finance real estate secured balances
(Unaudited)

	Re-aged14 US$m	Modified and re-aged US$m	Modified US$m	Total re-negotiated loans US$m	Total non-renegotiated loans US$m	Total gross loans US$m	Total impair-ment allowances US$m	Impair-ment allowances/ gross loans %
At 31 December 2013	8,167	8,213	768	17,148	13,171	30,319	3,028	10
At 31 December 2012	9,640	11,660	1,121	22,421	16,261	38,743	4,481	12

For footnote, see page 263.

Movement in HSBC Finance renegotiated real estate balances
(Unaudited)

	2013 US$m	2012 US$m
At 1 January	22,421	24,588
Additions	967	1,221
Payments	(1,540)	(1,133)
Write-offs	(1,122)	(1,796)
Transfer to 'Assets held for sale' and 'Other assets'	(3,578)	(459)
At 31 December	17,148	22,421

Number of renegotiated real estate secured accounts remaining in HSBC Finance's portfolio
(Unaudited)

	Number of renegotiated loans (000s)				Total number of loans (000s)
	Re-aged	Modified and re-aged	Modified	Total	
At 31 December 2013	102	78	8	188	352
At 31 December 2012	117	107	11	235	427

Corporate and commercial renegotiated loans
(Unaudited)

For the current policies and procedures regarding renegotiated loans in the corporate and commercial sector, see the Appendix to Risk on page 271.

On a reported basis, there was a US$207m increase in renegotiated loans in the corporate and commercial sector in 2013 to US$12bn. Higher balances in Europe US$441m and Latin America US$186m, were partly offset by reductions across the other regions.

In Europe, there were higher balances in manufacturing and international trade services of US$707m, mainly in the UK due to a small number of significant individual restructurings, and in other commercial balances of US$435m, principally in Spain. This was partly offset by lower balances in the commercial real estate and other property-related sector of US$701m, mainly in the UK due to net loan repayments.

In the Middle East and North Africa, the majority of the fall of US$276m was due to loan repayments in both manufacturing and international trade services and commercial real estate and other property-related sectors, mainly in the UAE.

In Rest of Asia-Pacific, the majority of the US$95m reduction in renegotiated loan balances was in the manufacturing and international trade services sector as well as the commercial real estate and other property-related sector.

Renegotiated balances in Latin America increased by US$186m compared with the end of 2012, primarily due to a small number of large renegotiations in the commercial real estate and other property-related sector in Mexico, related to homebuilders resulting from a change in public housing policy.

Collateral

Collateral and other credit enhancements held
(Audited)

Loans and advances held at amortised cost

It is the Group's practice to lend on the basis of customers' ability to meet their obligations out of cash flow resources rather than rely on the value of security offered. Depending on a customer's standing and the type of product, facilities may be provided without security. For other lending, a charge over collateral is obtained and considered in determining the credit decision and pricing. In the event of default, the bank may utilise the collateral as a source of repayment. Depending on its form, collateral can have a significant financial effect in mitigating our exposure to credit risk.

The tables below provide a quantification of the value of fixed charges we hold over borrowers' specific assets where we have a history of enforcing, and are able to enforce, collateral in satisfying a debt in the event of the borrower failing to meet its contractual obligations, and where the collateral is cash or can be realised by sale in an established market. The collateral valuation in the tables below excludes any adjustments for obtaining and selling the collateral.

We may also manage our risk by employing other types of collateral and credit risk enhancements such as second charges, other liens and unsupported guarantees, but the valuation of such mitigants is less certain and their financial effect has not been quantified. In particular, loans shown in the tables below as not collateralised or partially collateralised may benefit from such credit mitigants.

Certain credit mitigants are used strategically in portfolio management activities. While single name concentrations arise in portfolios managed by GB&M and CMB, it is only in the former that their size requires the use of portfolio level credit mitigants. Across GB&M risk limits and utilisations, maturity profiles and risk quality are monitored and managed pro-actively. This process is key to determining our risk appetite for these larger, more complex, geographically distributed customer groups. While the principal form of risk management continues to be at the point of exposure origination through the lending decision-making process, GB&M also utilises loan sales and credit default swap ('CDS') hedges to manage concentrations and reduce risk. These transactions are the responsibility of a dedicated GB&M portfolio management team. Hedging activity is carried out within agreed credit parameters, and is subject to market risk limits and a robust governance structure. CDS mitigants are held at portfolio level and are not reported in the presentation below.

Personal lending

Residential mortgage loans including loan commitments by level of collateral
(Audited)

	Europe US$m	Hong Kong US$m	Rest of Asia-Pacific US$m	MENA US$m	North America US$m	Latin America US$m	Total US$m
At 31 December 2013							
Non-impaired loans and advances							
Fully collateralised	146,326	54,432	43,900	2,235	44,125	3,749	294,767
Loan to value ('LTV') ratio:							
- less than 25%	11,438	8,496	4,270	149	3,339	219	27,911
- 25% to 50%	43,590	29,508	13,205	600	9,833	1,118	97,854
- 51% to 75%	66,452	13,726	20,644	1,095	20,751	1,715	124,383
- 76% to 90%	21,603	1,887	4,949	348	6,933	606	36,326
- 91% to 100%	3,243	815	832	43	3,269	91	8,293
Partially collateralised:							
- greater than 100% LTV (A)	1,410	14	348	42	4,150	59	6,023
- collateral value on A ..	852	14	293	37	3,681	49	4,926
	147,736	54,446	44,248	2,277	48,275	3,808	300,790
Impaired loans and advances							
Fully collateralised	1,369	33	221	90	10,128	160	12,001
LTV ratio:							