

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 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-.....).

Further analysis of impairment

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Movement in impairment allowances by industry sector and by geographical region
(Unaudited)

	Rest of						
	Hong Europe	Asia- Kong	Pacific	MENA	North America	Latin America	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Impairment allowances at 1 January 2013 ..	5,361	473	746	1,811	5,616	2,162	16,169
Amounts written off				(195)			
Personal	(2,180)	(187)	(373)	(107)	(1,610)	(2,110)	(6,655)
- first lien residential mortgages	(876)	(152)	(309)	(2)	(1,330)	(1,593)	(4,367)
- other personal1	(83)	-	(7)	(105)	(779)	(25)	(896)
Corporate and commercial	(793)	(152)	(302)	(78)	(551)	(1,568)	(3,471)
- manufacturing and international trade and services	(1,264)	(32)	(64)	(64)	(277)	(514)	(2,229)
- commercial real estate and other property-related	(680)	(30)	(43)	(64)	(80)	(386)	(1,283)
- other commercial10	(289)	-	(7)	(12)	(141)	(23)	(462)
Financial2	(295)	(2)	(14)	(10)	(56)	(105)	(484)
Recoveries of amounts written off in previous years	(40)	(3)	-		(3)	(3)	(59)
Personal	637	35	132	87	123	282	1,296
- first lien residential mortgages	584	31	122	41	82	237	1,097
- other personal1	25	3	1	-	67	23	119
	559	28	121	41	15	214	978
	52	4	10	46	41	45	198

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Corporate and commercial							
.....							
- manufacturing and international trade and services	19	4	3	2	6	27	61
.....							
- commercial real estate and other property-related	6	-	4	-	18	1	29
.....							
- other commercial ¹⁰	27	-	3	44	17	17	108
.....							
Financial ²				-			
.....	1	-	-		-	-	1
Charge to income statement				(44)			
.....	1,732	135	348		1,235	2,642	6,048
Personal				46			
.....	320	140	205		963	1,522	3,196
- first lien residential mortgages				(13)			
.....	(11)	(8)	1		647	11	627
- other personal ¹				59			
.....	331	148	204		316	1,511	2,569
Corporate and commercial				(13)			
.....	1,467	8	144		253	1,115	2,974
- manufacturing and international trade and services							
.....	800	33	101	37	125	594	1,690
- commercial real estate and other property-related							
.....	432	(4)	2	(5)	79	322	826
- other commercial ¹⁰				(45)			
.....	235	(21)	41		49	199	458
Financial ²				(77)			
.....	(55)	(13)	(1)		19	5	(122)
Exchange and other movements ¹⁹				(76)			
.....	48	(7)	(88)		(1,122)	(412)	(1,657)
At 31 December 2013				1,583			
.....	5,598	449	765		4,242	2,564	15,201
Impairment allowances against banks:							
- individually assessed				18			
.....	35	-	-		5	-	58
Impairment allowances against customers:							

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- individually assessed				1,131			
.....	4,019	174	460		410	878	7,072
- collectively assessed ¹⁸				434			
.....	1,544	275	305		3,827	1,686	8,071
At 31 December 2013				1,583			
.....	5,598	449	765		4,242	2,564	15,201

Movement in impairment allowances by industry sector and by geographical region (continued)
(Unaudited)

			Rest of				
	Europe	Hong Kong	Asia- Pacific	MENA	North America	Latin America	Total
(U	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Impairment allowances at 1 January 2012	5,292	581	782	1,731	7,239	2,011	17,636
Amounts written off				(305)			
.....	(2,375)	(219)	(540)		(4,181)	(2,192)	(9,812)
Personal				(126)			
.....	(828)	(128)	(347)		(3,862)	(1,614)	(6,905)
- first lien residential mortgages				(2)			
.....	(28)	-	(7)		(1,952)	(70)	(2,059)
- other personal ¹				(124)			
.....	(800)	(128)	(340)		(1,910)	(1,544)	(4,846)
Corporate and commercial				(154)			
.....	(1,428)	(91)	(193)		(234)	(577)	(2,677)
- manufacturing and international trade and services							
.....	(661)	(91)	(164)	(137)	(59)	(498)	(1,610)
- commercial real estate and other property-related							
.....	(377)	-	(8)	(6)	(97)	(18)	(506)
- other commercial ¹⁰				(11)			
.....	(390)	-	(21)		(78)	(61)	(561)
Financial ²				(25)			
.....	(119)	-	-		(85)	(1)	(230)

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Recoveries of amounts written off in previous years							
.....	409	31	150	75	129	352	1,146
Personal				50			
.....	354	30	132		88	312	966
- first lien residential mortgages				5			
.....	34	4	2		46	49	140
- other personal1				45			
.....	320	26	130		42	263	826
Corporate and commercial				25			
.....	51	1	18		38	39	172
- manufacturing and international trade and services							
.....	16	1	5	2	7	28	59
- commercial real estate and other property-related							
.....	9	-	11	-	19	2	41
- other commercial10				23			
.....	26	-	2		12	9	72
Financial2				-			
.....	4	-	-		3	1	8
Charge to income statement				255			
.....	1,874	84	340		3,462	2,145	8,160
Personal				57			
.....	348	96	234		3,228	1,399	5,362
- first lien residential mortgages				7			
.....	(56)	(11)	14		1,986	(30)	1,910
- other personal1				50			
.....	404	107	220		1,242	1,429	3,452
Corporate and commercial				169			
.....	1,547	(14)	102		252	746	2,802
- manufacturing and international trade and services							
.....	670	(12)	32	80	62	625	1,457
- commercial real estate and other property-related							
.....	444	7	55	62	94	28	690
- other commercial10				27			
.....	433	(9)	15		96	93	655
Financial2				29			
.....	(21)	2	4		(18)	-	(4)

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Exchange and other movements ¹⁹	161	(4)	14	55	(1,033)	(154)	(961)
At 31 December 2012	5,361	473	746	1,811	5,616	2,162	16,169
Impairment allowances against banks:							
- individually assessed	40	-	-	17	-	-	57
Impairment allowances against customers:							
- individually assessed	3,781	192	442	1,323	428	406	6,572
- collectively assessed ¹⁸	1,540	281	304	471	5,188	1,756	9,540
At 31 December 2012	5,361	473	746	1,811	5,616	2,162	16,169

For footnotes, see page 263.

Movement in impairment allowances over 5 years
(Unaudited)

	2013	2012	2011	2010	2009
	US\$m	US\$m	US\$m	US\$m	US\$m
Impairment allowances at 1 January	16,169	17,636	20,241	25,649	23,972
Amounts written off	(6,655)	(9,812)	(12,480)	(19,300)	(24,840)
Personal	(4,367)	(6,905)	(10,431)	(16,458)	(22,703)
- first lien residential mortgages	(896)	(2,059)	(2,662)	(4,163)	(4,704)
- other personal ¹	(3,471)	(4,846)	(7,769)	(12,295)	(17,999)
Corporate and commercial	(2,229)	(2,677)	(2,009)	(2,789)	(1,984)
- manufacturing and international trade and services .	(1,283)	(1,610)	(1,137)	(1,050)	(1,093)
- commercial real estate and other property-related .	(462)	(506)	(392)	(1,280)	(327)
- other commercial ¹⁰	(484)	(561)	(480)	(459)	(564)
Financial ²	(59)	(230)	(40)	(53)	(153)
Recoveries of amounts written off in previous years	1,296	1,146	1,426	1,020	890
Personal	1,097	966	1,175	846	712

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- first lien residential mortgages	119	140	86	93	61
- other personal1	978	826	1,089	753	651
Corporate and commercial	198	172	242	156	170
- manufacturing and international trade and services .	61	59	135	92	123
- commercial real estate and other property-related .	29	41	20	21	9
- other commercial10	108	72	87	43	38
Financial2	1	8	9	18	8
Charge to income statement					
.....	6,048	8,160	11,505	13,548	24,942
Personal	3,196	5,362	9,318	11,187	19,781
- first lien residential mortgages	627	1,910	4,103	3,461	4,185
- other personal1	2,569	3,452	5,215	7,726	15,596
Corporate and commercial	2,974	2,802	2,114	2,198	4,711
- manufacturing and international trade and services .	1,690	1,457	901	909	2,392
- commercial real estate and other property-related .	826	690	764	660	1,492
- other commercial10	458	655	449	629	827
Financial2	(122)	(4)	73	163	450
Exchange and other movements19					
.....	(1,657)	(961)	(3,056)	(676)	685
At 31 December					
.....	15,201	16,169	17,636	20,241	25,649
Impairment allowances against banks:					
- individually assessed	58	57	125	158	107
Impairment allowances against customers:					
- individually assessed	7,072	6,572	6,537	6,457	6,494
- collectively assessed	8,071	9,540	10,974	13,626	19,048
At 31 December					
.....	15,201	16,169	17,636	20,241	25,649

For footnotes, see page 263.

Movement in impairment allowances on loans and advances to customers and banks
(Audited)

Banks		Customers		Total
individually assessed	Individually assessed	Collectively assessed		

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	US\$m	US\$m	US\$m	US\$m
At 1 January 2013				
.....	57	6,572	9,540	16,169
Amounts written off	(4)	(1,937)	(4,714)	(6,655)
Recoveries of loans and advances previously written off	-	209	1,087	1,296
Charge to income statement	5	2,315	3,728	6,048
Exchange and other movements ¹⁹	-	(87)	(1,570)	(1,657)
.....				
At 31 December 2013				
.....	58	7,072	8,071	15,201
Impairment allowances on loans and advances to customers				
.....		7,072	8,071	15,143
- personal		589	6,013	6,602
- corporate and commercial		6,096	1,963	8,059
- financial		387	95	482
.....				
	%	%	%	%
As a percentage of loans and advances ^{20,21}	0.05	0.70	0.80	1.35
.....				
	US\$m	US\$m	US\$m	US\$m
At 1 January 2012				
.....	125	6,537	10,974	17,636
Amounts written off	(70)	(2,361)	(7,381)	(9,812)
Recoveries of loans and advances previously written off	-	199	947	1,146
Charge to income statement	-	2,139	6,021	8,160
Exchange and other movements ¹⁹	2	58	(1,021)	(961)
.....				
At 31 December 2012				
.....	57	6,572	9,540	16,169
		6,572	9,540	16,112

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Impairment allowances on loans
and advances to customers

.....				
- personal		685	7,527	8,212
.....				
- corporate and commercial		5,407	1,939	7,346
.....				
- financial		480	74	554
.....				
	%	%	%	%

As a percentage of loans and advances20,21	0.05	0.67	0.98	1.48
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For footnotes, see page 263.

Individually and collectively assessed impairment charge to the income statement by industry sector
(Unaudited)

	2013			2012		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Banks						
.....	5	-	5	-	-	-
Personal						
.....	49	3,147	3,196	96	5,266	5,362
- first lien residential mortgages						
.....	27	600	627	40	1,870	1,910
- other personal1						
.....	22	2,547	2,569	56	3,396	3,452
Corporate and commercial						
.....	2,414	560	2,974	2,029	773	2,802
- manufacturing and international trade						
and services	1,265	425	1,690	910	547	1,457
- commercial real estate and other property-related	791	35	826	604	86	690
- other commercial10						
.....	358	100	458	515	140	655
Financial						
.....	(148)	21	(127)	14	(18)	(4)
Total charge to income statement						
.....	2,320	3,728	6,048	2,139	6,021	8,160

For footnotes, see page 263.

Net loan impairment charge to the income statement
(Unaudited)

	2013	2012	2011	2010	2009
	US\$m	US\$m	US\$m	US\$m	US\$m
Individually assessed impairment allowances					
.....	2,320	2,139	1,915	2,625	4,458
- new allowances	3,440	3,272	2,904	3,617	5,173
.....					
- release of allowances no longer required	(911)	(934)	(798)	(847)	(581)
.....					
- recoveries of amounts previously written off	(209)	(199)	(191)	(145)	(134)
.....					
Collectively assessed impairment allowances	3,728	6,021	9,590	10,923	20,484
.....					
- new allowances net of allowance releases	4,815	6,968	10,825	11,798	21,240
.....					
- recoveries of amounts previously written off	(1,087)	(947)	(1,235)	(875)	(756)
.....					
Total charge for impairment losses	6,048	8,160	11,505	13,548	24,942
.....					
- banks	5	-	(16)	12	70
.....					
- customers	6,043	8,160	11,521	13,536	24,872
.....					
At 31 December					
Impaired loans	36,503	38,776	41,739	47,064	30,845
.....					
Impairment allowances	15,201	16,169	17,636	20,241	25,649
.....					

Charge for impairment losses as a percentage of average gross loans and advances to customers by geographical region²²
(Unaudited)

	Europe	Hong	Rest of	MENA	North America	Latin America	Total
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	Kong		Asia-Pacific				
	%	%	%	%	%	%	%
2013							
New allowances net of allowance releases ...	0.59	0.09	0.34	0.15	0.91	5.93	0.78
Recoveries	(0.16)	(0.02)	(0.09)	(0.29)	(0.08)	(0.57)	(0.14)
Total charge for impairment losses	0.43	0.07	0.25	(0.14)	0.83	5.36	0.64
Amount written off net of recoveries	0.39	0.08	0.17	0.38	1.00	3.68	0.56
2012							
New allowances net of allowance releases ...	0.58	0.07	0.37	1.16	2.31	4.36	1.00
Recoveries	(0.10)	(0.02)	(0.11)	(0.26)	(0.08)	(0.62)	(0.12)
Total charge for impairment losses	0.48	0.05	0.26	0.90	2.23	3.74	0.88
Amount written off net of recoveries	0.50	0.11	0.30	0.81	2.57	3.21	0.93

Charge for impairment losses as a percentage of average gross loans and advances to customers²²
(Unaudited)

	2013	2012	2011	2010	2009
	%	%	%	%	%
New allowances net of allowance releases	0.78	1.00	1.34	1.65	2.92
Recoveries	(0.14)	(0.12)	(0.15)	(0.12)	(0.10)
Total charge for impairment losses	0.64	0.88	1.19	1.53	2.82
Amount written off net of recoveries	0.56	0.93	1.14	2.08	2.71

For footnote, see page 263.

Reconciliation of reported and constant currency changes by geographical region
(Unaudited)

	31 Dec 12 as reported	Currency translation adjustment ²³	31 Dec 12 at 31 Dec 13 exchange rates	Movement - constant currency basis	31 Dec 13 as reported	Reported change ²⁴	Constant currency change ²⁴
	US\$m	US\$m	US\$m	US\$m	US\$m	%	%
Impaired loans							
Europe	11,145	231	11,376	1,852	13,228	19	16
Hong Kong	477	-	477	(32)	445	(7)	(7)
Rest of Asia-Pacific ...	1,147	(78)	1,069	109	1,178	3	10
Middle East and North Africa	2,474	(6)	2,468	(183)	2,285	(8)	(7)
North America	20,345	(54)	20,291	(5,168)	15,123	(26)	(25)
Latin America	3,188	(291)	2,897	1,347	4,244	33	46
	38,776	(198)	38,578	(2,075)	36,503	(6)	(5)
Impairment allowances							
Europe	5,361	82	5,443	155	5,598	4	3
Hong Kong	473	-	473	(24)	449	(5)	(5)
Rest of Asia-Pacific ...	746	(56)	690	75	765	3	11
Middle East and North Africa	1,811	(10)	1,801	(218)	1,583	(13)	(12)
North America	5,616	(27)	5,589	(1,347)	4,242	(24)	(24)
	2,162	(236)	1,926	638	2,564	19	33

Latin America

.....

16,169	(247)	15,922	(721)	15,201	(6)	(5)
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For footnotes, see page 263.

Reconciliation of reported and constant currency impairment charge to the income statement
(Unaudited)

	31 Dec 12 as reported	Currency translation adjustment ²³	31 Dec 12 at 31 Dec 13 exchange rates	Movement - constant currency basis	31 Dec 13 as reported	Reported change ²⁴	Constant currency change ²⁴
	US\$m	US\$m	US\$m	US\$m	US\$m	%	%
Charge for impairment losses							
Europe							
.....	1,874	(8)	1,866	(134)	1,732	(8)	(7)
- new allowances	3,043	(30)	3,013	69	3,082	1	2
- releases	(760)	11	(749)	36	(713)	(6)	(5)
- recoveries	(409)	11	(398)	(239)	(637)	56	60
Hong Kong							
.....	84	-	84	51	135	61	61
- new allowances	224	(1)	223	75	298	33	34
- releases	(109)	1	(108)	(20)	(128)	17	19
- recoveries	(31)	-	(31)	(4)	(35)	13	13
Rest of Asia-Pacific	340	(14)	326	22	348	2	7
- new allowances	677	(22)	655	-	655	(3)	-
- releases	(187)	5	(182)	7	(175)	(6)	(4)
- recoveries	(150)	3	(147)	15	(132)	(12)	(10)
Middle East and North Africa	255	(5)	250	(294)	(44)		

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.....							
- new allowances	580	(4)	576	(168)	408	(30)	(29)
- releases	(250)	-	(250)	(115)	(365)	46	46
- recoveries	(75)	(1)	(76)	(11)	(87)	16	14
North America	3,462	(5)	3,457	(2,222)	1,235	(64)	(64)
- new allowances	3,889	(5)	3,884	(2,244)	1,640	(58)	(58)
- releases	(298)	1	(297)	15	(282)	(5)	(5)
- recoveries	(129)	(1)	(130)	7	(123)	(5)	(5)
Latin America	2,145	(165)	1,980	662	2,642	23	33
- new allowances	2,581	(188)	2,393	869	3,262	26	36
- releases	(84)	5	(79)	(259)	(338)	302	328
- recoveries	(352)	18	(334)	52	(282)	(20)	(16)
Total	8,160	(197)	7,963	(1,915)	6,048	(26)	(24)
- new allowances	10,994	(250)	10,744	(1,399)	9,345	(15)	(13)
- releases	(1,688)	23	(1,665)	(336)	(2,001)	19	20
- recoveries	(1,146)	30	(1,116)	(180)	(1,296)	13	16

For footnotes, see page 263.

Concentration of exposure
(Unaudited)

Concentrations of credit risk are described in the Appendix to Risk on page 273.

The geographical diversification of our lending portfolio and our broad range of global businesses and products ensured that we did not overly depend on a few markets to generate growth in 2013. This diversification also supported our strategy for growth in faster-growing markets and in those with international connectivity.

An analysis of credit quality is provided on page 169.

Financial investments

Our holdings of available-for-sale government and government agency debt securities, corporate debt securities, ABSs and other securities were spread across a wide range of issuers and geographical regions in 2013, with 13% invested in securities issued by banks and other financial institutions and 73% in government or government agency debt securities. We also held assets backing insurance and investment contracts.

For an analysis of financial investments, see Note 19 on the Financial Statements.

Trading assets

Trading assets
(Unaudited)

	2013	2012
	US\$bn	US\$bn
Trading securities ²⁵		
.....	163	171
Loans and advances to banks		
.....	28	78
Loans and advances to customers		
.....	48	118
	239	367

For footnote, see page 263.

Trading securities remained the largest concentration within trading assets at 68% compared with 47% in 2012. This increase was due to a change in the way GB&M manage reverse repo activities, which led to a significant reduction in these balances in loans and advances to banks and customers. The largest concentration within the trading securities portfolio was in government and government agency debt securities. We had significant exposures to US Treasury and government agency debt securities (US\$23bn) and UK (US\$12bn) and Hong Kong (US\$6bn) government debt securities.

For an analysis of debt and equity securities held for trading, see Note 14 on the Financial Statements.

Derivatives

Derivative assets were US\$282bn at 31 December 2013 (2012: US\$357bn), of which the largest concentrations were interest rate and, to a lesser extent, foreign exchange derivatives. Our exposure to derivatives decreased by 21% as

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upward movements in yield curves in major currencies led to a decline in the fair value of interest rate contracts, largely in Europe, although this was partly offset by a reduction in netting.

For an analysis of derivatives, see Note 18 on the Financial Statements.

Loans and advances

Gross loans and advances to customers (excluding the financial sector) of US\$957bn at 31 December 2013 increased by US\$25bn or 3% compared with the end of 2012 on a reported basis. On a constant currency basis they were US\$30bn higher.

The following tables analyse loans and advances by industry sector and by the location of the principal operations of the lending subsidiary or, in the case of the operations of The Hongkong and Shanghai Banking Corporation, HSBC Bank, HSBC Bank Middle East and HSBC Bank USA, by the location of the lending branch.

Gross loans and advances by industry sector
(Unaudited)

	2013 US\$m	Currency effect US\$m	Move- ment US\$m	2012 US\$m	2011 US\$m	2010 US\$m	2009 US\$m
Personal							
.....	410,728	(2,949)	(1,416)	415,093	393,625	425,320	434,206
- first lien residential mortgages ²⁶							
.....	299,875	(735)	(1,252)	301,862	278,963	268,681	260,669
- other personal ¹	110,853	(2,214)	(164)	113,231	114,662	156,639	173,537
Corporate and commercial							
.....	543,822	(2,758)	33,087	513,493	472,816	445,512	383,090
- manufacturing	113,925	(1,070)	2,846	112,149	96,054	91,121	80,487
- international trade and services							
.....	185,081	(993)	16,685	169,389	152,709	146,573	115,641
- commercial real estate	74,846	189	(2,103)	76,760	73,941	71,880	69,389
- other property-related	44,832	(222)	4,522	40,532	39,539	34,838	30,520
- government	7,342	(81)	(3,362)	10,785	11,079	8,594	6,689
- other commercial ¹⁰	117,796	(581)	14,499	103,878	99,494	92,506	80,364
Financial							
.....	138,181	1,009	55,914	81,258	86,219	101,725	96,650
- non-bank financial institutions	136,195	1,076	55,302	79,817	85,275	100,163	95,237

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- settlement accounts	1,986	(67)	612	1,441	944	1,562	1,413
Asset-backed securities reclassified ..	2,716	84	(1,259)	3,891	5,280	5,892	7,827
Total gross loans and advances to customers (A)	1,095,447	(4,614)	86,326	1,013,735	957,940	978,449	921,773
Gross loans and advances to banks ..	211,579	(2,421)	61,397	152,603	181,112	208,429	179,888
Total gross loans and advances	1,307,026	(7,035)	147,723	1,166,338	1,139,052	1,186,878	1,101,661
Of which:							
- reverse repos to customers	88,215	799	52,765	34,651	41,419	60,519	58,913
- reverse repos to banks	91,475	(388)	56,402	35,461	41,909	66,402	63,332
Impaired loans and advances to customers	36,428	(198)	(2,045)	38,671	41,584	46,871	30,606
- as a percentage of A	3.3%			3.8%	4.3%	4.8%	3.3%