

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

HSBC Holdings plc

Consolidated Statement of Cash Flows		
For the year ended 31 December	2014 US \$ m	2013 US \$ m
Cash flows from operating activities		
Profit before tax	18,680	22,565
Adjustment for		
- net gain from investing activities	(1,928)	(1,458)
- share of profits in associates and joint ventures	(2,532)	(2,325)
- (gain)/loss on disposal of associates, joint ventures, subsidiaries and businesses	9	(1,173)
- other non-cash items included in profit before tax	11,262	11,995
- change in operating assets	25,877	(148,899)
- change in operating liabilities	(93,814)	164,757
- elimination of exchange differences	24,571	4,479
- dividends received from associates	757	694
- contributions paid to defined benefit plans	(681)	(962)
- tax paid	(3,573)	(4,696)
Net cash generated from/(used in) operating activities	(21,372)	44,977
Cash flows from investing activities		
Purchase of financial investments	(384,199)	(363,979)
Proceeds from the sale and maturity of financial investments	382,837	342,539
Purchase of property, plant and equipment	(1,477)	(1,952)
Proceeds from the sale of property, plant and equipment	88	441
Net cash inflow/(outflow) from disposal of customer and loan portfolios	(1,035)	6,518
Net purchase of intangible assets	(903)	(834)
Net cash inflow from disposal of US branch network and US cards business	-	-
Proceeds from disposal of Ping An	-	7,413
Net cash inflow/(outflow) from disposal of other subsidiaries, businesses, associates and joint ventures	(242)	3,295
Net cash outflow from acquisition of or increase in stake of associates	(30)	(26)
Net cash generated from/(used in) investing activities	(4,961)	(6,585)
Cash flows from financing activities		
Issue of ordinary share capital	267	297
Net sales/(purchases) of own shares for market-making and investment purposes	(96)	(32)
Issue of other equity instruments	5,681	-
Redemption of preference shares	(234)	-
Subordinated loan capital issued	3,500	1,989
Subordinated loan capital repaid	(3,163)	(1,662)
Net cash inflow/(outflow) from change in stake in subsidiaries	-	-
Dividends paid to shareholders of the parent company	(6,611)	(6,414)
Dividends paid to non-controlling interests	(639)	(586)
Dividends paid to holders of other equity instruments	(573)	(573)
Net cash used in financing activities	(1,868)	(6,981)
Net increase/(decrease) in cash and cash equivalents	(28,201)	31,411
Cash and cash equivalents at 1 January	346,281	315,308
Exchange differences in respect of cash and cash equivalents	(16,779)	(438)
Cash and cash equivalents at 31 December	301,301	346,281

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers		
For the year ended 31 December	2014 US\$ m	2013 US\$ m
Individual impairment		
Opening balance	7,072	6,572
Charge to income statement	1,776	2,315
Write-off during the year	(2,313)	(1,937)
Recoveries of loans and advances previously written off	114	209
Exchange and other movements	(454)	(87)
Closing balance	6,195	7,072
Collective impairment		
Opening balance	8,071	9,540
Charge to income statement	2,275	3,728
Write-off during the year	(4,060)	(4,714)
Recoveries of loans and advances previously written off	841	1,087
Exchange and other movements	(985)	(1,570)
Closing balance	6,142	8,071
Total impairment	12,337	15,143

Consolidated Balance Sheet		
As at 31 December	2014 US \$ m	2013 US \$ m
Assets		
Cash and balances at central banks	129,957	166,599
Items in the course of collection from other banks	4,927	6,021
Hong Kong Government certificates of indebtedness	27,674	25,220
Trading assets	304,193	303,192
Financial assets designated at fair value	29,037	38,430
Derivatives	345,008	282,265
Loans and advances to banks	112,149	120,046
Loans and advances to customers	974,660	992,089
Reverse repurchase agreements - non-trading	161,713	179,690
Financial investments	415,467	425,925
Prepayments, accrued income and other assets	75,176	76,842
Current tax assets	1,309	985
Interests in associates and joint ventures	18,181	16,640
Goodwill and intangible assets	27,577	29,918
Deferred tax assets	7,111	7,456
Total assets at 31 December	2,634,139	2,671,318
Liabilities and equity		
Liabilities		
Hong Kong currency notes in circulation	27,674	25,220
Deposits by banks	77,426	86,507
Customer accounts	1,350,642	1,361,297
Repurchase agreements - non-trading	107,432	164,220
Items in the course of transmission to other banks	5,990	6,910
Trading liabilities	190,572	207,025
Financial liabilities designated at fair value	76,153	89,084
Derivatives	340,669	274,284
Debt securities in issue	95,947	104,080
Accruals, deferred income and other liabilities	53,396	52,341
Current tax liabilities	1,213	607
Liabilities under insurance contracts	73,861	74,181
Provisions	4,998	5,217
Deferred tax liabilities	1,524	910
Subordinated liabilities	26,664	28,976
Total liabilities at 31 December	2,434,161	2,480,859
Equity		
Called up share capital	9,609	9,415
Share premium account	11,918	11,135
Other equity instruments	11,532	5,851
Other reserves	20,244	26,742
Retained earnings	137,144	128,728
Total shareholders' equity	190,447	181,871
Non-controlling interests	9,531	8,588
Total equity at 31 December	199,978	190,459
Total liabilities and equity at 31 December	2,634,139	2,671,318

Due to Other Customers - by Product		
For the year ended 31 December	2014 US\$ m	2013 US\$ m
Retail banking and wealth management	581,421	579,994
Commercial banking	363,654	354,298
Global banking and markets	319,121	328,800
Global private banking	85,465	96,770
Other	981	1,435
Total	1,350,642	1,361,297

Analysis of Financial Assets and Liabilities by Measurement Basis As at 31 December 2014							
	Held-for-trading US\$m	Designated at fair value US\$m	Held-to-maturity securities US\$m	Available-for-sale securities US\$m	Financial assets and liabilities at amortised cost US\$m	Derivatives designated as hedging instruments US\$m	Total US\$m
Financial assets							
Cash and balances at central banks	-	-	-	-	129,957	-	129,957
Items in the course of collection from other banks	-	-	-	-	4,927	-	4,927
Hong Kong Government certificates of indebtedness	-	-	-	-	27,674	-	27,674
Trading assets	304,193	-	-	-	-	-	304,193
Financial assets designated at fair value	-	29,037	-	-	-	-	29,037
Derivatives	341,416	-	-	-	-	3,592	345,008
Loans and advances to banks	-	-	-	-	112,149	-	112,149
Loans and advances to customers	-	-	-	-	974,660	-	974,660
Reverse repurchase agreements - non-trading	-	-	-	-	161,713	-	161,713
Financial investments	-	-	37,751	377,716	-	-	415,467
Accrued income and other financial assets	-	-	-	-	40,622	-	40,622
	645,609	29,037	37,751	377,716	1,451,702	3,592	2,545,407
Financial liabilities							
Hong Kong currency notes in circulation	-	-	-	-	27,674	-	27,674
Deposits by banks	-	-	-	-	77,426	-	77,426
Customer accounts	-	-	-	-	1,350,642	-	1,350,642
Repurchase agreements-non-trading	-	-	-	-	107,432	-	107,432
Items in the course of transmission to other banks	-	-	-	-	5,990	-	5,990
Trading liabilities	190,572	-	-	-	-	-	190,572
Financial liabilities designated at fair value	-	76,153	-	-	-	-	76,153
Derivatives	335,400	-	-	-	-	5,269	340,669
Debt securities in issue	-	-	-	-	95,947	-	95,947
Accruals and other financial liabilities	-	-	-	-	43,840	-	43,840
Subordinated liabilities	-	-	-	-	26,664	-	26,664
	525,972	76,153	-	-	1,735,615	5,269	2,343,009

