

The Hongkong and Shanghai Banking Corporation Limited

Incorporated in the Hongkong SAR with limited liability

HSBC Holdings plc

Consolidated Income Statement		
For the year ended 31 December 2013	2013 US\$ m	2012 US\$ m
Interest income	51,192	56,702
Interest expense	(15,653)	(19,030)
Net interest income	35,539	37,672
Fee income	19,973	20,149
Fee expense	(3,539)	(3,719)
Net fee income	16,434	16,430
Trading income excluding net interest income	6,643	4,408
Net interest income on trading activities	2,047	2,683
Net trading income	8,690	7,091
Changes in fair value of long-term debt issued and related derivatives	(1,228)	(4,327)
Net income/(expense) from other financial instruments designated at fair value	1,996	2,101
Net income/(expense) from financial instruments designated at fair value	768	(2,226)
Gains less losses from financial investments	2,012	1,189
Dividend income	322	221
Net earned insurance premiums	11,940	13,044
Gains on disposal of US branch network, US cards business and Ping An Insurance (Group) Company of China, Ltd (‘Ping An’)	–	7,024
Other operating income	2,632	2,100
Total operating income	78,337	82,545
Net insurance claims incurred and movement in liabilities to policyholders	(13,692)	(14,215)
Net operating income before loan impairment charges and other credit risk provisions	64,645	68,330
Loan impairment charges and other credit risk provisions	(5,849)	(8,311)
Net operating income	58,796	60,019
Employee compensation and benefits	(19,196)	(20,491)
General and administrative expenses	(17,065)	(19,983)
Depreciation and impairment of property, plant and equipment	(1,364)	(1,484)
Amortisation and impairment of intangible assets	(931)	(969)
Total operating expenses	(38,556)	(42,927)
Operating profit	20,240	17,092
Share of profit in associates and joint ventures	2,325	3,557
Profit before tax	22,565	20,649
Tax expense	(4,765)	(5,315)
Profit for the year	17,800	15,334
Profit attributable to shareholders of the parent company	16,204	14,027
Profit attributable to non-controlling interests	1,596	1,307

Loans and Receivables to Other Customers		
For the year ended 31 December	2013 US\$ m	2012 US\$ m
Gross loans receivables	1,095,447	1,013,735
(Less): Individual impairment	(7,072)	(6,572)
Collective impairment	(8,071)	(9,540)
Net loans and receivables including those designated at fair value through profit or loss	1,080,304	997,623
(Less): Loans and receivables designated at far value through profit or loss	–	–
Net loans and receivables	1,080,304	997,623

Consolidated Statement of Comprehensive Income for the year ended 31 December 2013		
	2013 US\$m	2012 US\$m
Profit for the year	17,800	15,334
Other comprehensive income/(expense)		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Available-for-sale investments	(1,718)	5,070
– fair value gains/(losses)	(1,787)	6,396
– fair value gains transferred to the income statment on disposal	(1,277)	(1,872)
– amounts transferred to the income statement in respect of impairment losses	286	1,002
– income taxes	1,060	(456)
Cash flow hedges	(128)	109
– fair value gains/(losses)	776	552
– fair value (gains)/losses transferred to the income statment	(894)	(423)
– income taxes	(10)	(20)
Share of other comprehensive income/(expense) of associates and joint ventures	(71)	533
– share for the year	(35)	311
– reclassified to income statment on disposal	(36)	222
Exchange differences	(1,444)	1,017
– foreing exchange gains reclassified to income statment on disposal of a foreign operation	(290)	(1,128)
– other exchange differences	(1,154)	2,145
Income tax attributable to exchange differences	72	–
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit asset/liability	(458)	(195)
– before income taxes	(601)	(391)
– income taxes	143	196
Other comprehensive income for the year, net of tax	(3,747)	6,534
Total comprehensive income for the year	14,053	21,868
Total comprehensive income for the year attributable to		
– shareholders of the parent company	12,644	20,455
– non-controlling interests	1,409	1,413
	14,053	21,868

Group Performance Ratios (%)	30 June 2014	31 December 2013
Common equity tier 1 ratio	11.3*	10.9*
Total Capital	15.4*	14.9*
Return on average ordinary shareholders’ equity	10.7	6.5

* HSBC Group has moved to CRD IV from Basel 2.5 basis for RWA and capital calculations from 1 January 2014. Comparatives are shown on an equivalent basis

Loans and Receivables to Other Customers - by Product		
For the year ended 31 December	2013 US\$ m	2012 US\$ m
Personal	410,728	415,093
First lien residential mortgages	299,875	301,862
Other personal	110,853	113,231
Corporate and commercial	543,822	513,493
Manufacturing	113,925	112,149
International trade and services	185,081	169,389
Commercial real estate	74,846	76,760
Other property-related	44,832	40,532
Government	7,342	10,785
Other commercial	117,796	103,878
Financial	138,181	81,258
Non-bank financial institutions	136,195	79,817
Settlement accounts	1,986	1,441
Asset-backed securities reclassified	2,716	3,891
Total	1,095,447	1,013,735

Consolidated Statement of Changes in Equity for the year ended 31 December 2013											
	Called-up share capital US\$m	Share premium US\$m	Other equity instru- ments US\$m	Retained earnings US\$m	Other Reserves				Total share- holders equity US\$m	Non- controlling interests US\$m	Total equity US\$m
					Available- for-sale fair value reserve US\$m	Cash flow hedging reserve US\$m	Foreign exchange reserve US\$m	Merger reserve US\$m			
At 1 January	9,238	10,084	5,851	120,347	1,649	13	752	27,308	175,242	7,887	183,129
Profit for the year	–	–	–	16,204	–	–	–	–	16,204	1,596	17,800
Other comprehensive income (net of tax)	–	–	–	(561)	(1,577)	(128)	(1,294)	–	(3,560)	(187)	(3,747)
Available-for-sale investments	–	–	–	–	(1,577)	–	–	–	(1,577)	(141)	(1,718)
Cash flow hedges	–	–	–	–	–	(128)	–	–	(128)	–	(128)
Remeasurement of defined benefit asset/liability	–	–	–	(490)	–	–	–	–	(490)	32	(458)
Share of other comprehensive income of associates and joint ventures	–	–	–	(71)	–	–	–	–	(71)	–	(71)
Exchange differences	–	–	–	–	–	–	(1,294)	–	(1,294)	(78)	(1,372)
Total comprehensive income for the year	–	–	–	15,643	(1,577)	(128)	(1,294)	–	12,644	1,409	14,053
Shares issued under employee remuneration and share plans	60	1,168	–	(931)	–	–	–	–	297	–	297
Shares issued in lieu of dividends and amounts arising thereon	117	(117)	–	2,523	–	–	–	–	2,523	–	2,523
Dividends to shareholders	–	–	–	(9,510)	–	–	–	–	(9,510)	(718)	(10,228)
Tax credit on distributions	–	–	–	42	–	–	–	–	42	–	42
Own shares adjustments	–	–	–	(36)	–	–	–	–	(36)	–	(36)
Cost of share-based payment arrangements	–	–	–	630	–	–	–	–	630	–	630
Income taxes on share-based payments	–	–	–	2	–	–	–	–	2	–	2
Other movements	–	–	–	18	25	(6)	–	–	37	19	56
Acquisition and disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(24)	(24)
Changes in ownership interests in subsidiaries that did not result in loss of control	–	–	–	–	–	–	–	–	–	15	15
At 31 December	9,415	11,135	5,851	128,728	97	(121)	(542)	27,308	181,871	8,588	190,459

The financial information summarised above has been extracted from HSBC Holdings plc annual report for the year ended 31 December 2013.

