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 2013

	2013 US $ m	2012 US $ m
Cash flows from operating activities		
Profit before tax	**22,565**	20,649
Adjustment for		
- net gain from investing activities	**(1,458)**	(2,094)
- share of profits in associates and joint ventures	**(2,325)**	(3,557)
- gain on disposal of associates, joint ventures, subsidiaries and businesses	**(1,173)**	(7,024)
- other non-cash items included in profit before tax	**11,995**	19,778
- change in operating assets	**(148,899)**	(116,521)
- change in operating liabilities	**164,757**	89,070
- elimination of exchange differences	**4,479**	(3,626)
- dividends received from associates	**694**	489
- contributions paid to defined benefit plans	**(962)**	(733)
- tax paid	**(4,696)**	(5,587)
Net cash generated from/(used in) operating activities	**44,977**	(9,156)
Cash flows from investing activities		
Purchase of financial investments	**(363,979)**	(342,974)
Proceeds from the sale and maturity of financial investments	**342,539**	329,926
Purchase of property, plant and equipment	**(1,952)**	(1,318)
Proceeds from the sale of property, plant and equipment	**441**	241
Proceeds from the sale of loan portfolio	**6,518**	–
Net purchase of intangible assets	**(834)**	(1,008)
Net cash inflow from disposal of US branch network and US cards business	**–**	20,905
Net cash inflow/(outflow) from disposal of other subsidiaries and businesses	**2,918**	(863)
Net cash outflow from the acquisition of or increase in stake of associates	**(26)**	(1,804)
Proceeds from disposal of Ping An	**7,413**	1,954
Proceeds from disposal of other associates and joint ventures	**377**	594
Net cash generated from/(used in) investing activities	**(6,585)**	5,653
Cash flows from financing activities		
Issue of ordinary share capital	**297**	594
Net sales/(purchases) of own shares for market-making and investment purposes	**(32)**	(25)
Net sales/(purchases) of own shares to meet share awards and share option awards	**–**	–
Subordinated loan capital issued	**1,989**	37
Subordinated loan capital repaid	**(1,662)**	(1,754)
Net cash inflow/(outflow) from change in stake in subsidiaries	**–**	(14)
Dividends paid to shareholders of the parent company	**(6,414)**	(5,925)
Dividents paid to non-controlling interests	**(586)**	(572)
Dividends paid to holders of other equity instruments	**(573)**	(573)
Net cash used financing activities	**(6,981)**	(8,232)
Net increase/(decrease) in cash and cash equivalents	**31,411**	(11,735)
Cash and cash equivalents at 1 January	**315,308**	325,449
Exchange differences in respect of cash and cash equivalents	**(438)**	1,594
Cash and cash equivalents at 31 December	**346,281**	315,308

Movements in Individual and Collective Impairment during the period for Loans and Receivables to Other Customers

For the year ended 31 December	2013 US$ m	2012 US$ m
Individual impairment		
Opening balance	**6,572**	6,537
Charge to income statement	**2,315**	2,139
Write-off during the year	**(1,937)**	(2,361)
Recoveries of loans and advances previously written off	**209**	199
Exchange and other movements	**(87)**	58
Closing balance	**7,072**	6,572
Collective impairment		
Opening balance	**9,540**	10,974
Charge to income statement	**3,728**	6,021
Write-off during the year	**(4,714)**	(7,381)
Recoveries of loans and advances previously written off	**1,087**	947
Exchange and other movements	**(1,570)**	(1,021)
Closing balance	**8,071**	9,540
Total impairment	**15,143**	16,112

Consolidated Balance Sheet

As at 31 December 2013	2013 US $ m	2012 US $ m
Assets		
Cash and balances at central banks	**166,599**	141,532
Items in the course of collection from other banks	**6,021**	7,303
Hong Kong Government certificates of indebtedness	**25,220**	22,743
Trading assets	**303,192**	408,811
Financial assets designated at fair value	**38,430**	33,582
Derivatives	**282,265**	357,450
Loans and advances to banks	**211,521**	152,546
Loans and advances to customers	**1,080,304**	997,623
Financial investments	**425,925**	421,101
Assets held for sale	**4,050**	19,269
Other assets	**50,939**	54,716
Current tax assets	**985**	515
Prepayments and accrued income	**11,006**	9,502
Interests in associates and joint ventures	**16,640**	17,834
Goodwill and intangible assets	**29,918**	29,853
Property, plant and equipment	**10,847**	10,588
Deferred tax assets	**7,456**	7,570
Total assets	**2,671,318**	2,692,538
Liabilities and equity		
Liabilities		
Hong Kong currency notes in circulation	**25,220**	22,742
Deposits by banks	**129,212**	107,429
Customer accounts	**1,482,812**	1,340,014
Items in the course of transmission to other banks	**6,910**	7,138
Trading liabilities	**207,025**	304,563
Financial liabilities designated at fair value	**89,084**	87,720
Derivatives	**274,284**	358,886
Debt securities in issue	**104,080**	119,461
Liabilities of disposal groups held for sale	**2,804**	5,018
Other liabilities	**30,421**	33,862
Current tax liabilities	**607**	1,452
Liabilities under insurance contracts	**74,181**	68,195
Accruals and deferred income	**16,185**	13,184
Provisions	**5,217**	5,252
Deferred tax liabilities	**910**	1,109
Retirement benefit liabilities	**2,931**	3,905
Subordinated liabilities	**28,976**	29,479
Total liabilities	**2,480,859**	2,509,409
Equity		
Called up share capital	**9,415**	9,238
Share premium account	**11,135**	10,084
Other equity instruments	**5,851**	5,851
Other reserves	**26,742**	29,722
Retained earnings	**128,728**	120,347
Total shareholders' equity	**181,871**	175,242
Non-controlling interests	**8,588**	7,887
Total equity	**190,459**	183,129
Total equity and liabilities	**2,671,318**	2,692,538

Due to Other Customers - by Product

For the year ended 31 December	2013 US$ m	2012 US$ m
Retail banking and wealth management	**579,994**	562,151
Commercial banking	**354,298**	338,405
Global banking and markets	**450,315**	332,115
Global private banking	**96,770**	105,772
Other	**1,435**	1,571
Total	**1,482,812**	1,340,014

Analysis of Financial Assets and Liabilities by Measurement Basis
As at 31 December 2013

	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$m	Derivatives designated as fair value hedging instruments US$m	Derivatives designated as cash flow hedging instruments US$m	Total US$m
Financial assets								
Cash and balances at central banks	–	–	–	–	166,599	–	–	166,599
Items in the course of collection from other banks	–	–	–	–	6,021	–	–	6,021
Hong Kong Government certificates of indebtedness	–	–	–	–	25,220	–	–	25,220
Trading assets	303,192	–	–	–	–	–	–	303,192
Financial assets designated at fair value	–	38,430	–	–	–	–	–	38,430
Derivatives	277,709	–	–	–	–	1,168	3,388	282,265
Loans and advances to banks	–	–	–	–	211,521	–	–	211,521
Loans and advances to customers	–	–	–	–	1,080,304	–	–	1,080,304
Financial investments	–	–	25,084	400,841	–	–	–	425,925
Assets held for sale	22	–	4	965	2,511	–	–	3,502
Other assets	–	–	–	–	23,957	–	–	23,957
Accrued income	–	–	–	–	10,176	–	–	10,176
	580,923	**38,430**	**25,088**	**401,806**	**1,526,309**	**1,168**	**3,388**	**2,577,112**
Financial liabilities								
Hong Kong currency notes in circulation	–	–	–	–	25,220	–	–	25,220
Deposits by banks	–	–	–	–	129,212	–	–	129,212
Customer accounts	–	–	–	–	1,482,812	–	–	1,482,812
Items in the course of transmission to other banks	–	–	–	–	6,910	–	–	6,910
Trading liabilities	207,025	–	–	–	–	–	–	207,025
Financial liabilities designated at fair value	–	89,084	–	–	–	–	–	89,084
Derivatives	269,739	–	–	–	–	2,889	1,656	274,284
Debt securities in issue	–	–	–	–	104,080	–	–	104,080
Liabilities of disposal groups held for sale	1	–	–	–	2,764	–	–	2,765
Other liabilities	–	–	–	–	28,925	–	–	28,925
Accruals	–	–	–	–	14,568	–	–	14,568
Subordinated liabilities	–	–	–	–	28,976	–	–	28,976
	476,765	**89,084**	**–**	**–**	**1,823,467**	**2,889**	**1,656**	**2,393,861**

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