

# 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

	2012 US \$ m	2011 US \$ m
<b>Cash flows from operating activities</b>		
Profit before tax	20,649	21,872
Adjustment for		
- net gain from investing activities	(2,094)	(1,196)
- share of profits in associates and joint ventures	(3,557)	(3,264)
- gain on disposal of US branch network, US cards business and Ping An Insurance (Group) Company of China, Limited	(7,024)	-
- other non-cash items included in profit before tax	19,778	19,878
- change in operating assets	(116,521)	(7,412)
- change in operating liabilities	89,070	44,012
- elimination of exchange differences	(3,626)	10,840
- dividends received from associates	489	304
- contributions paid to defined benefit plans	(733)	(1,117)
- tax paid	(5,587)	(4,095)
Net cash (used in)/generated from operating activities	(9,156)	79,762
<b>Cash flows from investing activities</b>		
Purchase of financial investments	(342,974)	(319,008)
Proceeds from the sale and maturity of financial investments	329,926	311,702
Purchase of property, plant and equipment	(1,318)	(1,505)
Proceeds from the sale of property, plant and equipment	241	300
Proceeds from the sale of loan portfolio	-	-
Net purchase of intangible assets	(1,008)	(1,571)
Net cash outflow from acquisition of subsidiaries	-	-
Net cash inflow from disposal of US branch network and US cards businesses	20,905	-
Net cash inflow/(outflow) from disposal of other subsidiaries and businesses	(863)	216
Net cash outflow from the acquisition of or increase in stake of associates	(1,804)	(90)
Net cash outflow from deconsolidation of funds	-	-
Proceeds from disposal of Ping An Insurance (Group) Company of China, Limited	1,954	-
Proceeds from disposal of other associates and joint ventures	594	25
Net cash generated/(used) in investing activities	5,653	(9,931)
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	594	96
Issue of other equity instruments	-	-
Net sales/(purchases) of own shares for market-making and investment purposes	(25)	(225)
Net sales/(purchases) of own shares to meet share awards and share option awards	-	(136)
On exercise of share options	-	-
Subordinated loan capital issued	37	7
Subordinated loan capital repaid	(1,754)	(3,777)
Net cash inflow/(outflow) from change in stake in subsidiaries	(14)	104
Dividends paid to shareholders of the parent company	(5,925)	(5,014)
Dividends paid to non-controlling interests	(572)	(568)
Dividends paid to holders of other equity instruments	(573)	(573)
Net cash generated from/(used in) financing activities	(8,232)	(10,086)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(11,735)</b>	<b>59,745</b>
Cash and cash equivalents at 1 January	325,449	274,076
Exchange differences in respect of cash and cash equivalents	1,594	(8,372)
Cash and cash equivalents at 31 December	315,308	325,449

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

	2012 US\$ m	2011 US\$ m
<b>For the year ended 31 December</b>		
<b>Individual impairment</b>		
Opening balance	6,537	6,457
Charge/(Write back) to income statement	2,139	1,931
Write-off during the year	(2,361)	(1,633)
Other movements (Recoveries)	199	191
Exchange and other movements	58	(409)
Closing balance	6,572	6,537
<b>Collective impairment</b>		
Opening balance	10,974	13,626
Charge/(Write back) to income statement	6,021	9,590
Write-off during the year	(7,381)	(10,831)
Other movements (Recoveries)	947	1,235
Exchange and other movements	(1,021)	(2,646)
Closing balance	9,540	10,974
<b>Total impairment</b>	<b>16,112</b>	<b>17,511</b>

### Consolidated balance sheet

As at 31 December	2012 US \$ m	2011 US \$ m
<b>Assets</b>		
Cash and balances at central banks	141,532	129,902
Items in the course of collection from other banks	7,303	8,208
Hong Kong Government certificates of indebtedness	22,743	20,922
Trading assets	408,811	330,451
Financial assets designated at fair value	33,582	30,856
Derivatives	357,450	346,379
Loans and advances to banks	152,546	180,987
Loans and advances to customers	997,623	940,429
Financial investments	421,101	400,044
Assets held for sale	19,269	39,558
Other assets	54,716	48,699
Current tax assets	515	1,061
Prepayments and accrued income	9,502	10,059
Interests in associates and joint ventures	17,834	20,399
Goodwill and intangible assets	29,853	29,034
Property, plant and equipment	10,588	10,865
Deferred tax assets	7,570	7,726
<b>Total assets</b>	<b>2,692,538</b>	<b>2,555,579</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Hong Kong currency notes in circulation	22,742	20,922
Deposits by banks	107,429	112,822
Customer accounts	1,340,014	1,253,925
Items in the course of transmission to other banks	7,138	8,745
Trading liabilities	304,563	265,192
Financial liabilities designated at fair value	87,720	85,724
Derivatives	358,886	345,380
Debt securities in issue	119,461	131,013
Liabilities of disposal groups held for sale	5,018	22,200
Other liabilities	33,862	27,967
Current tax liabilities	1,452	2,117
Liabilities under insurance contracts	68,195	61,259
Accruals and deferred income	13,184	13,106
Provisions	5,252	3,324
Deferred tax liabilities	1,109	1,518
Retirement benefit liabilities	3,905	3,666
Subordinated liabilities	29,479	30,606
<b>Total liabilities</b>	<b>2,509,409</b>	<b>2,389,486</b>
<b>Equity</b>		
Called-up share capital	9,238	8,934
Share premium account	10,084	8,457
Other equity instruments	5,851	5,851
Other reserves	29,722	23,615
Retained earnings	120,347	111,868
Total shareholders' equity	175,242	158,725
Non-controlling interests	7,887	7,368
<b>Total equity</b>	<b>183,129</b>	<b>166,093</b>
<b>Total equity and liabilities</b>	<b>2,692,538</b>	<b>2,555,579</b>

### Due to Other Customers - By product

	2012 US\$ m	2011 US\$ m
<b>For the year ended 31 December</b>		
Retail banking and wealth management	562,151	529,017
Commercial banking	338,405	306,174
Global banking and markets	332,115	306,454
Global private banking	105,772	111,814
Other	1,571	466
<b>Total</b>	<b>1,340,014</b>	<b>1,253,925</b>

### Analysis of financial assets and liabilities by measurement basis As at 31 December 2012

	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
<b>Financial assets</b>								
Cash and balances at central banks	-	-	-	-	141,532	-	-	141,532
Items in the course of collection from other banks	-	-	-	-	7,303	-	-	7,303
Hong Kong Government certificates of indebtedness	-	-	-	-	22,743	-	-	22,743
Trading assets	408,811	-	-	-	-	-	-	408,811
Financial assets designated at fair value	-	33,582	-	-	-	-	-	33,582
Derivatives	353,803	-	-	-	-	199	3,448	357,450
Loans and advances in banks	-	-	-	-	152,546	-	-	152,546
Loans and advances to customers	-	-	-	-	997,623	-	-	997,623
Financial investments	-	-	23,413	397,688	-	-	-	421,101
Assets held for sale	9	72	-	10,700	7,341	-	-	18,122
Other assets	-	-	-	-	23,584	-	-	23,584
Accrued income	-	-	-	-	8,540	-	-	8,540
<b>Total financial assets</b>	<b>762,623</b>	<b>33,654</b>	<b>23,413</b>	<b>408,388</b>	<b>1,361,212</b>	<b>199</b>	<b>3,448</b>	<b>2,592,937</b>
<b>Financial liabilities</b>								
Hong Kong currency notes in circulation	-	-	-	-	22,742	-	-	22,742
Deposits by banks	-	-	-	-	107,429	-	-	107,429
Customer accounts	-	-	-	-	1,340,014	-	-	1,340,014
Items in the course of transmission to other banks	-	-	-	-	7,138	-	-	7,138
Trading liabilities	304,563	-	-	-	-	-	-	304,563
Financial liabilities designated at fair value	-	87,720	-	-	-	-	-	87,720
Derivatives	352,195	-	-	-	-	4,450	2,241	358,886
Debt securities in issue	-	-	-	-	119,461	-	-	119,461
Liabilities of disposal groups held for sale	8	23	-	-	3,772	-	-	3,803
Other liabilities	-	-	-	-	32,417	-	-	32,417
Accruals	-	-	-	-	11,663	-	-	11,663
Subordinated liabilities	-	-	-	-	29,479	-	-	29,479
<b>Total financial liabilities</b>	<b>656,766</b>	<b>87,743</b>	<b>-</b>	<b>-</b>	<b>1,674,115</b>	<b>4,450</b>	<b>2,241</b>	<b>2,425,315</b>

