

# 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)
<b>Net interest income</b>	<b>35,539</b>	<b>37,672</b>
Fee income	19,973	20,149
Fee expense	(3,539)	(3,719)
<b>Net fee income</b>	<b>16,434</b>	<b>16,430</b>
Trading income excluding net interest income	6,643	4,408
Net interest income on trading activities	2,047	2,683
<b>Net trading income</b>	<b>8,690</b>	<b>7,091</b>
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
<b>Total operating income</b>	<b>78,337</b>	<b>82,545</b>
Net insurance claims incurred and movement in liabilities to policyholders	(13,692)	(14,215)
<b>Net operating income before loan impairment charges and other credit risk provisions</b>	<b>64,645</b>	<b>68,330</b>
Loan impairment charges and other credit risk provisions	(5,849)	(8,311)
<b>Net operating income</b>	<b>58,796</b>	<b>60,019</b>
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)
<b>Total operating expenses</b>	<b>(38,556)</b>	<b>(42,927)</b>
<b>Operating profit</b>	<b>20,240</b>	<b>17,092</b>
Share of profit in associates and joint ventures	2,325	3,557
<b>Profit before tax</b>	<b>22,565</b>	<b>20,649</b>
Tax expense	(4,765)	(5,315)
<b>Profit for the year</b>	<b>17,800</b>	<b>15,334</b>
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 fair value through profit or loss	-	-
<b>Net loans and receivables</b>	<b>1,080,304</b>	<b>997,623</b>

### 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
<b>Other comprehensive income/(expense)</b>		
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 statement on disposal	(1,277)	(1,872)
- amounts transferred to the income statement on 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 statement	(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 statement on disposal	(36)	222
Exchange differences	(1,444)	1,017
- foreign exchange gains reclassified to income statement 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
<b>Total comprehensive income for the year</b>	<b>14,053</b>	<b>21,868</b>
Total comprehensive income for the year attributable to		
- shareholders of the parent company	12,644	20,455
- non-controlling interests	1,409	1,413
<b>Total comprehensive income for the year</b>	<b>14,053</b>	<b>21,868</b>

### Group Performance Ratios (%) as at 31 December

	2013	2012
Tier 1 Capital	13.6	12.3
Total Capital	17.8	16.1
Post-tax return on average total assets	0.7	0.6
Return on average shareholders equity	9.2	8.4

### Loans and Receivables to Other Customers - by Product

For the year ended 31 December

	2013 US\$ m	2012 US\$ m
<b>Personal</b>	<b>410,728</b>	<b>415,093</b>
First lien residential mortgages	299,875	301,862
Other personal	110,853	113,231
<b>Corporate and commercial</b>	<b>543,822</b>	<b>513,493</b>
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
<b>Financial</b>	<b>138,181</b>	<b>81,258</b>
Non-bank financial institutions	136,195	79,817
Settlement accounts	1,986	1,441
Asset-backed securities reclassified	2,716	3,891
<b>Total</b>	<b>1,095,447</b>	<b>1,013,735</b>

### Consolidated Statement of Changes in Equity for the year ended 31 December 2013

	2013										
	Called-up share capital US\$m	Share premium US\$m	Other equity instruments US\$m	Retained earnings 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	Total shareholders equity US\$m	Non-controlling interests US\$m	Total equity US\$m
<b>At 1 January</b>	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)
<b>Total comprehensive income for the year</b>	-	-	-	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
<b>At 31 December</b>	<b>9,415</b>	<b>11,135</b>	<b>5,851</b>	<b>128,728</b>	<b>97</b>	<b>(121)</b>	<b>(542)</b>	<b>27,308</b>	<b>181,871</b>	<b>8,588</b>	<b>190,459</b>

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

