

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)
Dividends 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		
	2013 US\$ m	2012 US\$ m
For the year ended 31 December		
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
<i>Liabilities and equity</i>		
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		
	2013 US\$ m	2012 US\$ m
For the year ended 31 December		
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

