

HSBC HOLDINGS PLC
Form 6-K
March 25, 2014

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of

the Securities Exchange Act of 1934

For the month of March
HSBC Holdings plc

42nd Floor, 8 Canada Square, London E14 5HQ, England

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F).

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934).

Yes..... No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.....).

Consolidated balance sheet

Five-year summary consolidated balance sheet

	At 31 December				
	2013	2012	2011	2010	2009

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	US\$m	US\$m	US\$m	US\$m	US\$m
ASSETS					
Cash and balances at central banks					
.....	166,599	141,532	129,902	57,383	60,655
Trading assets					
.....	303,192	408,811	330,451	385,052	421,381
Financial assets designated at fair value					
.....	38,430	33,582	30,856	37,011	37,181
Derivatives					
.....	282,265	357,450	346,379	260,757	250,886
Loans and advances to banks					
.....	211,521	152,546	180,987	208,271	179,781
Loans and advances to customers ²⁷					
.....	1,080,304	997,623	940,429	958,366	896,231
Financial investments					
.....	425,925	421,101	400,044	400,755	369,158
Assets held for sale					
.....	4,050	19,269	39,558	1,991	3,118
Other assets					
.....	159,032	160,624	156,973	145,103	146,061
Total assets					
.....	2,671,318	2,692,538	2,555,579	2,454,689	2,364,452
LIABILITIES AND EQUITY					
Liabilities					
Deposits by banks					
.....	129,212	107,429	112,822	110,584	124,872
Customer accounts					
.....	1,482,812	1,340,014	1,253,925	1,227,725	1,159,034
Trading liabilities					
.....	207,025	304,563	265,192	300,703	268,130
Financial liabilities designated at fair value					
.....	89,084	87,720	85,724	88,133	80,092
Derivatives					
.....	274,284	358,886	345,380	258,665	247,646
Debt securities in issue					
.....	104,080	119,461	131,013	145,401	146,896
Liabilities under insurance contracts					
.....	74,181	68,195	61,259	58,609	53,707
Liabilities of disposal groups held for sale					
.....	2,804	5,018	22,200	86	3
Other liabilities					
.....	117,377	118,123	111,971	109,868	148,411
Total liabilities					
.....	2,480,859	2,509,409	2,389,486	2,299,774	2,228,791
Equity					
Total shareholders' equity					
.....	181,871	175,242	158,725	147,667	128,299

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Non-controlling interests	8,588	7,887	7,368	7,248	7,362
Total equity	190,459	183,129	166,093	154,915	135,661
Total equity and liabilities	2,671,318	2,692,538	2,555,579	2,454,689	2,364,452
Five-year selected financial information					
Called up share capital	9,415	9,238	8,934	8,843	8,705
Capital resources ^{28,29}	194,009	180,806	170,334	167,555	155,729
Undated subordinated loan capital	2,777	2,778	2,779	2,781	2,785
Preferred securities and dated subordinated loan capital ³⁰ ..	48,114	48,260	49,438	54,421	52,126
Risk-weighted assets and capital ratios ²⁸					
Risk-weighted assets	1,092,653	1,123,943	1,209,514	1,103,113	1,133,168
	%	%	%	%	%
Core tier 1 ratio	13.6	12.3	10.1	10.5	9.4
Total capital ratio	17.8	16.1	14.1	15.2	13.7
Financial statistics					
Loans and advances to customers as a percentage of customer accounts	72.9	74.4	75.0	78.1	77.3
Average total shareholders' equity to average total assets .	6.55	6.16	5.64	5.53	4.72
Net asset value per ordinary share at year-end ³¹ (US\$)	9.27	9.09	8.48	7.94	7.17
Number of US\$0.50 ordinary shares in issue (millions)	18,830	18,476	17,868	17,686	17,408
Closing foreign exchange translation rates to US\$:					
US\$1: £	0.605	0.619	0.646	0.644	0.616
US\$1: €	0.726	0.758	0.773	0.748	0.694

For footnotes, see page 132.

A more detailed consolidated balance sheet is contained in the Financial Statements on page 419.

Movement in 2013

Total reported assets were US\$2.7 trillion, 1% lower than at 31 December 2012, on both a reported and constant currency basis. Our balance sheet remains strong, with a ratio of customer advances to customer accounts of 72.9%.

During 2013, GB&M changed the way it manages repo and reverse repo activities. This led to an increase in 2013 in reverse repo agreements classified as 'Loans and advances to customers' and 'Loans and advances to banks', and a decline in those included in 'Trading assets'. Similarly, there was an increase in repo agreements classified in 'Deposits by banks' and 'Customer accounts', with a decline in 'Trading liabilities'. For further details of this change, see page 68.

Loans and advances to customers grew by more than US\$34.2bn in 2013, notably in term and trade-related lending to corporate and commercial customers. Customer accounts increased by over US\$56.3bn in 2013. These movements exclude reverse repo and repo transactions and the effect of currency movements.

The following commentary is on a constant currency basis.

Assets

Cash and balances at central banks increased by 17%, mainly in Europe, driven by the placement of surplus funds reflecting growth in deposits in excess of lending growth and, to a lesser extent, in North America.

Trading assets decreased by US\$110bn or 27%, driven by a fall in reverse repos, reflecting the change in the way GB&M manages these activities noted above. Excluding this, trading assets were broadly in line with December 2012 levels.

Financial assets designated at fair value increased by 16%, in part due to favourable market movements in our European insurance operations coupled with higher investments from premium income received during the year in our insurance businesses, notably in Europe and Hong Kong.

Derivative assets decreased by 22%. Upward movements in yield curves in major currencies led to a decline in the fair value of interest rate contracts, largely in Europe. In North America, declines in fair values of interest rate contracts reflected the increase in swap rates during the year and increased netting.

Loans and advances to banks rose by US\$61.4bn or 41%, including a US\$56.4bn increase in reverse repos reflecting the change in the way GB&M manages these activities. Excluding this, there was a US\$5.0bn increase driven by higher placements with financial institutions in Hong Kong and Rest of Asia-Pacific.

Loans and advances to customers increased by US\$87.0bn or 9%, including a US\$52.8bn rise in reverse repo balances reflecting the change in the way GB&M manages these activities, which mainly affected balances in North America and the UK. We reclassified over US\$9.5bn of customer lending balances mainly relating to our operations in Panama and first lien mortgage portfolios in the US to 'Assets held for sale'. These were subsequently disposed of in the second half of the year.

Excluding these factors, customer lending balances grew by US\$44.0bn as continued demand for financing led to a rise in term and trade-related lending to CMB and GB&M customers in Hong Kong and, to a lesser extent, in Rest of Asia-Pacific. Commercial real estate and other property-related lending also grew in Hong Kong and Rest of Asia-Pacific. Residential mortgages remained broadly in line with 2012. There was growth in Rest of Asia-Pacific and, to a lesser extent, in Hong Kong, although the rate of growth in Hong Kong fell in the second half of the year.

We also continued to grow our portfolio in the UK, which reflected our competitive offering. These factors were broadly offset by the continued reduction in the US run-off portfolio. In addition, in the UK there was an increase in corporate overdraft balances, mainly in GB&M that did not meet the criteria for netting, with a corresponding rise in related customer accounts.

Financial investments were broadly in line with 2012 levels . We recorded net sales and maturities of available-for-sale government debt securities in North America. This was broadly offset by an increase in Hong Kong due to net new purchases, together with the re-classification of our shareholding in Industrial Bank.

Assets held for sale decreased by 79%, driven by the completion of the sales of our investment in Ping An and of the non-real estate personal lending portfolio in the US.