

HSBC HOLDINGS PLC
Form 6-K
May 07, 2013

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 May
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-.....).

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC Holdings plc ('HSBC') will be conducting a trading update conference call with analysts and investors today to coincide with the release of its Interim Management Statement. The trading update call will take place at 11.00am BST, and details of how to participate in the call and the live audio webcast can be found below and at Investor Relations on www.hsbc.com.

Conference call details

Date: Tuesday, 7 May 2013

Time: 6.00am EDT
11.00am BST
6.00pm HKT

Audio webcast:

Please follow this link for the webcast: <http://www.hsbc.com/1/2/investor-relations/financial-info>

Speakers: Stuart Gulliver, Group Chief Executive
Iain Mackay, Group Finance Director

Conference details for investors and analysts:

Passcode: HSBC

| | | | |
|---------------|------------------|-----------|---------------|
| Toll | | Toll free | |
| UK / | +44 (0) 1452 584 | UK | 0800 279 5983 |
| International | 928 | | |
| USA | +1 917 503 9902 | USA | 1866 629 0054 |
| Hong Kong | +852 3077 4624 | Hong Kong | 800 933 234 |

Replay conference call details (available until 7 June 2013):

Passcode: 49343981#

| | | | |
|---------------|------------------|-----------|---------------|
| Toll | | Toll free | |
| UK / | +44 (0) 1452 550 | UK | 0800 953 1533 |
| International | 000 | | |
| | | USA | 1866 247 4222 |
| | | Hong Kong | 800 901 393 |

Investor Relations
Guy Lewis
Tel: +44 (0) 20 7992 1938
Hugh Pye
Tel: +852 2822 4908

Media Relations
Patrick Humphris
Tel: +44 (0) 20 7992 1631
Gareth Hewett
Tel: +852 2822 4929

Table of contents

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | |
|---|----|--|----|
| Highlights | 3 | Profit before tax by global business and geographical | |
| | | | |
| Group Chief Executive's comments | 4 | region | 15 |
| | | | |
| Underlying performance | 5 | Summary information - global businesses | 16 |
| | | | |
| Financial performance commentary | 6 | Summary information - geographical regions | 22 |
| | | | |
| Trading conditions and outlook for 2013 | 9 | Appendix - selected information | 28 |
| | | | |
| Notes | 10 | Loans and advances to customers by industry sector | |
| | | | |
| Cautionary statement regarding forward-looking statements | 10 | and by geographical region | 28 |
| | | | |
| Summary consolidated income statement | 11 | Exposures to countries in the eurozone..... | 29 |
| | | | |
| Summary consolidated balance sheet | 12 | Redenomination risk..... | 29 |
| | | | |
| Capital | 13 | Notable revenue items and notable cost items by geographical region and global business..... | 30 |
| | | | |
| Risk-weighted assets | 13 | US run-off portfolios..... | 31 |
| | | | |

Note to editors

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,600 offices in over 80 countries and territories in Europe, Hong Kong, Rest of Asia-Pacific, North and Latin America, and the Middle East and North Africa. With assets of US\$2,681bn at 31 March 2013, HSBC is one of the world's largest banking and financial services organisations.

Highlights

| | Reported Quarter ended | | | Underlying1 Quarter ended | | |
|------------------|---------------------------|---------|--------|------------------------------|---------|--------|
| | 31 | 31 | | 31 | 31 | |
| | Mar | Mar | Change | Mar | Mar | Change |
| | 2013 | 2012 | | 2013 | 2012 | |
| | US\$m | US\$m | % | US\$m | US\$m | % |
| Income statement | | | | | | |
| Revenue2 | | | | | | |
| ..... | 18,416 | 16,201 | 14 | 17,555 | 16,798 | 5 |
| | (1,171) | (2,366) | 51 | (1,170) | (2,092) | 44 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | | |
|--|---------|----------|----|---------|---------|----|
| Loan impairment charges and other credit risk provisions | | | | | | |
| Operating expenses | | | | | | |
| ..... | (9,347) | (10,353) | 10 | (9,333) | (9,565) | 2 |
| Profit before tax | | | | | | |
| ..... | 8,434 | 4,322 | 95 | 7,588 | 5,654 | 34 |

| | At 31 Mar 2013 | At 31 Dec 2012 |
|---------------------------------|----------------------|----------------------|
| Capital and balance sheet | | |
| Core tier 1 ratio | | |
| ..... | 12.7% | 12.3% |
| Common equity tier 13 | | |
| ..... | 9.7% | 9.0% |
| Loans and advances to customers | | |
| ..... | 958,591 | 997,623 |
| Customer accounts | | |
| ..... | 1,307,938 | 1,340,014 |
| Risk-weighted assets | | |
| ..... | 1,097,792 | 1,123,943 |

| | Quarter ended | |
|----------------------------|-------------------|-------------------|
| | 31 Mar 2013 | 31 Mar 2012 |
| Performance measures | | |
| Return on average | | |
| shareholders' equity | 14.9% | 6.4% |
| Cost efficiency ratio | | |
| ..... | 50.8% | 63.9% |
| Pre-tax return on average | | |
| risk-weighted assets | 3.1% | 1.4% |

- 1 The difference between reported and underlying results is explained and reconciled on page 5.
- 2 Revenue is defined as net operating income before loan impairment charges and other credit risk provisions.
- 3 Estimated Capital Requirements Directive ('CRD') IV common equity tier 1 ('CET1') end point capital pre management actions, based on our interpretation of the July 2011 draft CRD IV regulation, supplemented by Prudential Regulation Authority ('PRA') guidance. However, the rules are yet to be finalised and estimates are subject to change.

- We continued to implement our strategy to grow, simplify and restructure the Group, announcing nine transactions to dispose of or close businesses since the start of 2013, making the total 52 since the start of 2011. Consistent with our commitment to adopt global standards, we continue to take steps to de-risk our business.
- Reported profit before tax ('PBT') for the first quarter of 2013 ('1Q13') was US\$8.4bn, up 95% compared with the first quarter of 2012 ('1Q12'). This included adverse movements of US\$0.2bn on the fair value of our own debt (1Q12: US\$2.6bn) and gains of US\$1.1bn from disposals and the reclassification of an associate (1Q12: US\$0.2m).

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

- Underlying PBT for 1Q13 was US\$7.6bn, up 34% compared with 1Q12. This primarily reflected higher revenue of US\$0.8bn and lower loan impairment charges of US\$0.9bn, with a notable improvement in our US Consumer and Mortgage Lending ('CML') portfolio.
- Underlying revenue included a net gain of US\$0.6bn on completion of the sale of our remaining shareholding in Ping An and a US\$0.5bn favourable debit valuation adjustment on derivative contracts. Remaining revenue was broadly unchanged. We achieved revenue growth in key areas including residential mortgages and Commercial Banking in both our home markets of Hong Kong and the UK, and Financing and Equity Capital Markets.
- Underlying operating expenses were down 2% compared with 1Q12, reflecting lower charges in respect of UK customer redress programmes and a reduction in restructuring costs. We achieved US\$0.4bn of additional sustainable cost savings during the quarter.
- Underlying cost efficiency ratio improved to 53.2% in 1Q13 from 56.9% in 1Q12.
- Core tier 1 capital ratio was 12.7% at 31 March 2013, up from 12.3% at 31 December 2012.

Group Chief Executive, Stuart Gulliver, commented:

"We have had a good start to the year, with growth in reported and underlying profit before tax. These results demonstrate our progress in implementing the strategy we set out in May 2011.

"While continuing uncertainty in the global economy has created a relatively muted environment for revenue growth, we have increased revenue in key areas including residential mortgages and Commercial Banking in both our home markets of Hong Kong and the UK, and in our Financing and Equity Capital Markets business.

"Loan impairment charges were lower in every region, notably in North America. Our continued focus on cost management contributed to an improvement in our underlying cost efficiency ratio.

"We have achieved further progress on the journey we started in 2011 to make HSBC easier to manage and control. The implementation of global standards will help ensure that we meet the commitments we made to the US and UK authorities as part of the settlement agreements reached at the end of last year.

"Our performance in April continued the trend we saw in the first quarter. Looking at the macroeconomic environment, there are still challenges ahead. However, we expect the mainland Chinese economy to accelerate after a slower than expected start to the year; the US to continue to outperform its peers, although the pace of growth is slow compared to past standards; the eurozone to contract; emerging markets to grow at around 5% and global growth to be around 2% for 2013.

"We have strengthened our capital position and remain one of the best-capitalised banks in the world, allowing us both to invest in organic growth and grow dividends. Our strategic direction remains unchanged. Later this month we will update investors on the next phase of its implementation."

Underlying performance

Internally we measure our performance on a like-for-like basis by eliminating the effects of foreign currency translation and changes in credit spread on the fair value of our long-term debt (where the net result of such movements will be zero upon maturity of the debt). We also eliminate the effects of acquisitions, disposals and changes of ownership levels of subsidiaries, associates and businesses. All of these distort period-on-period comparisons. For disposals, acquisitions and changes of ownership levels of subsidiaries, associates and businesses, we eliminate the gain or loss on disposal in the period incurred and remove the operating profit or loss of the acquired and disposed of businesses from all periods presented.

Reconciliation of reported and underlying revenue

| | 31 Mar | 31 Mar | Quarter ended | | |
|--|-----------|-----------|---------------|-------------------|--------|
| | 2013 | 2012 | Change | 31 Dec 2012 | Change |
| | US\$m | US\$m | % | US\$m | % |
| Reported revenue | 18,416 | 16,201 | 14 | 16,867 | 9 |
| Currency translation adjustment ¹ | | (302) | | (199) | |
| Own credit spread | 243 | 2,644 | (91) | 1,312 | (81) |
| Acquisitions, disposals and dilutions | (1,104) | (1,745) | | (3,411) | |
| Underlying revenue | 17,555 | 16,798 | 5 | 14,569 | 20 |

Reconciliation of reported and underlying loan impairment charges and other credit risk provisions ('LIC's)

| | 31 Mar | 31 Mar | Quarter ended | | |
|--|-----------|-----------|---------------|-------------------|--------|
| | 2013 | 2012 | Change | 31 Dec 2012 | Change |
| | US\$m | US\$m | % | US\$m | % |
| Reported LICs | (1,171) | (2,366) | 51 | (1,792) | 35 |
| Currency translation adjustment ¹ | | 61 | | (2) | |
| Acquisitions, disposals and dilutions | 1 | 213 | | 5 | |
| Underlying LICs | (1,170) | (2,092) | 44 | (1,789) | 35 |

Reconciliation of reported and underlying operating expenses

| | 31 Mar | 31 Mar | Quarter ended | | |
|--|-----------|-----------|---------------|-------------------|--------|
| | 2013 | 2012 | Change | 31 Dec 2012 | Change |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | US\$m | US\$m | % | US\$m | % |
|--|---------|----------|----|----------|----|
| Reported operating expenses | | | | | |
| ..... | (9,347) | (10,353) | 10 | (11,444) | 18 |
| Currency translation adjustment ¹ | | | | | |
| ..... |  | 177 | | 75 | |
| Acquisitions, disposals and dilutions | 14 | 611 | | 46 | |
| Underlying operating expenses | | | | | |
| ..... | (9,333) | (9,565) | 2 | (11,323) | 18 |
| Underlying cost efficiency ratio | | | | | |
| ..... | 53.2% | 56.9% | | 77.7% | |

Reconciliation of reported and underlying profit before tax

| | 31 | | Quarter ended | | 31 | |
|--|---------|---------|---------------|---------|--------|--|
| | Mar | Mar | | Dec | | |
| | 2013 | 2012 | Change | 2012 | Change | |
| | US\$m | US\$m | % | US\$m | % | |
| Reported profit before tax | | | | | | |
| ..... | 8,434 | 4,322 | 95 | 4,431 | 90 | |
| Currency translation adjustment ¹ | | | | | | |
| ..... |  | (61) | | (125) | | |
| Own credit spread | | | | | | |
| ..... | 243 | 2,644 | (91) | 1,312 | (81) | |
| Acquisitions, disposals and dilutions | (1,089) | (1,251) | | (3,667) | | |
| Underlying profit before tax | | | | | | |
| ..... | 7,588 | 5,654 | 34 | 1,951 | 289 | |

¹ 'Currency translation adjustment' is the effect of translating the results of subsidiaries and associates for the previous period at the average rates of exchange applicable in the current period.

Notable revenue items

| | 31 | | Quarter ended | | 31 | |
|--|-------|-------|---------------|-------|--------|--|
| | Mar | Mar | | Dec | | |
| | 2013 | 2012 | Change | 2012 | Change | |
| | US\$m | US\$m | % | US\$m | % | |

| | | | |
|---|-----|---|-------|
| Sale of remaining Ping An shareholding ¹ | 553 | - | - |
| Ping An contingent forward sale contract ² | - | - | (553) |

Notable cost items

| | Quarter ended | | | | |
|--|---------------|-------|--------|-------|--------|
| | 31 | 31 | | 31 | |
| | Mar | Mar | Change | Dec | Change |
| | 2013 | 2012 | | 2012 | |
| | US\$m | US\$m | % | US\$m | % |
| Restructuring and other related costs | 75 | 260 | 71 | 216 | 65 |
| UK customer redress programmes | 164 | 468 | 65 | 640 | 74 |
| Fines and penalties for inadequate compliance with anti-money laundering and sanction laws | - | - | | 421 | |

1 The gain of US\$553m represents the net impact of the disposal of available-for-sale investments in Ping An offset by adverse changes in fair value of the contingent forward sale contract to the point of delivery of the shares.

2 For a full description of the Ping An contingent forward sale contract, see page 472 of the Annual Report and Accounts 2012.

Financial performance commentary

Reported net operating income before loan impairment charges and other credit provisions ('revenue') was US\$18.4bn in 1Q13, US\$2.2bn higher than in 1Q12. This primarily reflected lower adverse movements of US\$0.2bn on our

own debt designated at fair value resulting from changes in credit spreads, compared with US\$2.6bn in 1Q12. In addition, revenue included US\$1.1bn of gains (net of losses) from disposals and reclassifications compared with

US\$0.2bn in 1Q12, including an accounting gain in 1Q13 arising from the reclassification of Industrial Bank Co., Limited ('Industrial Bank') as a financial investment following its issue of additional share capital to third parties. The resulting increase in revenue was partially offset by the absence of revenue in 1Q13 from businesses disposed of during 2012, notably Cards and Retail Services ('CRS') in the US, which was sold in May 2012.

Underlying revenue was US\$17.6bn in 1Q13, US\$0.8bn higher than in 1Q12. This included items totalling US\$1.1bn, as follows:

- a net gain recognised on completion of the sale of our remaining shareholding in Ping An Insurance (Group) Company of China, Limited ('Ping An') of US\$0.6bn;
- a favourable debit valuation adjustment of US\$0.5bn in Global Banking and Markets ('GB&M') on derivative contracts reflecting a widening of spreads on HSBC credit default swaps and refinement of the calculation;
- foreign exchange gains on sterling debt issued by HSBC Holdings of US\$0.4bn;
- a loss relating to the write-off of allocated goodwill recognised following the reclassification of a non-strategic business to 'Assets held for sale' in Global Private Banking ('GPB') of US\$0.3bn; and

- a loss of US\$0.1bn on the sale of an HFC Bank UK secured loan portfolio.

Remaining Group revenue was broadly unchanged:

- GB&M delivered a strong revenue performance in the quarter. However, this was lower than 1Q12 for two reasons: (i) 1Q12 benefited from the significant tightening of spreads on eurozone bonds following the European Central Bank's announcement of the Long-Term Refinancing Operation, although this reduction in revenue was partly offset by lower adverse fair value movements on structured liabilities; and (ii) Balance Sheet Management revenue decreased due to lower net interest income as proceeds from the sale and maturing of investments were reinvested at prevailing rates. In addition, there were lower gains on the disposal of available-for-sale debt securities in the UK. These factors were partly offset by increased revenue from Financing and Equity Capital Markets which was driven by higher lending spreads together with a rise in fees in our financing, advisory and underwriting businesses and the non-recurrence of losses on the sale of certain syndicated loans in 1Q12.
- In Retail Banking and Wealth Management ('RBWM'), revenue decreased due to a decline in the US run-off portfolio which reflected a loss of US\$0.2bn arising from the early termination of US\$1.0bn of qualifying accounting hedges as a result of potential funding changes. Revenue in RBWM excluding the US CRS business and the US run-off portfolio increased, mainly driven by higher net interest income from an increase in average secured lending balances in Hong Kong and the UK.
- In Commercial Banking ('CMB') revenue was in line with 1Q12. There was moderate growth in net fee income across most product groups, while net interest income was broadly unchanged as higher average lending and deposit balances, notably in the UK and Hong Kong, were largely offset by spread compression.
- Loan impairment charges and other credit risk provisions ('LIC's) were lower in all regions than in 1Q12. The decrease was most significant in North America due to reduced lending balances and lower delinquency rates in our CML portfolio, as well as the sale of the CRS business in 2012. The Middle East and North Africa benefited from a net release of LICs raised in previous periods compared with significant impairment charges in 1Q12, reflecting the improvement in the financial position of certain customers. LICs also decreased in Europe, reflecting lower credit risk provisions due to net releases on available-for-sale asset-backed securities due to an improvement in underlying asset prices. This compared with charges in 1Q12. Also in Europe, notably in the UK, lower loan impairment charges in RBWM reflected a fall in delinquency rates.
- Reported operating expenses in 1Q13 of US\$9.3bn were 10% lower than in 1Q12. On an underlying basis, operating expenses fell by US\$0.2bn, primarily due to lower charges relating to UK customer redress programmes of US\$0.3bn and a US\$0.2bn reduction in restructuring and related costs. Remaining operating expenses were US\$0.3bn higher, mainly due to an operational risk provision in GPB, a customer remediation provision related to our former CRS business, the cost of transitional service agreements following the sale of the CRS business and an impairment of our interest in a joint venture, which in aggregate totalled US\$0.4bn. Wage inflation also contributed to the increase in operating expenses. These factors were partly offset by sustainable cost savings and lower performance-related costs in GB&M.
- We achieved an additional US\$0.4bn of sustainable cost savings across all our regions, taking the annualised total to US\$4.0bn as we continued with our organisational effectiveness programmes.
- The reported cost efficiency ratio improved from 63.9% in 1Q12 to 50.8% in 1Q13 while, on an underlying basis, it improved from 56.9% to 53.2%.
- The number of full-time equivalent staff at the end of the quarter was 260,400, broadly unchanged since 31 December 2012. This reflected a reduction from organisational effectiveness initiatives and business disposals which was largely offset by recruitment, notably in our Risk function (including Compliance) as we continued the implementation of global standards.
- The effective tax rate for 1Q13 of 15.7% was lower than the UK corporation tax rate of 23.25%. This was driven by the benefits arising from the non-taxable gains on profits associated with the reclassification of Industrial Bank as a financial investment and the Ping An sale, and the geographical distribution of the Group's profit.
- Profit attributable to ordinary shareholders for the first quarter was US\$6.2bn, up by US\$3.8bn on 1Q12, with the result that the annualised return on average ordinary shareholders' equity was 14.9% compared with 6.4% in 1Q12.

1Q13 compared with 4Q12

- Reported revenue of US\$18.4bn in 1Q13 was US\$1.5bn higher than in 4Q12, despite significantly lower gains (net of losses) from disposals and reclassifications of US\$1.1bn compared with US\$3.3bn in 4Q12. 1Q13 included adverse movements on own debt designated at fair value resulting from changes in credit spreads of US\$0.2bn compared with US\$1.3bn in 4Q12.
- On an underlying basis, revenue was US\$3.0bn higher, driven by:
 - a charge in 4Q12 of US\$0.9bn from the change in estimation methodology in respect of credit valuation adjustments on derivative contracts;
 - the net gain recognised on completion of our remaining shareholding in Ping An of US\$0.6bn in 1Q13 which offset the adverse fair value movement on the forward contract included in our 4Q12 results; and
 - foreign exchange gains in 1Q13 on sterling debt issued by HSBC Holdings.
- Remaining revenue increased, driven by GB&M. This was notably in Rates in Europe following muted customer activity in the fourth quarter, in our Credit business as the momentum achieved in 2012 within debt capital markets continued, and in Balance Sheet Management due to higher gains on the disposal of available-for-sale debt securities in North America and Europe in 1Q13.
- LICs were lower than in 4Q12, mainly in Europe due to a higher level of individually assessed impairments in CMB in 4Q12 on UK, Spanish and Greek exposures. In addition, there were lower loan impairment charges in North America, primarily due to the non-recurrence of an adjustment made in 4Q12 of US\$0.2bn to increase the estimated average time period from current status to write-off for real estate loans.
- Reported operating expenses for 1Q13 were 18% lower than in 4Q12. On an underlying basis, operating expenses were also lower, as 4Q12 included charges related to the UK bank levy and fines and penalties paid as part of the settlement of investigations into past inadequate compliance with anti-money laundering and sanctions laws. In addition, in 1Q13 there were lower charges relating to UK customer redress programmes and restructuring and related costs. The remaining operating expenses were US\$0.4bn (5%) lower, primarily reflecting the non-recurrence of asset write-offs and lease provisions, and a decline in litigation penalties and related costs.

Balance sheet commentary

- Reported loans and advances to customers declined by US\$39.0bn during 1Q13. This resulted from foreign exchange differences of US\$25.4bn, a US\$1.2bn reduction in reverse repo balances and a decrease in customer lending of US\$12.5bn. The latter was driven by the reclassification of customer lending balances relating to the planned disposals of non-strategic businesses in Latin America and Europe to 'Assets held for sale'. Apart from this, loans and advances to customers remained broadly unchanged from 31 December 2012. Term and trade-related lending to CMB customers in Hong Kong rose as cross-border trade between Hong Kong and mainland China increased. In addition, residential mortgage balances rose in a number of countries across Rest of Asia-Pacific, including mainland China which benefited from an active property market. Residential mortgage balances continued to grow in Hong Kong, albeit at a slower rate than in 2012, while competitive campaigns led to a rise in the UK. This was partly offset by the continued decline in residential mortgage balances in the US run-off portfolio. In addition, overdraft balances in the UK which did not meet the accounting netting criteria fell.
- Reported customer accounts declined by US\$32.1bn compared with 31 December 2012. This resulted from foreign exchange movements of US\$29.8bn, and a fall in customer deposits of US\$9.7bn in 1Q13. The latter was driven by declines in Latin America and Europe which reflected the reclassification to 'Liabilities of disposal groups held for sale' of customer account balances relating to the planned disposals of non-strategic operations. A US\$7.4bn rise in repo balances partly offset these declines. The fall in customer account balances was broadly in line with 31 December 2012 levels, as a decline in current accounts in the UK relating to the reduction in overdraft balances which

did not meet the accounting netting criteria and lower customer deposit balances in North America was largely offset by growth in all global businesses in the Middle East and North Africa and higher RBWM balances in Hong Kong, Rest of Asia-Pacific and the UK.

· Other significant balance sheet movements in the quarter included an increase in trading assets and liabilities, reflecting a rise in customer activity and a resultant increase in settlement account balances. Loans to banks also rose, largely in Europe, as liquidity was deployed into reverse repos, and in Hong Kong and Rest of Asia-Pacific, where there was a rise in interbank placements.

Capital and risk-weighted assets

The core tier 1 capital ratio strengthened to 12.7% from 12.3% at 31 December 2012 as a result of the completion of management actions and profit generation offset by the effect of regulatory changes.

Internal capital generation contributed US\$3.0bn to core tier 1 capital, being profits attributable to shareholders of the parent company after a regulatory adjustment for own credit spread and net of dividends. This was largely offset by foreign currency translation differences resulting from the strengthening of the US dollar.

Risk-weighted assets ('RWA's) reduced by US\$26.2bn, of which US\$9.8bn was due to foreign exchange movements. Credit risk RWAs decreased by US\$38.1bn from the reclassification of Industrial Bank as a financial investment and its consequent exclusion from the regulatory consolidation of RWAs. This was partially offset by an increase in credit risk RWAs of US\$19.0bn due to the introduction of a new PRA regulatory floor in the calculation of credit risk RWAs on sovereign exposures under the advanced internal ratings-based ('IRB') approach.

The estimated CRD IV CET1 ratio strengthened to 9.7% from 9.0% at 31 December 2012 due to the sale of our remaining shareholding in Ping An and to the factors described above. After taking into account planned management actions mitigating the effect of immaterial holdings, the CET1 ratio is estimated to be 10.1%.

Net interest margin

Net interest margin was lower than in 1Q12 as a result of significantly lower yields on customer lending, including balances within 'Assets held for sale'. This was driven by the effect of disposals during 2012, notably the higher yielding CRS portfolio in the US, coupled with a downward trend in interest rates in a number of countries. Yields on our surplus liquidity also fell, notably in Latin American and Europe, as proceeds from maturing investments and disposals were reinvested at lower prevailing rates. The fall in yield was partly offset by a reduction in the cost of funds on customer accounts in the low rate environment and on debt issued by the Group, notably in the US where lower funding requirements following the business disposals led to debt at higher effective rates maturing and not being replaced. The decline in net interest margin compared with 4Q12 similarly reflected the change in the composition of our balance sheet as a result of disposals, together with lower yields on our surplus liquidity. This was partly offset by a reduction in our cost of funds, notably on debt issued by the Group, together with lower rates paid on customer account balances.

Trading conditions and outlook for 2013

Although broad macroeconomic challenges persist, we expect the mainland Chinese economy to accelerate after a slower than expected start to the year. We forecast that the US will continue to outperform its peers, though the pace of growth will be slow compared with past experience. We expect that the eurozone will contract, that emerging markets will grow at around 5%, and that global growth will be around 2% in 2013.

Our performance in April continued the trend we saw in the first quarter.

Notes

- Income statement comparisons, unless stated otherwise, are between the quarter ended 31 March 2013 and the quarter ended 31 March 2012. Balance sheet comparisons, unless otherwise stated, are between balances at 31 March 2013 and the corresponding balances at 31 December 2012.
- The financial information on which this Interim Management Statement is based, and the data set out in the appendix to this statement, are unaudited and have been prepared in accordance with HSBC's significant accounting policies as described in the Annual Report and Accounts 2012, with the exception of the adoption of the following new or revised standards: IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 13 'Fair Value Measurement' and IAS 19 'Employee Benefits'. These new standards are effective from 1 January 2013 and their adoption had an insignificant effect on the consolidated financial statements of HSBC. A glossary of terms is also provided in the Annual Report and Accounts 2012.

- The Board has adopted a policy of paying quarterly interim dividends on the ordinary shares. Under this policy, it is intended to have a pattern of three equal interim dividends with a variable fourth interim dividend. Dividends are declared in US dollars and, at the election of the shareholder, paid in cash in one of, or in a combination of, US dollars, sterling and Hong Kong dollars or, subject to the Board's determination that a scrip dividend is to be offered in respect of that dividend, may be satisfied in whole or in part by the issue of new shares in lieu of a cash dividend.

| | |
|---|-----------|
| Interim Report 2013 announcement date | 5 August |
| ..... | 2013 |
| Shares quoted ex-dividend in London, Hong Kong, Paris and Bermuda | 21 August |
| ..... | 2013 |
| ADSs quoted ex-dividend in New York | 21 August |
| ..... | 2013 |
| Dividend record date in Hong Kong | 22 August |
| ..... | 2013 |
| Dividend record date in London, New York, Paris and Bermuda | 23 August |
| ..... | 2013 |
| Dividend payment date | 9 October |
| ..... | 2013 |

Cautionary statement regarding forward-looking statements

The Interim Management Statement contains certain forward-looking statements with respect to HSBC's financial condition, results of operations and business. Statements that are not historical facts, including statements about HSBC's beliefs and expectations, are forward-looking statements. Words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'estimates', 'potential' and 'reasonably possible', variations of these words and similar expressions are intended to identify forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made. HSBC makes no commitment to revise or update any forward-looking statements to reflect events or circumstances

occurring or existing after the date of any forward-looking statements.

Written and/or oral forward-looking statements may also be made in the periodic reports to the US Securities and Exchange Commission, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by HSBC's Directors, officers or employees to third parties, including financial analysts.

Forward-looking statements involve inherent risks and uncertainties. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These include, but are not limited to:

- changes in general economic conditions in the markets in which we operate, such as continuing or deepening recessions and fluctuations in employment beyond those factored into consensus forecasts; changes in foreign exchange rates and interest rates; volatility in equity markets; lack of liquidity in wholesale funding markets; illiquidity and downward price pressure in national real estate markets; adverse changes in central banks' policies with respect to the provision of liquidity support to financial markets; heightened market concerns over sovereign creditworthiness in over-indebted countries; adverse changes in the funding status of public or private defined benefit pensions; and consumer perception as to the continuing availability of credit and price competition in the market segments we serve;
- changes in government policy and regulation, including the monetary, interest rate and other policies of central banks and other regulatory authorities; initiatives to change the size, scope of activities and interconnectedness of financial institutions in connection with the implementation of stricter regulation of financial institutions in key markets worldwide; revised capital and liquidity benchmarks which could serve to deleverage bank balance sheets and lower returns available from the current business model and portfolio mix; imposition of levies or taxes designed to change business mix and risk appetite; the practices, pricing or responsibilities of financial institutions serving their consumer markets; expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; changes in bankruptcy legislation in the principal markets in which we operate and the consequences thereof; general changes in government policy that may significantly influence investor decisions; extraordinary government actions as a result of current market turmoil; other unfavourable political or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for our products and services; the costs, effects and outcomes of product regulatory reviews, actions or litigation, including any additional compliance requirements; and the effects of competition in the markets where we operate including increased competition from non-bank financial services companies, including securities firms; and
- factors specific to HSBC, including our success in adequately identifying the risks we face, such as the incidence of loan losses or delinquency, and managing those risks (through account management, hedging and other techniques). Effective risk management depends on, among other things, our ability through stress testing and other techniques to prepare for events that cannot be captured by the statistical models it uses; and our success in addressing operational, legal and regulatory, and litigation challenges, notably compliance with the Deferred Prosecution Agreements with US authorities.

Summary consolidated income statement

| | Quarter ended | | | | |
|--|---------------|-------|-------|-------|--------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| | 8,968 | 9,182 | 9,114 | 9,289 | 10,087 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|---------|----------|----------|----------|----------|
| Net interest income | | | | | |
| | | | | | |
| Net fee income | | | | | |
| ..... | 4,245 | 4,066 | 4,057 | 3,997 | 4,310 |
| Net trading income | | | | | |
| ..... | 3,843 | 780 | 1,792 | 1,637 | 2,882 |
| Changes in fair value of long-term debt issued and related derivatives | | | | | |
| ..... | (1,457) | (1,132) | (1,385) | 581 | (2,391) |
| Net income/(expense) from other financial instruments designated at fair value | | | | | |
| ..... | 553 | 655 | 819 | (422) | 1,049 |
| Net income/(expense) from financial instruments designated at fair value | | | | | |
| ..... | (904) | (477) | (566) | 159 | (1,342) |
| Gains less losses from financial investments | | | | | |
| ..... | 1,610 | - | 166 | 564 | 459 |
| Dividend income | | | | | |
| ..... | 34 | 87 | 31 | 75 | 28 |
| Net earned insurance premiums | | | | | |
| ..... | 3,172 | 3,023 | 3,325 | 3,176 | 3,520 |
| Gains on disposal of US branch network, US cards business and Ping An | | | | | |
| ..... | - | 3,012 | 203 | 3,809 | - |
| Other operating income | | | | | |
| ..... | 1,001 | 757 | 321 | 526 | 496 |
| Total operating income | | | | | |
| ..... | 21,969 | 20,430 | 18,443 | 23,232 | 20,440 |
| Net insurance claims incurred and movement in liabilities to policyholders | | | | | |
| ..... | (3,553) | (3,563) | (3,877) | (2,536) | (4,239) |
| Net operating income before loan impairment charges and other credit risk provisions | | | | | |
| ..... | 18,416 | 16,867 | 14,566 | 20,696 | 16,201 |
| Loan impairment charges and other credit risk provisions .. | | | | | |
| ..... | (1,171) | (1,792) | (1,720) | (2,433) | (2,366) |
| Net operating income | | | | | |
| ..... | 17,245 | 15,075 | 12,846 | 18,263 | 13,835 |
| Total operating expenses | | | | | |
| ..... | (9,347) | (11,444) | (10,279) | (10,851) | (10,353) |
| Operating profit | | | | | |
| ..... | 7,898 | 3,631 | 2,567 | 7,412 | 3,482 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|---------|---------|-------|---------|---------|
| Share of profit in associates and joint ventures | 536 | 800 | 914 | 1,003 | 840 |
| Profit before tax..... | 8,434 | 4,431 | 3,481 | 8,415 | 4,322 |
| Tax expense | (1,324) | (1,028) | (658) | (2,244) | (1,385) |
| Profit after tax..... | 7,110 | 3,403 | 2,823 | 6,171 | 2,937 |
| Profit attributable to shareholders of the parent company . | 6,353 | 3,091 | 2,498 | 5,857 | 2,581 |
| Profit attributable to non-controlling interests | 757 | 312 | 325 | 314 | 356 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Basic earnings per ordinary share | 0.34 | 0.16 | 0.13 | 0.32 | 0.13 |
| Diluted earnings per ordinary share | 0.33 | 0.16 | 0.13 | 0.31 | 0.13 |
| Dividend per ordinary share (in respect of the period) | 0.10 | 0.18 | 0.09 | 0.09 | 0.09 |
| | % | % | % | % | % |
| Return on average ordinary shareholders' equity(annualised) | 14.9 | 7.1 | 5.8 | 14.6 | 6.4 |
| Pre-tax return on average risk-weighted assets (annualised) | 3.1 | 1.5 | 1.2 | 2.9 | 1.4 |
| Cost efficiency ratio | 50.8 | 67.8 | 70.6 | 52.4 | 63.9 |

Summary consolidated balance sheet

| | At 31 March 2013 US\$m | At 31 December 2012 US\$m | At 30 June 2012 US\$m |
|---|------------------------------------|---------------------------------------|-----------------------------------|
| ASSETS | | | |
| Cash and balances at central banks | 135,240 | 141,532 | 147,911 |
| | 438,834 | 408,811 | 391,371 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | |
|--|-----------|-----------|-----------|
| Trading assets | | | |
| | | | |
| Financial assets designated at fair value | | | |
| ..... | 34,858 | 33,582 | 32,310 |
| Derivatives | | | |
| ..... | 334,741 | 357,450 | 355,934 |
| Loans and advances to banks | | | |
| ..... | 177,652 | 152,546 | 182,191 |
| Loans and advances to customers | | | |
| ..... | 958,591 | 997,623 | 974,985 |
| Financial investments | | | |
| ..... | 414,623 | 421,101 | 393,736 |
| Assets held for sale | | | |
| ..... | 23,332 | 19,269 | 12,383 |
| Other assets | | | |
| ..... | 163,485 | 160,624 | 161,513 |
| Total assets | | | |
| ..... | 2,681,356 | 2,692,538 | 2,652,334 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Deposits by banks | | | |
| ..... | 105,474 | 107,429 | 123,553 |
| Customer accounts | | | |
| ..... | 1,307,938 | 1,340,014 | 1,278,489 |
| Trading liabilities | | | |
| ..... | 331,780 | 304,563 | 308,564 |
| Financial liabilities designated at fair value | | | |
| ..... | 86,830 | 87,720 | 87,593 |
| Derivatives | | | |
| ..... | 335,619 | 358,886 | 355,952 |
| Debt securities in issue | | | |
| ..... | 117,264 | 119,461 | 125,543 |
| Liabilities under insurance contracts | | | |
| ..... | 69,279 | 68,195 | 62,861 |
| Liabilities of disposal groups held for sale | | | |
| ..... | 18,209 | 5,018 | 12,599 |
| Other liabilities | | | |
| ..... | 125,215 | 118,123 | 123,414 |
| Total liabilities | | | |
| ..... | 2,497,608 | 2,509,409 | 2,478,568 |
| Equity | | | |
| Total shareholders' equity | | | |
| ..... | 175,339 | 175,242 | 165,845 |
| Non-controlling interests | | | |
| ..... | 8,409 | 7,887 | 7,921 |
| | 183,748 | 183,129 | 173,766 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Total equity

Total equity and liabilities

Ratio of customer advances to customer accounts

Capital

Capital structure

| | At 31 Mar 2013 US\$m | At 31 Dec 2012 US\$m | At 30 Jun 2012 US\$m |
|--|----------------------------|----------------------------|----------------------------|
| Composition of regulatory capital | | | |
| Tier 1 capital | | | |
| Shareholders' equity | 166,984 | 167,360 | 160,606 |
| Non-controlling interests | 4,850 | 4,348 | 4,451 |
| Regulatory adjustments to the accounting basis | (2,506) | (2,437) | (3,308) |
| Deductions | (30,003) | (30,482) | (31,080) |
| Core tier 1 capital | 139,325 | 138,789 | 130,669 |
| Other tier 1 capital before deductions | 17,034 | 17,301 | 17,110 |
| Deductions | (7,062) | (5,042) | (845) |
| Tier 1 capital | 149,297 | 151,048 | 146,934 |
| Total regulatory capital | 183,262 | 180,806 | 175,724 |
| Total risk-weighted assets | 1,097,792 | 1,123,943 | 1,159,896 |
| Capital ratios | % | % | % |
| | 12.7 | 12.3 | 11.3 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | |
|--------------------------|------|------|------|
| Core tier 1 ratio..... | | | |
| Tier 1 ratio..... | 13.6 | 13.4 | 12.7 |
| Total capital ratio..... | 16.7 | 16.1 | 15.1 |

Risk-weighted assets

RWAs by risk type

| | At 31 Mar 2013 | At 31 Dec 2012 | At 30 Jun 2012 |
|-------------------------------|----------------------|----------------------|----------------------|
| | US\$m | US\$m | US\$m |
| Credit risk..... | 875,303 | 898,416 | 931,724 |
| Counterparty credit risk..... | 47,231 | 48,319 | 49,535 |
| Market risk..... | 52,994 | 54,944 | 54,281 |
| Operational risk..... | 122,264 | 122,264 | 124,356 |
| Total..... | 1,097,792 | 1,123,943 | 1,159,896 |

RWAs by global businesses

| | At 31 Mar 2013 | At 31 Dec 2012 | At 30 Jun 2012 |
|---|----------------------|----------------------|----------------------|
| | US\$bn | US\$bn | US\$bn |
| Retail Banking and Wealth Management..... | 264.2 | 276.6 | 298.7 |
| Commercial Banking..... | 373.8 | 397.0 | 397.8 |
| Global Banking and Markets..... | 412.3 | 403.1 | 412.9 |
| Global Private Banking..... | 22.0 | 21.7 | 21.8 |
| Other..... | 25.5 | 25.5 | 28.7 |
| | 1,097.8 | 1,123.9 | 1,159.9 |

Total

RWAs by geographical regions

| | At 31 Mar 2013 | At 31 Dec 2012 | At 30 Jun 2012 |
|------------------------------|----------------------|----------------------|----------------------|
| | US\$bn | US\$bn | US\$bn |
| Total | 1,097.8 | 1,123.9 | 1,159.9 |
| Europe | 300.8 | 314.7 | 329.5 |
| Hong Kong | 118.7 | 111.9 | 108.0 |
| Rest of Asia-Pacific | 273.7 | 302.2 | 303.2 |
| Middle East and North Africa | 65.7 | 62.2 | 63.0 |
| North America | 254.0 | 253.0 | 279.2 |
| Latin America | 100.8 | 97.9 | 99.8 |

1

RWAs are non-additive across geographical regions due to market risk diversification effects within the Group.

RWA movement by key
driver - credit risk - IRB only

| | Europe US \$bn | Hong Kong US \$bn | Rest of Asia- Pacific US \$bn | MENA US \$bn | North America US \$bn | Latin America US \$bn | Total US \$bn |
|-------------------------------------|----------------------|----------------------------|---|--------------------|--------------------------------|--------------------------------|---------------------|
| RWAs at 1 January 2013 | 150.7 | 70.2 | 92.1 | 12.6 | 187.1 | 11.2 | 523.9 |
| Foreign exchange movement . | (6.5) | (0.1) | (0.3) | (0.3) | (0.6) | 0.1 | (7.7) |
| Acquisitions and disposals | (1.4) | - | - | - | - | - | (1.4) |
| Book size | 3.9 | 2.8 | 1.9 | 0.9 | (4.4) | (0.3) | 4.8 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | | | |
|-------------------------------------|-------|------|-------|------|-------|-------|-------|
| Book quality | | | | | | | |
| ..... | (0.4) | 0.8 | (0.1) | 1.9 | (2.8) | 0.1 | (0.5) |
| Model updates | | | | | | | |
| ..... | - | - | - | - | (0.2) | - | (0.2) |
| Portfolios moving onto IRB approach | | | | | | | |
| | - | - | - | - | - | - | - |
| New/updated models | | | | | | | |
| ..... | - | - | - | - | (0.2) | - | (0.2) |
| Methodology and policy | | | | | | | |
| ..... | 4.7 | 3.9 | 2.5 | - | 11.0 | - | 22.1 |
| Internal updates | | | | | | | |
| ..... | 2.3 | - | - | - | 0.8 | - | 3.1 |
| External updates - regulatory | | | | | | | |
| ..... | 2.4 | 3.9 | 2.5 | - | 10.2 | - | 19.0 |
| Total RWA movement | | | | | | | |
| ..... | 0.3 | 7.4 | 4.0 | 2.5 | 3.0 | (0.1) | 17.1 |
| RWAs at 31 March-2013 | | | | | | | |
| ..... | 151.0 | 77.6 | 96.1 | 15.1 | 190.1 | 11.1 | 541.0 |

RWA movement by key driver - counterparty credit risk - IRB only

| | |
|-------------------------------|--------|
| | US\$bn |
| RWAs at 1 January 2013 | |
| ..... | 45.7 |
| Book size | |
| ..... | (0.4) |
| Book quality | |
| ..... | (0.5) |
| Model updates | |
| | - |
| Methodology and policy | |
| ..... | (0.4) |
| Internal updates | |
| ..... | (0.4) |
| External updates - regulatory | |
| | - |
| Total RWA movement | |
| ..... | (1.3) |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

RWAs at 31 March 2013
 44.4

RWA movement by key driver - market risk

- internal model based

US\$bn

RWAs at 1 January 2013
 44.5

Foreign exchange
 movement and other . -
 Movement in risk levels
 (6.3)

Model updates
 -
 Methodology and policy
 2.3

Internal updates
 -
 External updates -
 regulatory 2.3

Total RWA movement
 (4.0)

RWAs at 31 March 2013
 40.5

Estimated effect of CRD IV end point rules applied to the 31 March 2013 position

| | At 31 March 2013 | |
|---|------------------|---------|
| | RWAs | CET1 |
| | US\$m | US\$m |
| Reported total under the current regime | 1,097,792 | 139,325 |
| Regulatory adjustments applied to reported totals (under the current regime) in respect of amounts subject to CRD IV treatment: | | |
| Additional valuation adjustment (referred to as PVA) | | (1,850) |
| Individually immaterial holdings in CET1 capital of banks, financial institutions and insurance in aggregate above 10% of | | (4,258) |

| | | |
|--|-----------|---------|
| HSBC CET1 | | |
| Deductions under threshold approach | | (4,669) |
| | | |
| Other regulatory adjustments | 161,950 | (5,917) |
| | | |
| Estimated total under CRD IV | 1,259,742 | 122,631 |
| | | |
| Estimated CET1 | | 9.7% |
| ratio..... | | |
| | | US\$m |
| Planned short-term management actions to mitigate immaterial | | |
| holdings including threshold effects | 1,877 | 5,009 |
| | | |
| Estimated total after planned management actions | 1,261,619 | 127,640 |
| | | |
| Estimated CET1 ratio after planned management | | 10.1% |
| actions..... | | |

The table above presents a reconciliation of our reported core tier 1 capital and RWAs position at 31 March 2013 to the pro-forma CRD IV fully loaded estimated CET1 capital and estimated RWAs. The table has been prepared on a consistent basis to our 2012 year end disclosures in order to illustrate our transition to Basel III under CRD IV and provide some insight into the possible effects of these rules on our capital position. These estimates are based on our interpretation of the draft July 2011 CRD IV rules, supplemented by guidance provided by the PRA, as applicable. However, the rules are yet to be finalised and these estimates are subject to change.

In April 2013, the European Parliament ('EP'), the Council and Commission agreed in principle the final CRD IV package. However, an EP Plenary vote is scheduled for June to adopt the final text. The implementation date of CRD IV is likely to be 1 January 2014, although this is dependent upon the completion of the various translations and its publication in the EU Official Journal before 1 July 2013. There are also still numerous areas where technical standards are yet to be drafted by the European Banking Authority.

We are currently analysing the impact of the proposals incorporated in the text.

A detailed basis of preparation can be found in the Annual Report and Accounts 2012 (see Appendix to Capital on page 298).

Profit before tax by global business and geographical region

| 31 | 31 | Quarter ended | | 31 |
|-------|-------|---------------|-------|-------|
| | | 30 | 30 | |
| Mar | Dec | Sep | Jun | Mar |
| 2013 | 2012 | 2012 | 2012 | 2012 |
| US\$m | US\$m | US\$m | US\$m | US\$m |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--------------------------------------|-------|---------|---------|-------|---------|
| By global business | | | | | |
| Retail Banking and Wealth Management | | | | | |
| ..... | 1,567 | 1,654 | 1,511 | 4,228 | 2,182 |
| Commercial Banking | | | | | |
| ..... | 2,187 | 1,858 | 2,248 | 2,225 | 2,204 |
| Global Banking and Markets | | | | | |
| ..... | 3,588 | 1,226 | 2,247 | 1,968 | 3,079 |
| Global Private Banking | | | | | |
| ..... | (125) | 230 | 252 | 241 | 286 |
| Other | | | | | |
| ..... | 1,217 | (537) | (2,777) | (247) | (3,429) |
| | 8,434 | 4,431 | 3,481 | 8,415 | 4,322 |
| By geographical region | | | | | |
| Europe | | | | | |
| ..... | 1,795 | (2,530) | (217) | 330 | (997) |
| Hong Kong | | | | | |
| ..... | 2,158 | 2,031 | 1,790 | 1,864 | 1,897 |
| Rest of Asia-Pacific | | | | | |
| ..... | 3,356 | 4,171 | 1,905 | 2,348 | 2,024 |
| Middle East and North Africa | | | | | |
| ..... | 524 | 302 | 276 | 440 | 332 |
| North America | | | | | |
| ..... | 140 | (129) | (926) | 2,892 | 462 |
| Latin America | | | | | |
| ..... | 461 | 586 | 653 | 541 | 604 |
| | 8,434 | 4,431 | 3,481 | 8,415 | 4,322 |

Summary information - global businesses

Retail Banking and Wealth Management

| | Quarter ended | | | | |
|---|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 6,713 | 7,422 | 7,124 | 10,499 | 8,816 |
| Loan impairment charges and other credit risk provisions .. | (890) | (1,089) | (1,153) | (1,503) | (1,770) |
| | 5,823 | 6,333 | 5,971 | 8,996 | 7,046 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|---------|---------|---------|---------|---------|
| Net operating income..... | | | | | |
| Total operating expenses | (4,339) | (4,847) | (4,704) | (5,093) | (5,125) |
| Operating profit..... | 1,484 | 1,486 | 1,267 | 3,903 | 1,921 |
| Share of profit in associates and joint ventures | 83 | 168 | 244 | 325 | 261 |
| Profit before tax..... | 1,567 | 1,654 | 1,511 | 4,228 | 2,182 |
| Profit before tax relates to: | | | | | |
| RBWM excluding US Card and Retail Services business and US run-off portfolio | 1,887 | 1,818 | 1,810 | 1,731 | 1,724 |
| US Card and Retail Services | - | - | (150) | 3,247 | 669 |
| US run-off portfolio1 | (320) | (164) | (149) | (750) | (211) |
| Reconciliation of reported and underlying profit before tax | | | | | |
| Reported profit before tax | 1,567 | 1,654 | 1,511 | 4,228 | 2,182 |
| Currency translation adjustment | | (6) | 4 | (4) | 7 |
| Acquisitions, disposals and dilutions | - | (243) | (299) | (3,985) | (1,083) |
| Underlying profit before tax | 1,567 | 1,405 | 1,216 | 239 | 1,106 |
| | % | % | % | % | % |
| Cost efficiency ratio | 64.6 | 65.3 | 66.0 | 48.5 | 58.1 |
| Pre-tax return on average risk-weighted assets (annualised) | 2.4 | 2.3 | 2.0 | 5.3 | 2.5 |

1 31 March 2013 includes the loss on sale and results of the US Insurance business.

Commercial Banking

Quarter ended

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
|---|---------------|---------------|---------------|---------------|---------------|
| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 3,933 | 4,151 | 4,147 | 4,210 | 4,043 |
| Loan impairment charges and other credit risk provisions .. | (358) | (621) | (554) | (512) | (412) |
| Net operating income | 3,575 | 3,530 | 3,593 | 3,698 | 3,631 |
| Total operating expenses | (1,726) | (2,077) | (1,785) | (1,938) | (1,798) |
| Operating profit | 1,849 | 1,453 | 1,808 | 1,760 | 1,833 |
| Share of profit in associates and joint ventures | 338 | 405 | 440 | 465 | 371 |
| Profit before tax..... | 2,187 | 1,858 | 2,248 | 2,225 | 2,204 |
| Reconciliation of reported and underlying profit before tax | | | | | |
| Reported profit before tax | 2,187 | 1,858 | 2,248 | 2,225 | 2,204 |
| Currency translation adjustment | | 1 | 1 | (8) | (24) |
| Acquisitions, disposals and dilutions | - | (252) | (196) | (341) | (77) |
| Underlying profit before tax | 2,187 | 1,607 | 2,053 | 1,876 | 2,103 |
| | % | % | % | % | % |
| Cost efficiency ratio | 43.9 | 50.0 | 43.0 | 46.0 | 44.5 |
| Pre-tax return on average risk-weighted assets (annualised) | 2.3 | 1.8 | 2.2 | 2.2 | 2.3 |

Management view of revenue

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | Quarter ended | | | | |
|---|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Global Trade and Receivables Finance ¹ | | | | | |
| ..... | 713 | 725 | 762 | 753 | 726 |
| Credit and lending | | | | | |
| ..... | 1,488 | 1,603 | 1,585 | 1,532 | 1,528 |
| Payments and Cash Management ¹ , current | | | | | |
| accounts and savings deposits | | | | | |
| ..... | 1,275 | 1,372 | 1,347 | 1,338 | 1,314 |
| Insurance and investments | | | | | |
| ..... | 183 | 111 | 242 | 173 | 202 |
| Other | | | | | |
| ..... | 274 | 340 | 211 | 414 | 273 |
| Revenue | | | | | |
| ..... | 3,933 | 4,151 | 4,147 | 4,210 | 4,043 |

¹ 'Global Trade and Receivables Finance' and 'Payments and Cash Management' include revenue attributable to foreign exchange products.

Global Banking and Markets

| | Quarter ended | | | | |
|--|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan | | | | | |
| impairment charges and other credit risk | | | | | |
| provisions..... | 5,816 | 3,619 | 4,319 | 4,536 | 5,799 |
| Loan impairment charges and other credit | | | | | |
| risk (provisions)/recoveries | | | | | |
| ..... | 45 | (82) | 10 | (420) | (178) |
| Net operating | | | | | |
| income..... | 5,861 | 3,537 | 4,329 | 4,116 | 5,621 |
| Total operating expenses | | | | | |
| ..... | (2,388) | (2,530) | (2,304) | (2,356) | (2,717) |
| Operating | | | | | |
| profit..... | 3,473 | 1,007 | 2,025 | 1,760 | 2,904 |
| | 115 | 219 | 222 | 208 | 175 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Share of profit in associates and joint ventures

| | | | | | |
|-------------------------|-------|-------|-------|-------|-------|
| Profit before tax | 3,588 | 1,226 | 2,247 | 1,968 | 3,079 |
|-------------------------|-------|-------|-------|-------|-------|

Reconciliation of reported and underlying profit before tax

| | | | | | |
|----------------------------------|-------|-------|-------|-------|-------|
| Reported profit before tax | 3,588 | 1,226 | 2,247 | 1,968 | 3,079 |
|----------------------------------|-------|-------|-------|-------|-------|

| | | | | | |
|---------------------------------------|--|----|----|---|------|
| Currency translation adjustment | | 21 | 20 | 2 | (48) |
|---------------------------------------|--|----|----|---|------|

| | | | | | |
|---|---|-------|-------|-------|------|
| Acquisitions, disposals and dilutions | - | (160) | (109) | (131) | (93) |
|---|---|-------|-------|-------|------|

| | | | | | |
|------------------------------------|-------|-------|-------|-------|-------|
| Underlying profit before tax | 3,588 | 1,087 | 2,158 | 1,839 | 2,938 |
|------------------------------------|-------|-------|-------|-------|-------|

| | | | | | |
|--|---|---|---|---|---|
| | % | % | % | % | % |
|--|---|---|---|---|---|

| | | | | | |
|-----------------------------|------|------|------|------|------|
| Cost efficiency ratio | 41.1 | 69.9 | 53.3 | 51.9 | 46.9 |
|-----------------------------|------|------|------|------|------|

| | | | | | |
|---|-----|-----|-----|-----|-----|
| Pre-tax return on average risk-weighted assets (annualised) | 3.6 | 1.2 | 2.2 | 1.9 | 2.9 |
|---|-----|-----|-----|-----|-----|

Management view of revenue¹

| | Quarter ended | | | | |
|------------------------------------|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Global Markets | 2,848 | 1,187 | 2,192 | 2,181 | 3,133 |
| Credit | 409 | 124 | 285 | 65 | 305 |
| Rates | 814 | (397) | 363 | 611 | 1,194 |
| Foreign Exchange | 871 | 746 | 736 | 776 | 957 |
| Equities | 266 | 143 | 140 | 211 | 185 |
| Securities Services | 405 | 454 | 371 | 413 | 385 |
| Asset and Structured Finance | 83 | 117 | 297 | 105 | 107 |
| | 1,436 | 1,227 | 1,354 | 1,337 | 1,246 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|
| Global Banking | | | | | |
| | | | | | |
| Financing and Equity Capital Markets | | | | | |
| ..... | 831 | 619 | 756 | 723 | 633 |
| Payments and Cash Management | | | | | |
| ..... | 423 | 432 | 406 | 425 | 417 |
| Other transaction services | | | | | |
| ..... | 182 | 176 | 192 | 189 | 196 |
| Balance Sheet Management | | | | | |
| ..... | 976 | 697 | 835 | 926 | 1,280 |
| Principal Investments | | | | | |
| ..... | 14 | (75) | 53 | 71 | 76 |
| Debit valuation adjustment | | | | | |
| ..... | 472 | 518 | - | - | - |
| Other | | | | | |
| ..... | 70 | 65 | (115) | 21 | 64 |
| Revenue | | | | | |
| ..... | 5,816 | 3,619 | 4,319 | 4,536 | 5,799 |

1 In 1Q13 funding costs that had previously been reported within 'Other' were allocated to their respective business lines. For comparative purposes, 2012 quarterly data have been restated to reflect this change.

Revenue by geographical region

| | Quarter ended | | | | |
|------------------------------|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Europe | 2,525 | 953 | 1,463 | 1,603 | 2,410 |
| | | | | | |
| Hong Kong | 898 | 656 | 674 | 643 | 788 |
| | | | | | |
| Rest of Asia-Pacific | 1,045 | 901 | 928 | 1,031 | 1,134 |
| | | | | | |
| Middle East and North Africa | 212 | 177 | 209 | 229 | 178 |
| | | | | | |
| North America | 774 | 619 | 641 | 608 | 799 |
| | | | | | |
| Latin America | 402 | 382 | 433 | 441 | 518 |
| | | | | | |
| Intra-HSBC items | (40) | (69) | (29) | (19) | (28) |
| | | | | | |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|---|-------|---------------|-------|-------|-------|
| Revenue | 5,816 | 3,619 | 4,319 | 4,536 | 5,799 |
| Global Private Banking | | | | | |
| | | Quarter ended | | | |
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 444 | 786 | 745 | 815 | 826 |
| Loan impairment charges and other credit risk (provisions)/recoveries | (7) | 1 | (24) | 2 | (6) |
| Net operating income..... | 437 | 787 | 721 | 817 | 820 |
| Total operating expenses | (566) | (559) | (471) | (578) | (535) |
| Operating profit/(loss)..... | (129) | 228 | 250 | 239 | 285 |
| Share of profit in associates and joint ventures | 4 | 2 | 2 | 2 | 1 |
| Profit/(loss) before tax..... | (125) | 230 | 252 | 241 | 286 |
| Reconciliation of reported and underlying profit/(loss) before tax | | | | | |
| Reported profit/(loss) before tax | (125) | 230 | 252 | 241 | 286 |
| Currency translation adjustment | | (1) | - | (10) | - |
| Acquisitions, disposals and dilution | - | 1 | - | (58) | 2 |
| Underlying profit/(loss) before tax | (125) | 230 | 252 | 173 | 288 |
| | % | % | % | % | % |
| Cost efficiency ratio | 127.5 | 71.1 | 63.2 | 70.9 | 64.8 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|-------|-----|-----|-----|-----|
| Pre-tax return on average risk-weighted assets (annualised)..... | (2.3) | 4.2 | 4.6 | 4.3 | 5.1 |
|--|-------|-----|-----|-----|-----|

Other1

| | Quarter ended | | | | |
|--|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income/(expense) before loan impairment charges and other credit risk provisions | 2,821 | 2,355 | (361) | 2,124 | (1,786) |
| - of which effect of changes in own credit spread on the fair value of long-term debt issued | (243) | (1,312) | (1,733) | 474 | (2,644) |
| Loan impairment charges and other credit risk (provisions)/recoveries | 39 | (1) | 1 | - | - |
| Net operating income/(expense)..... | 2,860 | 2,354 | (360) | 2,124 | (1,786) |
| Total operating expenses | (1,639) | (2,897) | (2,423) | (2,374) | (1,675) |
| Operating profit/(loss)..... | 1,221 | (543) | (2,783) | (250) | (3,461) |
| Share of profit/(loss) in associates and joint ventures | (4) | 6 | 6 | 3 | 32 |
| Profit/(loss) before tax..... | 1,217 | (537) | (2,777) | (247) | (3,429) |
| Reconciliation of reported and underlying profit/(loss) before tax | | | | | |
| Reported profit/(loss) before tax | 1,217 | (537) | (2,777) | (247) | (3,429) |
| Currency translation adjustment | | (140) | - | 2 | 4 |
| Own credit spread | 243 | 1,312 | 1,733 | (474) | 2,644 |
| | (1,089) | (3,013) | 38 | (132) | - |

Acquisitions, disposals and dilutions

| | | | | | |
|-------------------------------------|-----|---------|---------|-------|-------|
| Underlying profit/(loss) before tax | 371 | (2,378) | (1,006) | (851) | (781) |
|-------------------------------------|-----|---------|---------|-------|-------|

1 The main items reported under 'Other' are certain property activities, unallocated investment activities, centrally held investment companies, gains arising from the dilution of interests in associates, and joint ventures, part of the movement in the fair value of our long-term debt designated at fair value (the remainder of the Group's movement on own debt is included in GB&M), and HSBC's holding company and financing operations. The results also include net interest earned on free capital held centrally, operating costs incurred by the head office operations in providing stewardship and central management services to HSBC, and costs incurred by the Group Service Centres and Shared Service Organisations and associated recoveries. In addition, fines and penalties as part of the settlement of investigations into past inadequate compliance with anti-money laundering and sanctions laws together with the UK bank levy are recorded in 'Other'.

Summary information - geographical regions

Europe

| | Quarter ended | | | | |
|---|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 5,968 | 3,833 | 4,108 | 5,782 | 3,885 |
| Loan impairment charges and other credit risk provisions .. | (190) | (512) | (372) | (690) | (347) |
| Net operating income..... | 5,778 | 3,321 | 3,736 | 5,092 | 3,538 |
| Total operating expenses | (3,984) | (5,849) | (3,957) | (4,755) | (4,534) |
| Operating profit/(loss)..... | 1,794 | (2,528) | (221) | 337 | (996) |
| Share of profit/(loss) in associates and joint ventures | 1 | (2) | 4 | (7) | (1) |
| Profit/(loss) before tax..... | 1,795 | (2,530) | (217) | 330 | (997) |

Reconciliation of reported and underlying profit/(loss) before tax

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|---|-------|---------|-------|-------|-------|
| Reported profit/(loss) before tax | 1,795 | (2,530) | (217) | 330 | (997) |
| | | | | | |
| Currency translation adjustment | | (100) | 9 | 15 | (4) |
| | | | | | |
| Own credit spread | 154 | 1,079 | 1,426 | (345) | 1,950 |
| | | | | | |
| Acquisitions, disposals and dilutions | - | (6) | 9 | - | - |
| | | | | | |
| Underlying profit/(loss) before tax | 1,949 | (1,557) | 1,227 | - | 949 |
| | | | | | |
| | % | % | % | % | % |
| Cost efficiency ratio | 66.8 | 152.6 | 96.3 | 82.2 | 116.7 |
| | | | | | |
| Pre-tax return on average risk-weighted assets (annualised) | 2.4 | (3.2) | (0.3) | 0.4 | (1.2) |

Profit/(loss) before tax by global business

| | Quarter ended | | | | |
|--------------------------------------|---------------|---------|---------|-------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Retail Banking and Wealth Management | 400 | 293 | 308 | (146) | 54 |
| | | | | | |
| Commercial Banking | 545 | 17 | 417 | 292 | 482 |
| | | | | | |
| Global Banking and Markets | 1,336 | (470) | 413 | 92 | 951 |
| | | | | | |
| Global Private Banking | (242) | 119 | 144 | 71 | 165 |
| | | | | | |
| Other | (244) | (2,489) | (1,499) | 21 | (2,649) |
| | | | | | |
| Profit/(loss) before tax | 1,795 | (2,530) | (217) | 330 | (997) |
| | | | | | |

Hong Kong

| | Quarter ended | | | | |
|--|---------------|-----|-----|-----|-----|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
|---|---------------|---------------|---------------|---------------|---------------|
| Net operating income before loan impairment charges and other credit risk provisions..... | 3,351 | 3,264 | 3,025 | 3,047 | 3,086 |
| Loan impairment charges and other credit risk provisions .. | (17) | (18) | (24) | (13) | (19) |
| Net operating income..... | 3,334 | 3,246 | 3,001 | 3,034 | 3,067 |
| Total operating expenses | (1,181) | (1,236) | (1,216) | (1,191) | (1,205) |
| Operating profit..... | 2,153 | 2,010 | 1,785 | 1,843 | 1,862 |
| Share of profit in associates and joint ventures | 5 | 21 | 5 | 21 | 35 |
| Profit before tax..... | 2,158 | 2,031 | 1,790 | 1,864 | 1,897 |
| Reconciliation of reported and underlying profit before tax | | | | | |
| Reported profit before tax | 2,158 | 2,031 | 1,790 | 1,864 | 1,897 |
| Currency translation adjustment | | (4) | 1 | 1 | 1 |
| Acquisitions, disposals and dilutions | - | (341) | (50) | (18) | (11) |
| Underlying profit before tax | 2,158 | 1,686 | 1,741 | 1,847 | 1,887 |
| | % | % | % | % | % |
| Cost efficiency ratio | 35.2 | 37.9 | 40.2 | 39.1 | 39.0 |
| Pre-tax return on average risk-weighted assets (annualised) | 7.6 | 7.3 | 6.6 | 7.0 | 7.3 |

Profit/(loss) before tax by global business

Quarter ended

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
| Retail Banking and Wealth Management | 979 | 1,051 | 890 | 809 | 944 |
| Commercial Banking | 526 | 666 | 521 | 501 | 500 |
| Global Banking and Markets | 583 | 383 | 349 | 352 | 434 |
| Global Private Banking | 70 | 69 | 58 | 58 | 64 |
| Other | - | (138) | (28) | 144 | (45) |
| Profit before tax | 2,158 | 2,031 | 1,790 | 1,864 | 1,897 |

Rest of Asia-Pacific

| | Quarter ended | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 4,397 | 5,015 | 2,622 | 2,963 | 2,984 |
| Loan impairment charges and other credit risk provisions .. | (63) | (100) | (38) | (122) | (176) |
| Net operating income..... | 4,334 | 4,915 | 2,584 | 2,841 | 2,808 |
| Total operating expenses | (1,392) | (1,434) | (1,507) | (1,380) | (1,485) |
| Operating profit..... | 2,942 | 3,481 | 1,077 | 1,461 | 1,323 |
| Share of profit in associates and joint ventures | 414 | 690 | 828 | 887 | 701 |
| | 3,356 | 4,171 | 1,905 | 2,348 | 2,024 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Profit before tax.....

Reconciliation of reported and underlying profit before tax

| | | | | | |
|---------------------------------------|---------|---------|-------|-------|-------|
| Reported profit before tax | 3,356 | 4,171 | 1,905 | 2,348 | 2,024 |
| | | | | | |
| Currency translation adjustment | | (19) | 18 | (6) | (9) |
| | | | | | |
| Own credit spread | 2 | - | 1 | 1 | 1 |
| | | | | | |
| Acquisitions, disposals and dilutions | (1,209) | (3,319) | (380) | (616) | (412) |
| | | | | | |
| Underlying profit before tax | 2,149 | 833 | 1,544 | 1,727 | 1,604 |
| | | | | | |
| | % | % | % | % | % |

| | | | | | |
|---|------|------|------|------|------|
| Cost efficiency ratio | 31.7 | 28.6 | 57.5 | 46.6 | 49.8 |
| | | | | | |
| Pre-tax return on average risk-weighted assets (annualised) | 4.7 | 5.4 | 2.5 | 3.2 | 2.8 |

Profit before tax by global business

| | Quarter ended | | | | |
|--------------------------------------|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Retail Banking and Wealth Management | 260 | 234 | 362 | 456 | 465 |
| | | | | | |
| Commercial Banking | 588 | 652 | 700 | 673 | 577 |
| | | | | | |
| Global Banking and Markets | 793 | 781 | 810 | 865 | 869 |
| | | | | | |
| Global Private Banking | 22 | 20 | 25 | 88 | 26 |
| | | | | | |
| Other | 1,693 | 2,484 | 8 | 266 | 87 |
| | | | | | |
| Profit before tax | 3,356 | 4,171 | 1,905 | 2,348 | 2,024 |
| | | | | | |

Middle East and North Africa

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | Quarter ended | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 632 | 617 | 576 | 635 | 602 |
| Loan impairment charges and other credit risk provisions .. | 62 | (69) | (82) | (24) | (111) |
| Net operating income..... | 694 | 548 | 494 | 611 | 491 |
| Total operating expenses | (281) | (336) | (293) | (276) | (261) |
| Operating profit..... | 413 | 212 | 201 | 335 | 230 |
| Share of profit in associates and joint ventures | 111 | 90 | 75 | 105 | 102 |
| Profit before tax..... | 524 | 302 | 276 | 440 | 332 |
| Reconciliation of reported and underlying profit before tax | | | | | |
| Reported profit before tax | 524 | 302 | 276 | 440 | 332 |
| Currency translation adjustment | | (7) | (5) | (8) | (7) |
| Own credit spread | 3 | 7 | 1 | 4 | - |
| Acquisitions, disposals and dilutions | - | (25) | 70 | (21) | (6) |
| Underlying profit before tax | 527 | 277 | 342 | 415 | 319 |
| | % | % | % | % | % |
| Cost efficiency ratio | 44.5 | 54.5 | 50.9 | 43.5 | 43.4 |
| Pre-tax return on average risk-weighted assets (annualised) | 3.3 | 1.9 | 1.8 | 2.9 | 2.3 |

Profit/(loss) before tax by global business

| | Quarter ended | | | | |
|--------------------------------------|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Retail Banking and Wealth Management | 90 | 65 | 47 | 61 | 79 |
| Commercial Banking | 192 | 149 | 97 | 171 | 170 |
| Global Banking and Markets | 256 | 127 | 168 | 215 | 71 |
| Global Private Banking | 5 | 3 | 3 | 1 | 3 |
| Other | (19) | (42) | (39) | (8) | 9 |
| Profit before tax | 524 | 302 | 276 | 440 | 332 |

North America

| | Quarter ended | | | | |
|---|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions..... | 2,296 | 2,340 | 2,375 | 6,417 | 3,561 |
| Loan impairment charges and other credit risk provisions .. | (447) | (601) | (695) | (1,051) | (1,110) |
| Net operating income..... | 1,849 | 1,739 | 1,680 | 5,366 | 2,451 |
| Total operating expenses | (1,714) | (1,870) | (2,608) | (2,471) | (1,991) |
| Operating profit/(loss)..... | 135 | (131) | (928) | 2,895 | 460 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|------|-------|-------|---------|-------|
| Share of profit/(loss) in associates and joint ventures | 5 | 2 | 2 | (3) | 2 |
| Profit/(loss) before tax | 140 | (129) | (926) | 2,892 | 462 |
| Reconciliation of reported and underlying profit/(loss) before tax | | | | | |
| Reported profit/(loss) before tax | 140 | (129) | (926) | 2,892 | 462 |
| Currency translation adjustment | | (4) | (3) | - | (2) |
| Own credit spread | 84 | 226 | 305 | (134) | 693 |
| Acquisitions, disposals and dilutions | 120 | 8 | (191) | (3,894) | (784) |
| Underlying profit/(loss) before tax | 344 | 101 | (815) | (1,136) | 369 |
| | % | % | % | % | % |
| Cost efficiency ratio | 74.7 | 79.9 | 109.8 | 38.5 | 55.9 |
| Pre-tax return on average risk-weighted assets (annualised) | 0.2 | (0.2) | (1.3) | 3.8 | 0.6 |

Profit/(loss) before tax by global business

| | Quarter ended | | | | |
|--|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Retail Banking and Wealth Management | (280) | (218) | (261) | 2,942 | 532 |
| RBWM excluding CRS and run-off portfolio | 40 | (54) | 38 | 445 | 74 |
| Card and Retail Services | - | - | (150) | 3,247 | 669 |
| Run-off portfolio1 | (320) | (164) | (149) | (750) | (211) |
| Commercial Banking | 186 | 216 | 301 | 399 | 283 |
| Global Banking and Markets | 381 | 199 | 209 | 151 | 398 |
| | 16 | 14 | 17 | 18 | 23 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Global Private Banking

| | | | | | |
|--------------------------|-------|-------|---------|-------|-------|
| | | | | | |
| Other | | | | | |
| ..... | (163) | (340) | (1,192) | (618) | (774) |
| Profit/(loss) before tax | | | | | |
| ..... | 140 | (129) | (926) | 2,892 | 462 |

1 31 March 2013 includes the loss on sale and results of the US Insurance business.

Latin America

| | Quarter ended | | | | |
|--|---------------|---------|---------|---------|---------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 2,505 | 2,691 | 2,695 | 2,679 | 2,886 |
| Loan impairment charges and other credit risk provisions .. | (516) | (492) | (509) | (533) | (603) |
| Net operating income..... | 1,989 | 2,199 | 2,186 | 2,146 | 2,283 |
| Total operating expenses | (1,528) | (1,612) | (1,533) | (1,605) | (1,680) |
| Operating profit..... | 461 | 587 | 653 | 541 | 603 |
| Share of profit/(loss) in associates and joint ventures | - | (1) | - | - | 1 |
| Profit before tax..... | 461 | 586 | 653 | 541 | 604 |
| Reconciliation of reported and underlying profit before tax | | | | | |
| Reported profit before tax | 461 | 586 | 653 | 541 | 604 |
| Currency translation adjustment | | 9 | 5 | (20) | (40) |
| Acquisitions, disposals and dilutions | - | 16 | (24) | (98) | (38) |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|------------------------------|-----|-----|-----|-----|-----|
| Underlying profit before tax | 461 | 611 | 634 | 423 | 526 |
| | % | % | % | % | % |

| | | | | | |
|---|------|------|------|------|------|
| Cost efficiency ratio | 61.0 | 59.9 | 56.9 | 59.9 | 58.2 |
| | | | | | |
| Pre-tax return on average risk-weighted assets (annualised) | 1.9 | 2.4 | 2.6 | 2.1 | 2.3 |

Profit/(loss) before tax by global business

| | Quarter ended | | | | |
|--------------------------------------|---------------|-------|-------|-------|-------|
| | 31 | 31 | 30 | 30 | 31 |
| | Mar | Dec | Sep | Jun | Mar |
| | 2013 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Retail Banking and Wealth Management | 118 | 229 | 165 | 106 | 108 |
| | | | | | |
| Commercial Banking | 150 | 158 | 212 | 189 | 192 |
| | | | | | |
| Global Banking and Markets | 239 | 206 | 298 | 293 | 356 |
| | | | | | |
| Global Private Banking | 4 | 5 | 5 | 5 | 5 |
| | | | | | |
| Other | (50) | (12) | (27) | (52) | (57) |
| | | | | | |
| Profit before tax | 461 | 586 | 653 | 541 | 604 |
| | | | | | |

Appendix - selected information

Loans and advances to customers by industry sector and by geographical region

| Europe | Hong Kong | Rest of Asia-Pacific | Middle East and North Africa | North America | Latin America | Gross loans and advances to customers | Gross loans by industry sector as a % of total |
|--------|-----------|----------------------|------------------------------|---------------|---------------|---------------------------------------|--|
|--------|-----------|----------------------|------------------------------|---------------|---------------|---------------------------------------|--|

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | gross loans % |
|--|---------|---------|---------|--------|---------|--------|---------|---------------------|
| At 31 March 2013 | | | | | | | | |
| Personal | | | | | | | | |
| ..... | 171,292 | 71,066 | 49,660 | 6,223 | 82,006 | 16,166 | 396,413 | 40.7 |
| First lien residential mortgages | 127,863 | 53,019 | 37,446 | 2,187 | 68,403 | 3,734 | 292,652 | 30.0 |
| Other personal | 43,429 | 18,047 | 12,214 | 4,036 | 13,603 | 12,432 | 103,761 | 10.7 |
| | | | | | | | | |
| Corporate and commercial | 206,272 | 100,742 | 84,872 | 21,520 | 47,490 | 32,695 | 493,591 | 50.7 |
| Manufacturing | 45,090 | 10,288 | 19,091 | 3,286 | 9,800 | 12,882 | 100,437 | 10.3 |
| | | | | | | | | |
| International trade and services ... | 67,973 | 35,536 | 31,667 | 8,732 | 13,013 | 8,538 | 165,459 | 17.0 |
| Commercial real estate | 31,668 | 23,545 | 9,376 | 869 | 6,227 | 2,444 | 74,129 | 7.6 |
| | | | | | | | | |
| Other property-related | 7,542 | 15,962 | 6,973 | 1,849 | 7,517 | 316 | 40,159 | 4.1 |
| | | | | | | | | |
| Government | 1,511 | 2,817 | 608 | 1,663 | 327 | 1,796 | 8,722 | 0.9 |
| | | | | | | | | |
| Other commercial | 52,488 | 12,594 | 17,157 | 5,121 | 10,606 | 6,719 | 104,685 | 10.8 |
| | | | | | | | | |
| Financial | 47,928 | 7,195 | 4,585 | 1,654 | 17,083 | 1,771 | 80,216 | 8.2 |
| | | | | | | | | |
| Non-bank financial institutions ... | 46,972 | 6,398 | 3,812 | 1,513 | 17,083 | 1,633 | 77,411 | 7.9 |
| Settlement accounts | 956 | 797 | 773 | 141 | - | 138 | 2,805 | 0.3 |
| | | | | | | | | |
| set-backed securities reclassified .. | 3,412 | - | - | - | 181 | - | 3,593 | 0.4 |
| | | | | | | | | |
| Total gross loans and advances to customers1 | 428,904 | 179,003 | 139,117 | 29,397 | 146,760 | 50,632 | 973,813 | 100.0 |
| | | | | | | | | |
| At 31 December 2012 | | | | | | | | |
| Personal | | | | | | | | |
| ..... | 186,274 | 70,341 | 49,305 | 6,232 | 84,354 | 18,587 | 415,093 | 41.0 |
| First lien residential mortgages | 135,172 | 52,296 | 36,906 | 2,144 | 70,133 | 5,211 | 301,862 | 29.8 |
| Other personal | 51,102 | 18,045 | 12,399 | 4,088 | 14,221 | 13,376 | 113,231 | 11.2 |
| | | | | | | | | |
| Corporate and commercial | 223,061 | 99,199 | 85,305 | 22,452 | 47,886 | 35,590 | 513,493 | 50.6 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | | | | |
|--|---------|---------|---------|--------|---------|--------|-----------|-------|
| Manufacturing | 56,690 | 10,354 | 19,213 | 3,373 | 9,731 | 12,788 | 112,149 | 11.1 |
| International trade and services ... | 70,954 | 33,832 | 32,317 | 9,115 | 13,419 | 9,752 | 169,389 | 16.6 |
| Commercial real estate | 33,279 | 23,384 | 9,286 | 865 | 6,572 | 3,374 | 76,760 | 7.6 |
| Other property-related | 7,402 | 16,399 | 6,641 | 2,103 | 7,607 | 380 | 40,532 | 4.0 |
| Government | 2,393 | 2,838 | 1,136 | 1,662 | 774 | 1,982 | 10,785 | 1.1 |
| Other commercial | 52,343 | 12,392 | 16,712 | 5,334 | 9,783 | 7,314 | 103,878 | 10.2 |
| Financial | 55,732 | 4,546 | 4,255 | 1,196 | 13,935 | 1,594 | 81,258 | 8.0 |
| Non-bank financial institutions ... | 55,262 | 4,070 | 3,843 | 1,194 | 13,935 | 1,513 | 79,817 | 7.9 |
| Settlement accounts | 470 | 476 | 412 | 2 | - | 81 | 1,441 | 0.1 |
| Asset-backed securities reclassified .. | 3,694 | - | - | - | 197 | - | 3,891 | 0.4 |
| Total gross loans and advances to customers1 | 468,761 | 174,086 | 138,865 | 29,880 | 146,372 | 55,771 | 1,013,735 | 100.0 |
| At 30 June 2012 | | | | | | | | |
| Personal | 173,650 | 65,669 | 45,409 | 6,015 | 91,611 | 18,448 | 400,802 | 40.4 |
| First lien residential mortgages | 125,729 | 48,951 | 33,636 | 1,937 | 71,582 | 4,945 | 286,780 | 28.9 |
| Other personal | 47,921 | 16,718 | 11,773 | 4,078 | 20,029 | 13,503 | 114,022 | 11.5 |
| Corporate and commercial | 214,423 | 96,164 | 81,029 | 22,216 | 43,540 | 34,829 | 492,201 | 49.6 |
| Manufacturing | 55,245 | 10,235 | 17,550 | 3,888 | 8,594 | 12,538 | 108,050 | 10.9 |
| International trade and services ... | 64,843 | 31,631 | 30,777 | 8,574 | 11,471 | 9,399 | 156,695 | 15.8 |
| Commercial real estate | 32,563 | 21,510 | 9,544 | 940 | 6,706 | 3,451 | 74,714 | 7.5 |
| Other property-related | 7,506 | 17,079 | 6,849 | 2,060 | 6,120 | 344 | 39,958 | 4.0 |
| Government | 2,073 | 2,906 | 390 | 1,514 | 774 | 1,853 | 9,510 | 1.0 |
| Other commercial | 52,193 | 12,803 | 15,919 | 5,240 | 9,875 | 7,244 | 103,274 | 10.4 |
| | 58,322 | 3,907 | 3,897 | 1,438 | 25,237 | 1,754 | 94,555 | |

| | | | | | | | | | |
|--|---------|---------|---------|--------|---------|--------|---------|-------|-----|
| Financial | | | | | | | | | 9.5 |
| Non-bank financial institutions ... | 57,460 | 3,413 | 3,492 | 1,433 | 25,186 | 1,547 | 92,531 | 9.3 | |
| Settlement accounts | 862 | 494 | 405 | 5 | 51 | 207 | 2,024 | 0.2 | |
| Asset-backed securities reclassified .. | 4,243 | - | - | - | 401 | - | 4,644 | 0.5 | |
| Total gross loans and advances to customers ¹ | 450,638 | 165,740 | 130,335 | 29,669 | 160,789 | 55,031 | 992,202 | 100.0 | |

¹ Additionally, gross loans and advances to customers of US\$16,938m (31 December 2012: US\$6,842m; 30 June 2012: US\$5,602m) are reported within assets held for sale.

Exposures to countries in the eurozone

During 1Q13, in spite of continued improvements through austerity and structural reforms, the peripheral eurozone countries of Greece, Ireland, Italy, Portugal, Spain and Cyprus continued to exhibit a high ratio of sovereign debt to gross domestic product and excessive fiscal deficits.

In our Annual Report and Accounts 2012, we disclosed information on our exposures to the peripheral eurozone countries. At 31 March 2013, there were no significant changes in our exposures to peripheral eurozone countries compared with 31 December 2012.

Redenomination risk

In our Annual Report and Accounts 2012, we disclosed information on our in-country funding exposures for the peripheral eurozone countries. At 31 March 2013, there were no significant changes in our in-country funding exposures for peripheral eurozone countries compared with 31 December 2012.

Notable revenue items and notable cost items by geographical region and global business

Notable revenue items by geographical region

| | Europe | Hong Kong | Asia-Pacific | Rest of MENA | North America | Latin America | Total |
|---|--------|-----------|--------------|--------------|---------------|---------------|-------|
| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m |
| Quarter ended 31 March 2013 | | | | | | | |
| Sale of remaining Ping An shareholding ¹ | - | - | 553 | - | - | - | 553 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

Quarter ended 31 December 2012

| | | | | | | |
|---|---|---|-------|---|---|-------|
| Ping An contingent forward sale contract ² | - | - | (553) | - | - | (553) |
| ..... | - | - | (553) | - | - | (553) |

Notable revenue items by global business

| | Retail Banking and Wealth Management | Commercial Banking | Global Banking and Markets | Global Private Banking | Other | Total |
|---|--|-----------------------|-------------------------------------|------------------------------|-------|-------|
| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m |
| Quarter ended 31 March 2013 | | | | | | |
| Sale of Ping An investment ¹ | - | - | - | - | 553 | 553 |
| Quarter ended 31 December 2012 | | | | | | |
| Ping An contingent forward sale contract ² | - | - | - | - | (553) | (553) |
| | - | - | - | - | (553) | (553) |

1 The gain of US\$553m represents the net impact of the disposal of available-for-sale investments in Ping An offset by adverse changes in fair value of the contingent forward sale contract to the point of delivery of the shares.

2 For a full description of the Ping An contingent forward sale contract, see page 472 of the Annual Report and Accounts 2012 .

Notable cost items by geographical region

| | Hong Europe | Rest of Asia- Pacific | MENA | North America | Latin America | Total |
|---|----------------|--------------------------------|-------|------------------|------------------|-------|
| | US\$m | US\$m | US\$m | US\$m | US\$m | US\$m |
| Quarter ended 31 March 2013 | | | | | | |
| Restructuring and other related costs | 5 | 3 | 5 | - | 35 | 75 |
| UK customer redress programmes | 164 | - | - | - | - | 164 |
| Quarter ended 31 December 2012 | | | | | | |
| Restructuring and other related costs | 65 | 1 | 24 | 13 | 46 | 216 |
| UK customer redress programmes | 640 | - | - | - | - | 640 |
| | 375 | - | - | - | 46 | 421 |

Fines and penalties for
inadequate
compliance with
anti-money laundering
and sanction laws
.....

Quarter ended 31 March
2012

| | | | | | | | |
|--|-----|----|-----|---|----|----|-----|
| Restructuring and other related costs | 27 | 10 | 102 | 4 | 68 | 49 | 260 |
| UK customer redress programmes | 468 | - | - | - | - | - | 468 |

Notable cost items by global business

| | Retail Banking and Wealth Management US\$m | Commercial Banking US\$m | Global Banking and Markets US\$m | Global Private Banking US\$m | Other US\$m | Total US\$m |
|--|---|--------------------------------|--|---------------------------------------|----------------|----------------|
| Quarter ended 31 March 2013 | | | | | | |
| Restructuring and other related costs | 15 | 1 | 8 | 1 | 50 | 75 |
| UK customer redress programmes | 164 | - | - | - | - | 164 |
| Quarter ended 31 December 2012 | | | | | | |
| Restructuring and other related costs | 67 | 9 | 29 | 6 | 105 | 216 |
| UK customer redress programmes | 286 | 144 | 212 | (2) | - | 640 |
| Fines and penalties for inadequate compliance with anti-money laundering and sanction laws | - | - | - | - | 421 | 421 |
| Quarter ended 31 March 2012 | | | | | | |
| Restructuring and other related costs | 106 | 8 | 14 | 21 | 111 | 260 |
| UK customer redress programmes | 468 | - | - | - | - | 468 |

US run-off portfolios

Quarter ended

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
|--|-----------|-----------|-----------|-----------|-----------|
| | 2013 1 | 2012 | 2012 | 2012 | 2012 |
| | US\$m | US\$m | US\$m | US\$m | US\$m |
| Net operating income before loan impairment charges and other credit risk provisions | 399 | 809 | 587 | 151 | 849 |
| - of which: non-qualifying hedges | 83 | 38 | (48) | (425) | 208 |
| Loan impairment charges and other credit risk provisions .. | (317) | (494) | (498) | (724) | (853) |
| Net operating income/(expense) | 82 | 315 | 89 | (573) | (4) |
| Total operating expenses | (402) | (481) | (238) | (177) | (207) |
| Operating loss | (320) | (166) | (149) | (750) | (211) |
| Share of profit in associates and joint ventures | - | 2 | - | - | - |
| Loss before tax ² | (320) | (164) | (149) | (750) | (211) |

1 31 March 2013 includes the loss on sale and results of the US Insurance business.

2 'Net operating income before loan impairment charges and other credit risk provisions' and 'Loss before tax' exclude movements in fair value of own debt, and include the effect of non-qualifying hedges.

| | Quarter ended | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| | 31 Mar | 31 Dec | 30 Sep | 30 Jun | 31 Mar |
| | 2013 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m | 2012 US\$m |
| Loan portfolio information | | | | | |
| Loans and advances to customers (gross) | 37,164 | 38,741 | 39,980 | 45,812 | 47,508 |
| Loans and advances to customers - held for sale | 3,974 | 3,958 | 4,290 | - | - |
| Impairment allowances | 4,137 | 4,481 | 4,652 | 5,631 | 5,737 |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Impairment allowances - assets held for sale | | | | | |
| ..... | 642 | 669 | 706 | - | - |
| 2+ delinquency | | | | | |
| ..... | 7,670 | 8,284 | 8,419 | 8,346 | 8,423 |
| Write-offs (net) | | | | | |
| ..... | 544 | 563 | 646 | 717 | 974 |
| Ratios 1: | % | % | % | % | % |
| Impairment allowances | | | | | |
| ..... | 11.1 | 11.6 | 11.6 | 12.3 | 12.1 |
| Loan impairment charges | | | | | |
| ..... | 3.0 | 4.6 | 4.4 | 6.2 | 7.0 |
| 2+ delinquency | | | | | |
| ..... | 18.6 | 19.4 | 19.0 | 18.3 | 17.7 |
| Write-offs | | | | | |
| ..... | 5.2 | 5.2 | 5.7 | 6.2 | 8.0 |

1 The 'write-offs' and 'loan impairment charges' ratios are a percentage of average total loans and advances (quarter annualised), while the 'impairment allowances' and '2+ delinquency' ratios are a percentage of period end loans and advances to customers (gross). '2+ delinquency' ratios include loans and advances classified as held for sale.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: P A Stafford

Title: Assistant Group Secretary

Date: 07 May 2013