

HSBC HOLDINGS PLC
Form 6-K
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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 August

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-.....).

1 August 2011

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
2011 INTERIM CONSOLIDATED RESULTS - HIGHLIGHTS

- Net operating income before loan impairment charges and other credit risk provisions up 17% to HK\$73,456m (HK\$62,827m in the first half of 2010).
 - Pre-tax profit up 20% to HK\$46,234m (HK\$38,575m in the first half of 2010).
 - Attributable profit up 20% to HK\$34,292m (HK\$28,675m in the first half of 2010).
 - Return on average shareholders' equity of 22.5% (22.8% in the first half of 2010).
 - Assets up 9% to HK\$5,497bn (HK\$5,040bn at the end of 2010).
 - Cost efficiency ratio of 45.2% (44.0% for the first half of 2010).

Within this document the Hong Kong Special Administrative Region of the People's Republic of China is referred to as 'Hong Kong'. The abbreviations 'HK\$m' and 'HK\$bn' represent millions and billions (thousands of millions) of Hong Kong dollars respectively.

Comment by Stuart Gulliver, Chairman

Asian economies started 2011 with robust economic and trade growth, while there were signs of economic recovery commencing in the US and Europe, led by Germany. However, the second quarter saw some changes, with demand from mainland China weakening and a slowing of the global trade cycle, exacerbated by the tragic earthquake in Japan. Investor concerns over sovereign debt levels have also dented confidence. In this environment, we have maintained a vigilant eye on risk and, although we continue to see good opportunities to grow lending in Asia, we anticipate more measured growth during the second half overall. We expect an easing of inflation pressures and successful policy tightening in mainland China to pave the way for a stabilisation of sustainable economic growth.

During the first half of 2011, The Hongkong and Shanghai Banking Corporation Limited performed strongly, achieving record profits of HK\$46,234m, an increase of 20% compared with the first half of 2010. Growth was broadly based across the region, with the Rest of Asia-Pacific performing particularly well, delivering over half of group profits, reflecting our investments of recent years. In Hong Kong the economy maintained robust growth, driven by demand from mainland China and the domestic sector, although inflation has become an increasing concern. Despite upward pressures on wages, we maintained strong management of costs, which although higher than in the first half of 2010, were 4% lower than in the second half.

We continued to grow loans and advances to customers, which increased by 13% in Hong Kong and 11% in the Rest of Asia-Pacific since year end. We maintained our focus on good quality lending and growth in risk weighted assets was lower than that of loans. The net interest margin remained broadly stable; while deposit spreads saw some improvement in countries where interest rates rose, asset spreads narrowed as competition increased. Our drive to

grow non-interest income continued to yield successful results across a broad range of products and services, including trade-related fees, payments and cash management, foreign exchange, increased sales of wealth management products and fees on funds under management.

Despite global uncertainties, our focus on meeting the needs of existing customers, combined with a cautious approach to risk management, led to further improvement in asset quality and loan impairment charges during the first half of 2011 reached an exceptionally low level. In our Hong Kong residential mortgage book, loan to value ratios remain low both on new lending and also on the book overall. While we are not seeing signs of deterioration in asset quality across our markets in Asia, our approach to managing and limiting risk continues to be one of caution and vigilance.

The internationalisation of the renminbi (RMB) gathered momentum during the first half and HSBC consolidated its position as a leader in the provision of RMB denominated offerings. New product and service launches included the RMB business card, autopay, cashier order and the HSBC Offshore Renminbi Bond Index. RMB deposits and trade settlement volumes showed good growth and, at the end of the period, we offered RMB trade settlement in over 50 markets. We held the highest market share as book-runner of offshore RMB bonds during the period and were joint lead arranger for the first offshore RMB equity IPO. As the market grows and matures, we are starting to see some signs of demand for RMB denominated loans to finance trade.

In Retail Banking and Wealth Management ('RBWM') profits increased by 20%. We continued to generate good returns and focused on expanding our sales capacity with the addition of over 750 new relationship managers. In Hong Kong, we maintained our No.1 market position in deposits, cards and mortgages and mortgage balances saw growth of 7%. In the Rest of Asia-Pacific, profits more than doubled and India recorded a significant improvement in performance as our strategy of improving efficiency and growing our mortgage and wealth business delivered encouraging results. Across the region, margins began to improve, while fee income grew, boosted by higher insurance and wealth revenues. Loan impairments reduced and, following reductions in unsecured balances in a number of markets, the book is well positioned for any future stresses.

In Commercial Banking ('CMB') profits growth remained strong, at 23% in Hong Kong and 42% in the Rest of Asia-Pacific. Customer demand for both loans and non-interest products continued at high levels, particularly in Hong Kong, and we grew deposits. We continued to focus on connecting customers in their trade activities across borders and fee income grew by 21% with strong growth in trade revenues, foreign exchange and payments and cash management. Cross-border business continued to increase, with particularly strong growth between Hong Kong and mainland China. Growth in lending across the region was predominantly in trade finance and we maintained a strong focus on asset quality, evidenced by a low charge for loan impairments.

Global Banking and Markets ('GB&M') maintained good momentum and delivered business progress across all product areas. Loan growth remained strong and we grew profits by 15% while continuing to invest in growing core businesses including our equities platform. During the first half we completed a number of landmark Hong Kong and mainland China equity capital markets deals. In debt capital markets we maintained our No.1 market position in several categories including Asia-Pacific ex-Japan, Asian local currency bonds, Hong Kong bonds and offshore RMB bonds. During the period we achieved widespread market recognition and gained several prestigious awards, including Asiamoney's Best Bank award, FinanceAsia's Best Bank in Hong Kong, Euromoney's Best Flow House, Risk Adviser and Debt House in Asia and Global Trade Review's award for Best Export Finance Bank in Asia-Pacific.

Insurance generated another period of good results, with strong growth in revenues and new business premiums. In Hong Kong we maintained our leading market shares in Life new business annualised premiums at 27% and in total in-force Life business at 22%. We also maintained our top position in assets managed under the Mandatory Provident Fund, with almost a third of the market. Increased demand for wealth products boosted revenues in Singapore and Malaysia.

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While the global economy faces considerable challenges and growth is likely to slow further during the second half, Asia's fundamentals remain strong and the region is well-positioned to continue to develop intra-regional trade and business flows. With its unrivalled network and expertise, I believe that HSBC is very well placed to connect and support our retail and commercial customers as they seek to expand their international activities.

Results by Geographical Region

Geographical regions	Hong Kong HK\$m	Rest of Asia-Pacific HK\$m	Intra-segment elimination HK\$m	Total HK\$m
Period ended 30 June 2011				
Net interest income	16,872	18,845	(2)	35,715
Net fee income	11,754	8,185	-	19,939
Net trading income	4,362	6,442	2	10,806
Net income from financial instruments designated at fair value	309	39	-	348
Gains less losses from financial investments	247	(178)	-	69
Dividend income	543	2	-	545
Net earned insurance premiums	20,216	2,666	-	22,882
Other operating income	7,151	1,256	(2,219)	6,188
Total operating income	61,454	37,257	(2,219)	96,492
Net insurance claims incurred and movement in policyholders' liabilities	(20,953)	(2,083)	-	(23,036)
Net operating income before loan impairment charges and other credit risk provisions	40,501	35,174	(2,219)	73,456
Loan impairment charges and other credit risk provisions	(186)	(802)	-	(988)
Net operating income	40,315	34,372	(2,219)	72,468

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Operating expenses	(17,699)	(17,705)	2,219	(33,185)
Operating profit	22,616	16,667	-	39,283
Share of profit in associates and joint ventures	243	6,708	-	6,951
Profit before tax	22,859	23,375	-	46,234
Share of profit before tax	49.4%	50.6%	-	100%
Net advances to customers	1,193,969	930,218	-	2,124,187
Total assets	3,574,763	2,313,617	(391,321)	5,497,059
Customer accounts	2,220,666	1,230,011	-	3,450,677

Geographical regions	Hong Kong HK\$m	Rest of Asia- Pacific HK\$m	Intra- segment elimination HK\$m	Total HK\$m
Period ended 30 June 2010				
Net interest income	14,964	14,316	29	29,309
Net fee income	9,882	6,811	-	16,693
Net trading income	4,380	5,803	(29)	10,154
Net income from financial instruments designated at fair value	4	9	-	13
Gains less losses from financial investments	979	305	-	1,284
Dividend income	110	218	-	328
Net earned insurance premiums	17,494	1,538	-	19,032
Other operating income	5,159	1,141	(2,254)	4,046
Total operating income	52,972	30,141	(2,254)	80,859
Net insurance claims incurred and movement in policyholders' liabilities	(16,858)	(1,174)	-	(18,032)
Net operating income before loan impairment				