

HSBC HOLDINGS PLC
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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-.....).

2 August 2010

HANG SENG BANK LIMITED
2010 INTERIM RESULTS - HIGHLIGHTS

- Attributable profit up 8.4 per cent to HK\$6,964 million (HK\$6,426 million for the first half of 2009; up 3.8 per cent compared with HK\$6,712 million for the second half of 2009).
- Profit before tax up 6.6 per cent to HK\$8,103 million (HK\$7,599 million for the first half of 2009; up 3.9 per cent compared with HK\$7,801 million for the second half of 2009).
- Operating profit up 0.1 per cent to HK\$6,697 million (HK\$6,687 million for the first half of 2009; up 2.6 per cent compared with HK\$6,527 million for the second half of 2009).
- Operating profit excluding loan impairment charges and other credit risk provisions down 6.3 per cent to HK\$6,850 million (HK\$7,308 million for the first half of 2009; up 2.0 per cent compared with HK\$6,718 million for the second half of 2009).
- Return on average shareholders' funds of 22.8 per cent (23.5 per cent for the first half of 2009; 22.4 per cent for the second half of 2009).
- Earnings per share up 8.3 per cent to HK\$3.64 per share (HK\$3.36 per share for the first half of 2009).
- Second interim dividend of HK\$1.10 per share; total dividends of HK\$2.20 per share for the first half of 2010 (HK\$2.20 per share for the first half of 2009).
- Capital adequacy ratio of 12.9 per cent (16.3 per cent at 31 December 2009); core capital ratio of 11.1 per cent (12.6 per cent at 31 December 2009).
- Cost efficiency ratio of 33.8 per cent (30.9 per cent for the first half of 2009 and 34.4 per cent for the second half of 2009).

Within this document, the Hong Kong Special Administrative Region of the People's Republic of China has been referred to as 'Hong Kong'.

Hang Seng Bank Limited

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The financial information in this news release is based on the unaudited consolidated financial statements of Hang Seng Bank Limited ('the bank') and its subsidiaries and associates ('the group') for the six months ended 30 June 2010.

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Comment by Raymond Ch'ien, Chairman

Our efforts to position Hang Seng for long-term growth yielded encouraging results in the first half of 2010. Our trusted brand and comprehensive portfolio of products and services helped us expand our customer base in both Hong Kong and mainland China and increase our income from core customer groups despite competitive operating conditions.

We recorded strong growth in fee income, although the persistence of low interest rates continued to constrain interest-based revenues, particularly under Treasury.

We enhanced our position as a leader in wealth management by using our excellent time-to-market capabilities to capture the shift in investor preference and by extending our range of corporate wealth management products.

As economic conditions improved, we leveraged our strong balance sheet to grow lending to both personal and business customers.

Our initiatives to improve service delivery and access for SMEs, together with our active participation in Hong Kong government-organised lending schemes, helped reinforce our reputation as a trusted banking partner for local industry. Close collaboration between our Commercial Banking teams in Hong Kong and on the Mainland and the expansion of our renminbi services are helping us win a greater share of cross-border business.

We strengthened our platform for future growth on the Mainland. We expanded our network of outlets and the deposit base and deepened local strategic alliances. We took up our full entitlement under a rights share issue by our Mainland partner, Industrial Bank Co., Ltd. ('Industrial Bank').

Financial Performance

Profit attributable to shareholders rose to HK\$6,964 million - up 8.4 per cent and 3.8 per cent compared with the first and second halves of last year respectively. Earnings per share rose by 8.3 per cent compared with a year earlier to reach HK\$3.64.

Profit before tax increased to HK\$8,103 million - up 6.6 per cent and 3.9 per cent compared with the first and second halves of 2009 respectively.

Operating profit excluding loan impairment charges and other credit risk provisions fell by HK\$458 million, or 6.3 per cent, to HK\$6,850 million compared with the first half of 2009, due mainly to the 7.7 per cent drop in net interest income. Compared with the second half of 2009, operating profit excluding loan impairment charges and other credit risk provisions was up 2.0 per cent.

Operating profit increased by 0.1 per cent compared with the first half of last year and 2.6 per cent compared with the second half to reach HK\$6,697 million, reflecting improved economic conditions and effective credit risk management.

Increases in performance-related pay, marketing to support growth and investment in our Mainland operations

resulted in a HK\$236 million, or 7.2 per cent, rise in operating expenses to HK\$3,504 million. Excluding our Mainland business, operating costs were up 6.1 per cent.

Our cost efficiency ratio was 33.8 per cent - compared with 30.9 per cent in the first half of 2009 and 34.4 per cent in the second half.

Return on average shareholders' funds was 22.8 per cent, compared with 23.5 per cent and 22.4 per cent for the first and second halves of 2009. Return on average total assets was 1.7 per cent - the same as the first half of last year and up 0.1 percentage point on the second half.

At 30 June 2010, our capital adequacy ratio was 12.9 per cent, compared with 16.3 per cent at the end of 2009. This decline was due mainly to our participation in Industrial Bank's rights issue, the repayment of HK\$2.5 billion in subordinated debt and the rise in risk-weighted assets. Our core capital ratio was 11.1 per cent, down 1.5 percentage points compared with last year-end.

The Directors have declared a second interim dividend of HK\$1.10 per share, payable on 1 September 2010. This brings the total distribution for the first half of 2010 to HK\$2.20 per share, the same as in the first half of 2009.

Outlook

The global economy has rebounded from the international financial crisis on the back of large-scale fiscal and monetary stimulus. However, this recovery has been uneven, with solid improvements in key emerging economies but slower progress in many advanced economies.

The rebound supported an upswing in exports and GDP growth in both Hong Kong and the Mainland during the first half of 2010. Looking ahead, overseas trade activity will likely grow at a more modest pace in the second half of the year as governments around the world begin to rein in their stimulus programmes. Officials in several major export markets have announced plans to cut spending and implement tax hikes in a bid to restore fiscal discipline and tackle serious challenges such as high levels of sovereign debt.

On the Mainland, the domestic sector will remain strong. The authorities are taking steps to curb escalating property prices, but steady income growth and government measures to support private consumption will continue to drive demand. In Hong Kong, improving labour market conditions and rising consumer confidence should help underpin domestic-led growth.

Against this backdrop, we will continue to leverage our competitive strengths - including our widely respected brand, strong customer relationships and excellent market knowledge - to enhance our leading position in target areas and capitalise on emerging opportunities to achieve long-term growth for shareholders.

Review by Margaret Leung, Vice-Chairman and Chief Executive

Competition intensified in the first half of 2010 as banks sought to capitalise on increased trade flows and an upswing in investment sentiment. Hang Seng's leading market position and fast response to the changing needs of customers proved to be powerful tools in capturing business. We achieved growth in our customer base and income in key segments and we further aligned our operations to support the continued expansion of core revenue drivers.

In the low interest rate environment, we took successful steps to further diversify our revenue base - leveraging our strong wealth management capabilities and comprehensive range of cross-border services for commercial customers to increase fee-based income. With excellent growth in investment fund sales revenue, we consolidated our position as a leading fund distributor in Hong Kong.

We used our balance sheet strength and good credit risk management to expand lending, gaining market share in the competitive credit card sector. Increases in net interest income from advances and returns on the life insurance investment funds portfolio partly offset the declines in contributions from Treasury's balance sheet management portfolio and deposits.

We expanded renminbi services for commercial customers and became the first bank in Hong Kong to establish a renminbi prime rate, underscoring our position as a market leader for cross-border commercial banking and our active support for Hong Kong's development as the centre for offshore renminbi financial services.

In Personal e-Banking, we passed the milestone of one million registered customers and we became one of the first banks in Hong Kong to launch an iPhone application for on-the-go investment services.

Customer Groups

Personal Financial Services achieved a 13.6 per cent increase in profit before tax to HK\$3,937 million. Operating profit excluding loan impairment charges grew by 10.2 per cent to HK\$3,945 million. Operating profit was up 16.3 per cent at HK\$3,843 million.

With narrow spreads on mortgage loans and deposits, we redeployed the commercial surplus to expand secured and unsecured lending. Along with improved returns on the life insurance investment funds portfolio, this supported the 4.5 per cent increase in net interest income to HK\$4,194 million.

Wealth management business was a core driver of growth, with income up 14.6 per cent at HK\$2,495 million. Investment income increased by 20.7 per cent. We took steps to capitalise on improved investor confidence - including launching the Hang Seng China A-Share Focus Fund. We achieved a 28-month high in investment fund sales in March and investment fund subscriptions increased five-fold during the first half of 2010 compared with the same period last year. Enhancements to investment service delivery channels contributed to the increases in turnover and the number of accounts for foreign exchange and gold margin trading.

Life insurance income grew by 9.5 per cent, with an 8.7 per cent rise in total policies in force and a 13.7 per cent increase in total annualised life insurance premiums.

Our strong portfolio of mortgage services supported year-on-year growth of 92.3 per cent in residential mortgage drawdowns. We ranked first for equitable mortgages and second for new mortgage registrations in the second quarter of this year.

A series of effective card utilisation campaigns drove increases in credit card spending, receivables and the card base of 17.8 per cent, 11.8 per cent and 6.1 per cent respectively. We maintained our position as Hong Kong's second-largest issuer of credit cards, with over 1.9 million cards in circulation.

Year-on-year, total operating income from secured and unsecured lending was up 28.1 per cent and 16.5 per cent respectively.

In February, we were named 'Best Local Private Bank in Hong Kong' in *Euromoney's* peer-nominated Private Banking Survey 2010.

Commercial Banking recorded a 65.1 per cent increase in profit before tax to HK\$1,783 million. Operating profit excluding loan impairment charges rose by 31.1 per cent to HK\$1,247 million, reflecting broad-based income growth. Operating profit was up 74 per cent at HK\$1,197 million, with improvements in the economic environment and good credit risk management resulting in an 81.0 per cent decline in loan impairment charges.

Net interest income rose by 20 per cent to HK\$1,184 million. We capitalised on the upswing in economic activity during the first half of 2010 to grow lending by 60.9 per cent, supporting an increase in net interest income from advances. Customer deposits rose by 23.9 per cent, but narrowing deposit spreads resulted in a drop in net interest income from deposits.

Non-interest income was up 22.0 per cent at HK\$850 million. Net fee income grew by 23.9 per cent to HK\$649 million, driven mainly by sales of investment and treasury products and a 19.2 per cent increase in trade finance and factoring fee revenue.

The strength of our cross-border proposition was an important competitive advantage in growing our Commercial Banking business. A comprehensive range of new renminbi services, closer cooperation between Commercial Banking teams in Hong Kong and on the Mainland, and an expanding network of strategic mainland partners enhanced our service capabilities and coverage.

At 30 June 2010, we had over 4,000 cross-border renminbi trade settlement accounts and had facilitated more than RMB4.2 billion in renminbi cross-border trade business.

We further developed our corporate wealth management business, offering investment products in line with risk appetite and liquidity needs as well as a broad range of business insurance coverage. Corporate wealth management revenue grew by 37.1 per cent, increasing its contribution to Commercial Banking's total operating income to 15.1 per cent - up from 13.2 per cent in 2009.

We improved service access and banking convenience for SME customers by remodelling our Business Banking Centres, extending transaction cut-off times and expanding our Business e-Banking platform. As at 30 June 2010, we had approved about 6,000 loan applications totalling more than HK\$16.3 billion under Hong Kong government-initiated SME lending schemes.

Corporate Banking's profit before tax rose by 24.7 per cent to HK\$560 million. Operating profit excluding loan impairment charges was up 7.5 per cent at HK\$556 million, due largely to the 9.9 per cent increase in net interest income. Operating profit grew by 27.6 per cent to HK\$555 million, reflecting a 98.8 per cent reduction in loan impairment charges.

Assisted by our cross-border services, good industry knowledge and long-term customer relationships, we provided facilities to high-quality borrowers in a competitive environment for lenders, with notable progress in loans to large Mainland enterprises with operations in Hong Kong.

Lending to corporate customers grew by 14.2 per cent compared with a year earlier. Customer deposits rose by 61.1 per cent.

Treasury recorded profit before tax of HK\$1,430 million - down 29.1 per cent due mainly to the 55.0 per cent fall in net interest income. Operating profit excluding credit risk provisions declined by 48.6 per cent to HK\$927 million.

Low interest rates and ample market liquidity limited good investment opportunities under the balance sheet management portfolio. We maintained our prudent risk management approach while taking steps to defend the interest margin. We capitalised on market opportunities to dispose of selected instruments and invest in high-quality assets.

Initiatives with other customer groups to cross-sell Treasury products saw a more than tripling of income from foreign exchange options and other structured products.

Mainland Business

Hang Seng Bank (China) Limited ('Hang Seng China') opened two cross-location sub-branches under CEPA VI in the first half of 2010, bringing its total number of outlets to 38 across 13 cities.

We enhanced our Commercial Banking capabilities and wealth management offerings and leveraged new and existing strategic alliances. This supported good growth in both the personal and commercial customer bases - which increased by 9 per cent and 11 per cent respectively compared with a year earlier.

Customer deposits were up 24.6 per cent on last year-end and 67.4 per cent year on year - improving balance sheet strength. We expanded lending while continuing to emphasise credit quality over loan portfolio size. Advances to customers increased by 13.2 per cent compared with 31 December 2009 and 36.8 per cent compared with 30 June 2009.

Hang Seng China's profit before tax recorded encouraging year-on-year growth, with the 16.4 per cent rise in total operating income and a decline in loan impairment charges slightly offset by increased investment in future business expansion.

Collaboration with strategic partners, Industrial Bank and Yantai Bank Co., Ltd ('Yantai Bank'), continued to provide business synergy and extend our reach in regions with good economic growth potential.

Looking Ahead

Improvements in business and investment sentiment on the back of the economic upturn generated new opportunities for business during the first half of 2010.

However, the recovery remains fragile - particularly in major advanced economies that provide key export markets for Asia - making the outlook uncertain for Hong Kong's externally orientated economy for the rest of the year. A slowdown in external demand will also affect the Mainland, although robust domestic consumption should help underpin growth, albeit at a more moderate pace than in the first half of the year.

In an uncertain economic environment, we will continue to focus on providing excellent service to meet the changing needs of our diverse range of customers.

Our time-to-market strengths, comprehensive range of products and extensive distribution network - including mobile and online channels - will support the growth of our wealth management business and drive new customer acquisitions. We will continue to enhance our services in support of key personal customer segments, focusing particularly on Prestige Banking and young people.

We will further leverage our strong financial fundamentals to expand secured and unsecured lending while staying vigilant in managing credit risk.

Cross-border collaboration will remain central to our strategy to establishing Hang Seng as a leading provider of Greater China Commercial Banking services. We will continue to strengthen our product and service suite to provide comprehensive financial solutions for companies with operations in Hong Kong and on the Mainland. We have enhanced our corporate e-banking platforms to support renminbi account enquiries and transaction instructions and we will capitalise on the recent expansion of the renminbi cross-border trade settlement scheme.

Treasury will continue to work closely with other customer groups to support the growth of non-interest based business and explore new opportunities created by the enlarged scope of offshore renminbi financial services.

On the Mainland, we will deepen cooperation with existing strategic partners and build new alliances to enhance service delivery, expand product offerings and generate more cross-referral business. Along with brand-building initiatives, this will underpin growth in the customer and deposit bases. In May, we underlined our long-term commitment to this important market with a RMB510 million agreement to purchase a Mainland headquarters premises in Shanghai.

We will continue to make good use of our competitive strengths to further develop our core business drivers, reinforce our leadership in key lines, and tap new markets and customer segments in support of long-term growth and increasing value for shareholders.

Results summary

Hang Seng Bank Limited ('the bank') and its subsidiaries and associates ('the group') reported an unaudited profit attributable to shareholders of HK\$6,964 million for the first half of 2010, up 8.4 per cent compared with the first half of 2009. Earnings per share were up 8.3 per cent at HK\$3.64. Compared with the second half of 2009, attributable profit rose by 3.8 per cent.

- Operating profit excluding loan impairment charges and other credit risk provisions fell by HK\$458 million, or 6.3 per cent, to HK\$6,850 million. In the low interest rate environment, net interest income was adversely affected by the continuing compression of deposit spreads and the re-pricing of assets at lower rates. Non-interest income registered encouraging growth as Asian economies strengthened and demand for wealth management products in Hong Kong and mainland China increased. While continuing to carefully manage costs, the group made further investments in its business to drive income growth momentum - resulting in a 7.2 per cent increase in operating expenses compared with the same period last year.

- Net interest income dropped by HK\$562 million, or 7.7 per cent, despite the 7.8 per cent increase in average interest-earning assets. The group achieved good growth in its loan portfolios and lending spreads improved. However, with the persistence of low interest rates, deposit spreads remained constrained and contribution from net free funds fell. Re-pricing of assets at lower rates also had an adverse effect. Net interest margin for the first half of 2010 was 1.77 per cent - down 29 basis points compared with the same period last year. Net interest spread dropped by 27 basis points to 1.72 per cent and the contribution from net free funds declined by 2 basis points to 0.05 per cent. Compared with the second half of 2009, net interest income remained broadly at the same level, reflecting the bank's efforts to support its net interest income base through the expansion of lending.

- Net fees and commissions grew across most core business lines and increased by HK\$443 million, or 23.0 per cent, to HK\$2,369 million. Despite tightened regulatory requirements in Hong Kong, the group's quick response to improved investment sentiment saw income from sales of retail investment funds increase by 117.3 per cent. This achievement was facilitated by the launch of the Hang Seng China A-Share Focus Fund in March 2010 as part of efforts to offer a wide spectrum of funds from both Hang Seng Investment Management and third-party providers. Private banking continued to expand its product range and grew its service fee income by 37.0 per cent, reflecting increased client appetite for trading and investment in structured products. The group enhanced its comprehensive range of health and wealth insurance solutions for all life stages, underpinning a 35.0 per cent increase in insurance agency fee income. The credit card business continued to gain market share in terms of cards in issue, spending and receivables, and achieved strong fee income growth of 12.6 per cent. Benefiting from the rebound of the export market and recovering global demand, income from trade financing and remittance services recorded double-digit growth of 18.5 and 20.8 per cent respectively. There were also increases in fee income from account services and credit facilities as the bank continued to grow affluent personal banking, which increased the customer base and lending opportunities. With the bank registering lower stock market trading turnover and keen price competition, income generated from stockbroking and related services fell by 2.3 per cent.

- **Trading income** was down HK\$145 million, or 14.0 per cent, at HK\$890 million. Foreign exchange income declined by HK\$50 million, or 5.4 per cent, due primarily to the decrease in trading net interest income from funding swaps, although this was partly offset by modest growth in foreign exchange-linked structured products income. Securities, derivatives and other trading income fell by HK\$95 million, or 90.5 per cent.

- **Income from insurance business (included under 'net interest income', 'net fee income', 'net income from financial instruments designated at fair value', 'net earned insurance premiums', and 'movement in present value of in-force insurance business' within 'other operating income', and after deducting 'net insurance claims incurred and movement in policyholders' liabilities)** grew by HK\$119 million, or 9.5 per cent, to HK\$1,370 million. The bank continued to enhance its strong position in providing retirement savings products to customers. Net interest income and fee income from life insurance business grew by 20.1 per cent, attributable mainly to the increase in the size of the life insurance funds investment portfolio, with bond investments the major underlying assets. Investment returns on life insurance funds improved from a loss of HK\$133 million in the first half of 2009 to a gain of HK\$97 million in the first half of 2010. New annualised life insurance premiums grew modestly compared with same period last year. Movement in present value of in-force insurance business ('PVIF') increased, due mainly to the growth in volume and profitability of new business written in the first half of 2010 as well as increases in natural premiums paid up and maturing policies, which had little impact on PVIF movement in the first half of 2010 but contributed to higher profit release in 2009.

- **Net operating income before loan impairment charges and other credit risk provisions** decreased by HK\$222 million, or 2.1 per cent, to HK\$10,354 million.

- **Operating expenses** rose by HK\$236 million, or 7.2 per cent, compared with the first half of 2009. The group invested in its business to better capture new opportunities arising from the economic recovery and improve its income streams, while continuing to carefully manage costs. Excluding mainland business, operating expenses rose by 6.1 per cent, attributable largely to higher performance-related pay expenses, marketing expenditure and processing recharges. Mainland-related operating expenses increased by 15.3 per cent, reflecting the expansion of the bank's wholly owned mainland banking subsidiary, Hang Seng Bank (China) Limited ('Hang Seng China'), from 36 to 38 outlets as well as an increase in headcount.

- **Operating profit** grew by HK\$10 million, or 0.1 per cent, to HK\$6,697 million, after accounting for the HK\$468 million improvement in **loan impairment charges and other credit risk provisions**. Compared with the second half of 2009, operating profit was up HK\$170 million, or 2.6 per cent.

- **Profit before tax** increased by 6.6 per cent to HK\$8,103 million after taking the following items into account:

- a 25.5 per cent (or HK\$14 million) rise in **gains less losses from financial investments and fixed assets**;
- a 62.8 per cent (or HK\$59 million) increase in **net surplus on property revaluation**; and

· a 55.2 per cent (or HK\$421 million) increase in **share of profits from associates**, mainly Industrial Bank Co., Ltd. and a property investment company.

Consolidated financial positions and key ratios

Total assets increased by HK\$40.4 billion, or 4.9 per cent, to HK\$871.1 billion. Customer advances rose by 14.4 per cent with encouraging growth in corporate and retail lending, mainland loans and trade finance. Benefiting from the robust property market, the bank achieved strong growth in residential mortgages in intensely competitive operating conditions - sustaining a leading position and gaining market share. Customer deposits rose by HK\$8.6 billion, or 1.3 per cent, to HK\$672.2 billion, with improved investor sentiment tempered by continuing caution in identifying investment opportunities. At 30 June 2010, the advances-to-deposits ratio was 58.6 per cent, compared with 51.9 per cent at the end of December 2009. Treasury continued to take a prudent approach in managing its balance sheet management investments. Surplus funds were redeployed to interbank placements and available-for-sale debt securities to attain yield enhancement in the more stable financial markets. As a result, financial investments rose by 2.4 per cent - primarily in high-quality debt securities, including government-guaranteed debt securities.

At 30 June 2010, shareholders' funds (excluding proposed dividends) were HK\$62,117 million, an increase of HK\$3,602 million, or 6.2 per cent. Retained profits rose by HK\$2,722 million, due mainly to the growth in attributable profit (excluding first and second interim dividends) for the first half of 2010. The available-for-sale investments reserve recorded a surplus of HK\$48 million, compared with a deficit of HK\$257 million at last year-end, reflecting the narrowing of credit spreads as a result of the stabilisation in credit markets.

The **return on average total assets** was 1.7 per cent, compared with 1.7 per cent and 1.6 per cent for the first and second halves of 2009 respectively. The **return on average shareholders' funds** was 22.8 per cent (23.5 per cent in the first half of 2009 and 22.4 per cent in the second half of 2009).

At 30 June 2010, the **capital adequacy ratio** was 12.9 per cent, down from 16.3 per cent at the end of last year. The **core capital ratio** was 11.1 per cent, down from 12.6 per cent. The ratios were calculated in accordance with the advanced internal ratings-based approach under the Banking (Capital) Rules issued by the Hong Kong Monetary Authority for the implementation of Basel II. The declines in both the capital adequacy and core capital ratios largely reflect the net effect of the increase in deduction on the capital base as a result of the group's participation in Industrial Bank's rights issue in the first half of 2010, the repayment of HK\$2.5 billion in subordinated debt in June 2010, the increase in risk-weighted assets and profit growth after accounting for dividends in the first half of the year.

The bank maintained a strong liquidity position. The **average liquidity ratio** for the first half of 2010 was 42.0 per cent (calculated in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance), compared with 47.5 per cent for the first half of 2009.

The cost efficiency ratio for the first half of 2010 was 33.8 per cent, compared with 30.9 per cent and 34.4 per cent for the first and second halves of 2009 respectively.

Dividends

The Directors have declared a second interim dividend of HK\$1.10 per share, which will be payable on 1 September 2010 to shareholders on the register of shareholders as of 17 August 2010. Together with the first interim dividend, the total distribution for the first half of 2010 will amount to HK\$2.20 per share, the same as in the first half of 2009.

Customer group performance

<i>Figures in HK\$m</i>	<i>Personal Financial Services</i>	<i>Commercial Banking</i>	<i>Corporate Banking</i>	<i>Treasury</i>	<i>Other</i>	<i>Total reportable segment</i>	<i>Inter- segment elimination</i>	<i>Total</i>
Half-year ended 30 June 2010								
Net interest income	4,194	1,184	641	609	85	6,713	—	6,713
Net fee income/(expense)	1,585	649	90	(12)	57	2,369	—	2,369
Trading income/(loss)	249	145	4	506	(14)	890	—	890
Net income/(loss) from financial instruments designated at fair value	148	—	—	(2)	(14)	132	—	132
Dividend income	—	—	—	—	4	4	—	4
Net earned insurance premiums	6,232	126	1	—	—	6,359	—	6,359
Other operating income/(loss)	541	9	—	(1)	313	862	(226)	636
Total operating income	12,949	2,113	736	1,100	431	17,329	(226)	17,103
Net insurance claims incurred and movement in policyholders' liabilities	(6,670)	(79)	—	—	—	(6,749)	—	(6,749)
Net operating income before loan impairment charges and other credit risk provisions	6,279	2,034	736	1,100	431	10,580	(226)	10,354
Loan impairment charges and other credit risk provisions	(102)	(50)	(1)	—	—	(153)	—	(153)
Net operating income	6,177	1,984	735	1,100	431	10,427	(226)	10,201
Total operating expenses ^W	(2,334)	(787)	(180)	(173)	(256)	(3,730)	226	(3,504)
Operating profit	3,843	1,197	555	927	175	6,697	—	6,697
Gains less losses from financial investments and fixed assets	—	—	5	62	2	69	—	69
Net surplus on property revaluation	—	—	—	—	153	153	—	153
Share of profits from associates	94	586	—	441	63	1,184	—	1,184

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Profit before tax	3,937	1,783	560	1,430	393	8,103	—	8,103
Share of profit before tax	48.6%	22.0%	6.9%	17.6%	4.9%	100.0%	—	100.0%

Operating profit excluding loan impairment charges and other credit risk provisions	3,945	1,247	556	927	175	6,850	—	6,850
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w <i>Depreciation/amortisation included in total operating expenses</i>	(88)	(16)	(3)	(2)	(246)	(355)	—	(355)
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At 30 June 2010

Total assets	244,132	128,459	115,306	348,071	35,119	871,087	—	871,087
Total liabilities	546,668	132,261	54,456	37,866	35,616	806,867	—	806,867
Investments in associates	1,049	5,913	—	4,466	2,413	13,841	—	13,841

<i>Figures in HK\$m</i>	<i>Personal Financial Services</i>	<i>Commercial Banking</i>	<i>Corporate Banking</i>	<i>Treasury</i>	<i>Other</i>	<i>Total reportable segments</i>	<i>Inter- segment elimination</i>	<i>Total</i>
Half-year ended								
30 June 2009 (restated)								
Net interest income	4,015	987	583	1,353	337	7,275	—	7,275
Net fee income/(expense)	1,294	524	79	(19)	48	1,926	—	1,926
Trading income/(loss)	317	115	10	616	(23)	1,035	—	1,035
Net loss from financial instruments designated at fair value	(170)	—	—	(9)	(16)	(195)	—	(195)
Dividend income	1	—	—	—	4	5	—	5
Net earned insurance premiums	6,549	108	1	—	—	6,658	—	6,658
Other operating income	264	15	1	—	307	587	(237)	350
Total operating income	12,270	1,749	674	1,941	657	17,291	(237)	17,054
Net insurance claims incurred and movement in policyholders' liabilities	(6,413)	(65)	—	—	—	(6,478)	—	(6,478)
Net operating income before loan impairment charges and other credit risk provisions	5,857	1,684	674	1,941	657	10,813	(237)	10,576
Loan impairment charges and other credit risk provisions	(274)	(263)	(82)	(2)	—	(621)	—	(621)
Net operating income	5,583	1,421	592	1,939	657	10,192	(237)	9,955
Total operating expenses ^W	(2,278)	(733)	(157)	(137)	(200)	(3,505)	237	(3,268)
Operating profit	3,305	688	435	1,802	457	6,687	—	6,687
Gains less losses from financial investments and fixed assets	96	53	14	(95)	(13)	55	—	55
Net surplus on property revaluation	—	—	—	—	94	94	—	94
Share of profits from associates	66	339	—	310	48	763	—	763
Profit before tax	3,467	1,080	449	2,017	586	7,599	—	7,599
Share of profit before tax	45.6%	14.2%	5.9%	26.6%	7.7%	100.0%	—	100.0%

Operating profit excluding loan

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impairment charges and other credit risk provisions	3,579	951	517	1,804	457	7,308	—	7,308
<i>w</i> <i>Depreciation/amortisation</i> <i>included in total</i> <i>operating</i> <i>expenses</i>	(82)	(15)	(4)	(2)	(223)	(326)	—	(326)

At 30 June 2009

Total assets	218,251	84,180	90,115	366,245	35,604	794,395	—	794,395
Total liabilities	542,284	106,419	32,593	27,141	29,128	737,565	—	737,565
Investments in associates	683	3,608	—	2,666	2,372	9,329	—	9,329

<i>Figures in HK\$m</i>	<i>Personal Financial Services</i>	<i>Commercial Banking</i>	<i>Corporate Banking</i>	<i>Treasury</i>	<i>Other</i>	<i>Total reportable segment</i>	<i>Inter- segment elimination</i>	<i>Total</i>
Half-year ended								
31 December 2009								
<i>(restated)</i>								
Net interest income	4,180	1,024	575	809	160	6,748	—	6,748
Net fee income/(expense)	1,706	590	66	(16)	49	2,395	—	2,395
Trading income/(loss)	345	130	(2)	438	(23)	888	—	888
Net income/(loss) from financial instruments designated at fair value	116	—	—	14	(10)	120	—	120
Dividend income	1	6	—	—	4	11	—	11
Net earned insurance premiums	4,744	117	—	—	—	4,861	—	4,861
Other operating income	634	14	—	—	325	973	(234)	739
Total operating income	11,726	1,881	639	1,245	505	15,996	(234)	15,762
Net insurance claims incurred and movement in policyholders' liabilities	(5,455)	(69)	(2)	—	—	(5,526)	—	(5,526)
Net operating income before loan impairment (charges)/ releases and other credit risk provisions	6,271	1,812	637	1,245	505	10,470	(234)	10,236
Loan impairment (charges)/ releases and other credit risk provisions	(180)	(15)	4	—	—	(191)	—	(191)
Net operating income	6,091	1,797	641	1,245	505	10,279	(234)	10,045
Total operating expenses ^W	(2,393)	(774)	(175)	(131)	(279)	(3,752)	234	(3,518)
Operating profit	3,698	1,023	466	1,114	226	6,527	—	6,527
Gains less losses from financial investments and fixed assets	—	—	—	(57)	188	131	—	131
Net surplus on property revaluation	—	—	—	—	158	158	—	158
	93	534	—	319	39	985	—	985

Share of profits from associates								
Profit before tax	3,791	1,557	466	1,376	611	7,801	—	7,801
Share of profit before tax	48.6%	20.0%	6.0%	17.6%	7.8%	100.0%	—	100.0%
Operating profit excluding loan impairment charges and other credit risk provisions	3,878	1,038	462	1,114	226	6,718	—	6,718
w <i>Depreciation/amortisation included in total operating expenses</i>	(91)	(16)	(3)	(2)	(237)	(349)	—	(349)

At 31 December 2009

Total assets	234,723	96,490	88,135	377,561	33,759	830,668	—	830,668
Total liabilities	554,357	123,996	37,477	21,503	31,187	768,520	—	768,520
Investments in associates	847	4,284	—	2,707	2,388	10,226	—	10,226

Personal Financial Services ('PFS') reported a profit before tax of HK\$3,937 million, representing growth of 13.6 per cent compared with the same period last year. Operating profit excluding loan impairment charges was up 10.2 per cent at HK\$3,945 million. Investment and insurance were the key growth drivers as market sentiment improved during the first half of the year.

Despite narrowing spreads on deposits and mortgage loans in the low interest rate environment, net interest income grew to HK\$4,194 million - up 4.5 per cent compared with the first half of last year - attributable to the successful deployment of the commercial surplus to achieve growth in secured and unsecured lending portfolios.

Riding on the buoyant property market, the bank's residential mortgage business achieved good growth and maintained a leading market position. Despite strong competition among lenders, income from secured lending and residential mortgage drawdowns grew by 28.1 per cent and 92.3 per cent respectively compared with the first half of last year. Hang Seng ranked first for equitable mortgages and second for new mortgage registrations in the second quarter of this year, with a market share of 21.6 per cent and 15.8 per cent respectively in June 2010.

Total operating income from unsecured lending was up 16.5 per cent year-on-year. Supported by effective marketing campaigns, the credit card business registered impressive growth and gained market share. The card base grew by 6.1 per cent to exceed 1.9 million, helping the bank maintain its number two position for the credit card business in Hong Kong in terms of cards in issue. Card receivables rose by 11.8 per cent to HK\$14.3 billion. The bank outperformed its peers for card spending, which rose by 17.8 per cent compared with the first half of last year to HK\$32.4 billion. Hang

Seng made an important milestone in launching a Hong Kong dollar China UnionPay (CUP) Credit Card in June 2010, offering cardholders' convenience via the extensive CUP merchant network in Hong Kong, Mainland China and overseas countries. Personal loans were up 31.0 per cent year-on-year, with a total loan balance of HK\$4.3 billion.

Wealth management income increased by 14.6 per cent to HK\$2,495 million. Income from investment rose by 20.7 per cent to HK\$1,295 million as the bank capitalised on increased investor appetite with the launch of timely investment products - including the Hang Seng China A-Share Focus Fund and tailor-made structured products - that helped boost sales and turnover. Investment fund subscription in the first half of 2010 increased five-fold year-on-year.

Income from insurance grew by 8.6 per cent, as we managed to diversify our product mix to offer a wide range of endowment, protection or investment-linked solutions to cater for customer needs. Total policies in force and total annualised life insurance premiums rose by 8.7 per cent and 13.7 per cent respectively.

Personal e-Banking achieved landmark growth with over 1.03 million registered customers - a year-on-year increase of 12.3 per cent. Hang Seng was among the first banks in Hong Kong to launch a customised iPhone application that provides a comprehensive platform for obtaining up-to-date investment information.

Commercial Banking ('CMB') reported a strong 65.1 per cent increase in profit before tax to reach HK\$1,783 million. CMB's contribution to the bank's total profit before tax increased to 22.0 per cent, up 7.8 percentage points compared with the first half of 2009. Operating profit excluding loan impairment charges rose by 31.1 per cent to HK\$1,247 million, driven mainly by growth in net interest income from advances and net fee income. On the back of improving market conditions and a continuing emphasis on good risk management, loan impairment charges fell by 81.0 per cent.

CMB capitalised on recovering global demand and the rebound of export markets to grow customer advances by 60.9 per cent, which supported the 37.3 per cent increase in net interest income from lending year-on-year. With an influx of liquidity into the region and continuing investor caution, customer deposits rose by 23.9 per cent year-on-year. Net interest income from deposits decreased by 17.6 per cent, reflecting the adverse effects of the low interest rate environment on deposit spreads.

In response to the *Elucidation of Supervisory Principles and Operational Arrangements regarding RMB Business in Hong Kong* released by Hong Kong Monetary Authority in February, CMB expanded the scope of renminbi banking services offered to commercial customers. In addition to renminbi trade settlement services, the bank established the first renminbi Prime Rate in Hong Kong in March 2010, substantiating Hang Seng's position as a commercial banking leader in the Greater China region and contributing to the development of Hong Kong as the key centre for offshore renminbi banking and financial services. A full suite of renminbi commercial banking products was launched in March, including renminbi commercial finance, renminbi current account, renminbi overdraft and renminbi factoring. By 30 June 2010, more than 4,000 cross-border renminbi trade settlement accounts had been opened, with total turnover from cross-border renminbi trade business routed through the bank amounting to over RMB4.2 billion.

To assist commercial customers with cross-border operations, CMB continued to collaborate with China Export and Credit Insurance Corporation (Sinosure), as well as Hang Seng China and our strategic mainland partner Industrial Bank. Strengthening these partnerships has augmented CMB's capacity to offer one-stop commercial banking solutions and capture an increasing share of cross-border business flows.

CMB worked to provide competitive corporate wealth management products for its customers, especially those in the top-end segment. Enhanced corporate insurance products were marketed to customers using different selling angles, including as wealth management, investment and funding tools. With the sovereign debt crisis in Europe serving to prolong uncertainty in financial markets, momentum was maintained in investment services business with the up-skilling of the sales force, and a greater emphasis on more defensive investment instruments and treasury hedging solutions. Income derived from corporate wealth management business recorded an encouraging growth of 37.1 per cent, increasing its contribution to CMB's total operating income by 1.9 percentage points compared with 2009 to reach 15.1 per cent.

In support of the SME community, Business Banking Centres in prime commercial locations were refurbished to enhance service delivery.

The bank continued to be an active player in government-backed SME loan schemes. Since the launch of the SME Loan Guarantee Scheme and Special Loan Guarantee Scheme in late 2008, the bank has approved about 6,000 applications with a total loan amount of more than HK\$16.3 billion at 30 June 2010.

CMB customers continued to migrate to online and automated banking channels, supported by the expansion of service offerings. At 30 June 2010, over 82,900 customers had registered for the bank's Business e-Banking service - up 16.8 per cent compared with a year earlier. The number of online business banking transactions grew by 18.8 per cent.

Corporate Banking ('CIB') capitalised on economic recovery in Hong Kong and on the Mainland to record a 7.5 per cent rise in operating profit excluding loan impairment charges to HK\$556 million. Profit before tax was up 24.7 per cent at HK\$560 million, due mainly to a 98.8 per cent improvement in loan impairment charges. Improvements in the economic environment combined with low interest rates and the increasing availability of investment opportunities to support increased customer demand for funding. This created new opportunities to expand lending, but intensifying competition among banks to book loan assets drove down margins compared with 2009. With changes in the market environment on the Mainland, CIB put more emphasis on lending in Hong Kong and made good progress in expanding its business among key customer segments, including large mainland-owned companies with operations in Hong Kong. Working closely with colleagues in Hang Seng China, CIB provided customers with effective cross-border banking support. This helped strengthen relationships, enabling CIB to capture an increasing share of business from these customers in areas such as deposits.

CIB's loan and deposit balances grew by 16.6 per cent and 45.0 per cent respectively compared with the end of December 2009. Net interest income increased by 9.9 per cent compared with a year earlier. Loan impairment charges decreased, resulting in a 27.6 per cent rise in operating profit after impairment compared with the same period last year.

Treasury ('TRY') reported a 29.1 per cent drop in profit before tax to HK\$1,430 million, mainly reflecting the weak performance of net interest income.

With the fragility of the economic recovery and sovereign risks in Europe, global interest rates continued to hover at low levels in the first half of 2010. Coupled with ample liquidity in the local market, this served to limit good investment opportunities in the balance sheet management portfolio. Re-pricing of matured investments resulted in a significant drop in the interest margin. Overall, net interest income fell by 55.0 per cent to HK\$609 million.

In the difficult interest rate environment, Treasury closely monitored market opportunities to dispose of assets and prudently invested in selective quality securities. The mix of investments in the balance sheet management portfolio was improved. For the first six months of 2010, disposal gains of over HK\$60 million were generated, contributing to the bank's bottom line.

With high market volatility and tightening regulatory requirements for sales of investment products to the retail segment posing challenges for proprietary trading and product sales, Treasury worked to sustain trading business momentum by promoting sales of renminbi-linked products and hedging instruments, including foreign exchange options. Income contribution from sales of vanilla and exotic foreign exchange options grew six-fold compared with the same period last year. However, with a HK\$82 million drop in funding swap income for the first half of 2010, net trading income fell by 17.9 per cent to HK\$506 million. If the volatile funding swap income (described below) is excluded, net trading income decreased by HK\$28 million, or 6.8 per cent.

(Treasury from time to time employs foreign exchange swaps for its funding activities, which in essence involves swapping a currency ('original currency') into another currency ('swap currency') at the spot exchange rate for short-term placement and simultaneously entering into a forward exchange contract to convert the funds back to the original currency on maturity of the placement. In accordance with HKAS 39, the exchange difference of the spot and forward contracts is required to be recognised as a foreign exchange gain/loss, while the corresponding interest differential between the original and swap funding is reflected in net interest income.)

Mainland business

Including two cross-city sub-branches that opened in Guangdong Province under CEPA VI during the first half of 2010, Hang Seng Bank (China) Limited now operates a network of 38 outlets in Beijing, Shanghai, Guangzhou, Dongguan, Shenzhen, Fuzhou, Nanjing, Hangzhou, Ningbo, Tianjin, Kunming, Foshan and Zhongshan. The bank has a branch in Shenzhen for foreign currency wholesale business and a representative office in Xiamen.

Strong growth was recorded in gross customer advances, which rose by 13.2 per cent to HK\$32.1 billion when compared with last year-end. With the further development of wealth management business and Commercial Banking's growing service capabilities, there was good growth in both personal and commercial customer bases, with total customers increasing by 9.1 per cent year on year. This increase in the mainland customer base helped underpin a 24.6 per cent rise in customer deposits when compared with last year-end.

Total operating income grew by 16.4 per cent, supported by the 10.1 per cent increase in net interest income and the 84.4 per cent rise in other operating income. The improvement in other operating income was partly offset by increased exchange losses from the revaluation of US dollar capital funds against the renminbi during the first half of 2010. Profit before tax also recorded encouraging growth of 144.0 per cent when compared with the same period last year.

To reinforce the group's long-term commitment to the mainland market and support the continued development of Hang Seng China's business, in May this year Hang Seng China signed a RMB510 million agreement to acquire headquarter premises in Shanghai.

The bank's strategic alliance with Industrial Bank continues to yield encouraging results. The Bank took up its full share entitlement under a rights issue by Industrial Bank and increased its equity interest in the mainland bank from 12.78 per cent to 12.80 per cent at 30 June 2010.

Consolidated Income Statement (unaudited)

<i>Figures in HK\$m</i>	<i>Half-year ended 30 June 2010</i>	<i>Half-year ended 30 June 2009 (restated)</i>	<i>Half-year ended 31 December 2009 (restated)</i>
Interest income	7,665	8,775	7,615
Interest expense	(952)	(1,500)	(867)
Net interest income	6,713	7,275	6,748
Fee income	2,835	2,327	2,863
Fee expense	(466)	(401)	(468)
Net fee income	2,369	1,926	2,395
Trading income	890	1,035	888
Net income/(loss) from financial instruments designated at fair value	132	(195)	120
Dividend income	4	5	11
Net earned insurance premiums	6,359	6,658	4,861
Other operating income	636	350	739
Total operating income	17,103	17,054	15,762
Net insurance claims incurred and movement in policyholders' liabilities	(6,749)	(6,478)	(5,526)
Net operating income before loan impairment charges and other credit risk provisions	10,354	10,576	10,236
Loan impairment charges and other credit risk provisions	(153)	(621)	(191)
Net operating income	10,201	9,955	10,045
Employee compensation and benefits	(1,773)	(1,669)	(1,709)
General and administrative expenses	(1,376)	(1,273)	(1,460)
Depreciation of premises, plant and equipment	(306)	(286)	(305)
Amortisation of intangible assets	(49)	(40)	(44)
Total operating expenses	(3,504)	(3,268)	(3,518)
Operating profit	6,697	6,687	6,527
Gains less losses from financial investments and fixed assets	69	55	131
Net surplus on property revaluation	153	94	158
Share of profits from associates	1,184	763	985
Profit before tax	8,103	7,599	7,801
Tax expense	(1,139)	(1,173)	(1,089)
Profit for the period	6,964	6,426	6,712
Profit attributable to shareholders	6,964	6,426	6,712

Earnings per share (in HK\$)	3.64	3.36	3.51
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The HSBC Group reports interest income and interest expense arising from financial assets and financial liabilities held for trading as 'Net trading income' and arising from financial instruments designated at fair value through profit and loss as 'Net income from financial instruments designated at fair value' (other than for debt securities in issue and subordinated liabilities, together with derivatives managed in conjunction with them).

The table below presents the interest income and interest expense of Hang Seng, as included within the HSBC Group accounts:

<i>Figures in HK\$m</i>	<i>Half-year ended ended 30 June 2010</i>	<i>Half-year ended ended 30 June 2009</i>	<i>Half-year ended 31 December 2009</i>
<i>Interest income</i>	7,526	8,545	7,405
<i>Interest expense</i>	(757)	(1,124)	(689)
<i>Net interest income</i>	6,769	7,421	6,716
<i>Net interest income and expense reported as 'Net trading income'</i>	(83)	(196)	(38)
<i>Net interest income and expense reported as 'Net income from financial instruments designated at fair value'</i>	27	50	70

Details of dividends payable to shareholders of the bank attributable to the profit for the half year are set out on page 39.

Consolidated Statement of Comprehensive Income (unaudited)

<i>Figures in HK\$m</i>	<i>Half-year ended 30 June 2010</i>	<i>Half-year ended 30 June 2009 (restated)</i>	<i>Half-year ended 31 December 2009 (restated)</i>
Profit for the period	6,964	6,426	6,712
Other comprehensive income			
Premises:			
- unrealised surplus on revaluation of premises	690	535	940
- deferred taxes	(114)	(79)	(103)
Available-for-sale investments reserve:			
- fair value changes taken to/(from) equity:			
-- on debt securities	774	1,934	1,974
-- on equity shares	(30)	28	52
- fair value changes transferred (to)/from income statement:			
-- on impairment	—	4	—
-- on hedged items	(441)	114	(33)
-- on disposal	(72)	(64)	55
- share of changes in equity of associates			
-- fair value changes	108	73	(99)
- deferred taxes	(34)	(270)	(202)
Cash flow hedge reserve:			
- fair value changes taken to equity	127	194	213
- fair value changes transferred to income statement	(261)	(511)	(353)
- deferred taxes	23	48	21
Defined benefit plans:			
- actuarial (losses)/gains on defined benefit plans	(183)	1,520	357
- deferred taxes	30	(251)	(58)
Exchange differences on translation of:			
- financial statements of overseas branches, subsidiaries and associates	176	(12)	15
- others	13	5	5
Other comprehensive income for the period, net of tax	806	3,268	2,784
Total comprehensive income for the period	7,770	9,694	9,496
Total comprehensive income for the period attributable to shareholders	7,770	9,694	9,496

Consolidated Statement of Financial Position (unaudited)

<i>Figures in HK\$m</i>	At 30 June 2010	At 30 June 2009 <i>(restated)</i>	At 31 December 2009 <i>(restated)</i>
ASSETS			
Cash and balances with banks and other financial institutions	30,065	51,065	22,086
Placings with and advances to banks and other financial institutions	104,711	55,223	104,551
Trading assets	35,559	84,517	66,597
Financial assets designated at fair value	6,160	6,025	5,450
Derivative financial instruments	4,645	4,927	5,050
Advances to customers	394,110	325,371	344,621
Financial investments	247,280	225,338	241,502
Investments in associates	13,841	9,329	10,226
Investment properties	3,013	2,716	2,872
Premises, plant and equipment	12,853	11,704	12,414
Intangible assets	4,706	3,621	4,214
Other assets	14,134	14,534	11,069
Deferred tax assets	10	25	16
Total assets	871,087	794,395	830,668
LIABILITIES AND EQUITY			
Liabilities			
Current, savings and other deposit accounts	650,859	591,267	636,369
Deposits from banks	12,962	4,603	4,870
Trading liabilities	40,789	53,387	38,391
Financial liabilities designated at fair value	446	1,452	1,456
Derivative financial instruments	5,516	8,778	4,251
Certificates of deposit and other debt securities in issue	1,360	2,294	1,826
Other liabilities	23,863	14,328	15,285
Liabilities to customers under insurance contracts	59,547	49,479	54,240
Current tax liabilities	963	739	52

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Deferred tax liabilities	2,709	1,926	2,460
Subordinated liabilities	7,853	9,312	9,320
Total liabilities	806,867	737,565	768,520
Equity			
Share capital	9,559	9,559	9,559
Retained profits	40,474	36,116	37,752
Other reserves	12,084	9,052	11,204
Proposed dividends	2,103	2,103	3,633
Shareholders' funds	64,220	56,830	62,148
Total equity and liabilities	871,087	794,395	830,668

Consolidated Statement of Changes in Equity (unaudited)

<i>Figures in HK\$m</i>	<i>Half-year ended 30 June 2010</i>	<i>Half-year ended 30 June 2009 (restated)</i>	<i>Half-year ended 31 December 2009 (restated)</i>
Share capital			
At beginning and end of period	9,559	9,559	9,559
Retained profits (including proposed dividends)			
At beginning of period	41,385	38,260	38,219
Dividends to shareholders			
- Dividends approved in respect of the previous year	(3,633)	(5,736)	—
- Dividends declared in respect of the current period	(2,103)	(2,103)	(4,206)
Transfer	105	98	357
Total comprehensive income for the period	6,823	7,700	7,015
	42,577	38,219	41,385
Other reserves			
Premises revaluation reserve			
At beginning of period	7,885	7,047	7,405
Transfer	(105)	(98)	(357)
Total comprehensive income for the period	576	456	837
	8,356	7,405	7,885
Available-for-sale investment reserve			
At beginning of period	(257)	(3,823)	(2,004)
Total comprehensive income for the period	305	1,819	1,747
	48	(2,004)	(257)
Cash flow hedge reserve			
At beginning of period	174	562	293
Total comprehensive income for the period	(111)	(269)	(119)
	63	293	174
Foreign exchange reserve			
At beginning of period	1,382	1,379	1,367
Total comprehensive income for the period	176	(12)	15

1,558

1,367

1,382

	<i>Half-year ended 30 June 2010</i>	<i>Half-year ended 30 June 2009 (restated)</i>	<i>Half-year ended 31 December 2009</i>
<i>Figures in HK\$m</i>			