

HSBC HOLDINGS PLC  
Form 6-K  
March 02, 2009

**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report of Foreign Private Issuer**

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

**the Securities Exchange Act of 1934**

For the month of March 2009

**HSBC Holdings plc**

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(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 March 2009

**THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED**

**2008 CONSOLIDATED RESULTS - HIGHLIGHTS**

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- Net operating income before loan impairment charges and other credit risk provisions down 2.2 per cent to HK\$124,264 million (HK\$127,009 million in 2007).
- Pre-tax profit down 14.1 per cent to HK\$67,690 million (HK\$78,761 million in 2007).
- Pre-tax profit, excluding dilution gains arising in 2007, down 8.6 per cent (HK\$74,026 million in 2007).
- Attributable profit down 13.3 per cent to HK\$50,306 million (HK\$58,028 million in 2007).
- Attributable profit, excluding dilution gains arising in 2007, down 6.6 per cent (HK\$53,848 million in 2007).
- Return on average shareholders' equity of 24.3 per cent (32.1 per cent in 2007 on a reported basis and 29.8 per cent excluding dilution gains).
- Assets up 7.8 per cent to HK\$4,260 billion (HK\$3,952 billion at the end of 2007).
- Capital adequacy ratio of 13.4 per cent; core capital ratio of 10.3 per cent. (Capital adequacy ratio of 11.6 per cent; core capital ratio of 8.8 per cent at 31 December 2007).
- Cost efficiency ratio of 42.1 per cent (37.1 per cent for 2007).

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

***Comment by Vincent Cheng, Chairman***

The Hongkong and Shanghai Banking Corporation Limited reported resilient results in 2008 amidst extremely difficult global economic conditions and increasing financial market turmoil.

Underscoring the core strength of our diversified franchise, profit before tax in 2008 declined by only 8.6 per cent to HK\$67,690 million, excluding the gains reported in 2007 from the dilution of our investments in associates. Asia ex-Hong Kong pre-tax profit grew strongly, up by 16.6 per cent to HK\$29,026 million as our investments in organic growth continued to pay off. The economic downturn affected Hong Kong operations the most, with profit before tax declining 28.2 per cent to HK\$38,613 million.

During the year, the group continued to grow its balance sheet across key geographies in the region, including Hong Kong. Overall, new deposits were up 3.6 per cent to HK\$2,576 billion. Gross advances to customers increased by 6.4 per cent to HK\$1,297 billion. Double-digit year-on-year pre-tax profit was recorded in Australia, India, Indonesia, South Korea, Taiwan, and the bank's own operations in mainland China.

In 2008 the bank also continued to pursue both organic growth and strategic acquisitions to further increase our presence in key markets.

In Hong Kong, the bank invested HK\$300 million in branch refurbishment, including opening a new flagship branch in Mongkok. We also grew market share in deposits and mortgages and issued nearly one million new cards, bringing the total cards in circulation to 5.3 million. In Commercial Banking, we committed HK\$4 billion to support small and medium-sized enterprises in Hong Kong as part of the Group's Global SME Fund, more than half of which has been utilised since the launch in December 2008.

In mainland China, we expanded our network by 18 outlets to 79 outlets in 19 cities. Private banking was launched in Beijing, Guangzhou and Shanghai. During the year, the bank also opened two more rural banks, in Chongqing's Dazu County, Fujian's Yong'an County, in addition to our rural bank in Hubei's Suizhou City. A fourth rural bank opened in Beijing's Miyun County last month and a fifth will open this year in Enping County in Guangdong.

In Taiwan, the integration of the operations of The Chinese Bank was completed. In India, the purchase of the retail broker IL&FS Investsmart Limited was finalised. In Japan, we opened seven new Premier Centres. In Indonesia, we entered into an agreement to acquire Bank Ekonomi, which would nearly double the size of our network there. This transaction is due to be completed during the first half of this year.

During the year, the bank also launched insurance joint ventures in India with Canara Bank and Oriental Bank of Commerce and in Korea with Hana Financial Group. In Vietnam, we increased our stake in Techcombank to 20 per cent. We also became the first locally incorporated foreign bank in Vietnam on 1 January 2009, which will allow us to open more outlets going forward.

Results from customer group operations in the region were resilient despite the economic turmoil. Personal Financial Services reported a pre-tax profit of HK\$25,548 million, a decrease of 22.1 per cent over 2007 as the fall in equity markets affected insurance investments asset values and the sale of investment products. Commercial Banking reported a profit before tax of HK\$19,159 million, an increase of 2.2 per cent over the previous year despite increased impairment charges and the impact of lower interest rates. Meanwhile, Global Banking and Markets reported a 26.9 per cent increase in pre-tax profit to HK\$31,485 million. This robust result was largely due to higher net interest income from Balance Sheet Management and higher net trading income from foreign exchange and Rates businesses directly aligned to our commercial and corporate customer base.

Looking forward, we remain cautious and will manage our business accordingly. Costs and headcount will be closely managed across the region while we continue to invest for the medium and long term in markets such as mainland China, Indonesia, Malaysia and India. Volatility is expected to remain a feature of global economic and market conditions for much of 2009. We expect the banking environment to remain difficult as lacklustre equity market conditions and low interest rates globally depress equity-related fee income and net interest income respectively. However, in comparison to the OECD economies, the region's two main economic powerhouses, mainland China and India, should maintain relatively high rates of economic growth.

Overall, Asia is better prepared to weather the economic difficulties ahead due to its large cushions of foreign exchange reserves, lower consumer debt and the various government stimulus measures. We believe the region is also well placed to re-emerge from the global economic downturn as it will be amongst the first to benefit from the recovery in trade flows.

Against this backdrop, we have not wavered from our long-term strategy or belief in Asia's long-term growth and we will continue to seek new opportunities to further build our business throughout the region.

### Results by Customer Group

<i>Figures in HK\$m</i>	<i>Personal Financial Services</i>	<i>Commercial Banking</i>	<i>Global Banking and Markets</i>	<i>Private Banking</i>	<i>Other</i>	<i>Intra- segment elimination</i>	<i>Total</i>
<b>Year ended 31 December 2008</b>							
Net interest income/(expense)	<b>37,702</b>	<b>17,958</b>	<b>23,075</b>	<b>43</b>	<b>(5,497)</b>	<b>(4,236)</b>	<b>69,045</b>
Net fee income	<b>15,317</b>	<b>6,790</b>	<b>8,319</b>	<b>83</b>	<b>258</b>	<b>-</b>	<b>30,767</b>

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Net trading income	1,570	1,403	14,367	165	(302)	4,160	21,363
Net (loss)/ income from financial instruments designated at fair value	(11,394)	(77)	266	-	147	76	(10,982)
Gains less losses from financial investments	1,228	250	(571)	-	(3,883)	-	(2,976)
Dividend income	27	17	173	-	635	-	852
Net earned insurance premiums	25,061	1,649	159	-	17	-	26,886
Other operating income	1,406	841	582	22	7,392	(6,167)	4,076
<b>Total operating income</b>	<b>70,917</b>	<b>28,831</b>	<b>46,370</b>	<b>313</b>	<b>(1,233)</b>	<b>(6,167)</b>	<b>139,031</b>
Net insurance claims incurred and movement in policyholders' liabilities	(13,470)	(1,178)	(107)	-	(12)	-	(14,767)
<b>Net operating income before loan impairment charges and other credit risk provisions</b>	<b>57,447</b>	<b>27,653</b>	<b>46,263</b>	<b>313</b>	<b>(1,245)</b>	<b>(6,167)</b>	<b>124,264</b>
Loan impairment charges and other credit risk provisions	(5,625)	(3,630)	(2,754)	-	9	-	(12,000)
<b>Net operating income</b>	<b>51,822</b>	<b>24,023</b>	<b>43,509</b>	<b>313</b>	<b>(1,236)</b>	<b>(6,167)</b>	<b>112,264</b>
Operating expenses	(27,242)	(9,231)	(14,237)	(326)	(7,394)	6,167	(52,263)

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<b>Operating profit/(loss)</b>	<b>24,580</b>	<b>14,792</b>	<b>29,272</b>	<b>(13)</b>	<b>(8,630)</b>	<b>-</b>	<b>60,001</b>
Share of profit in associates and joint ventures	<b>968</b>	<b>4,367</b>	<b>2,213</b>	<b>-</b>	<b>141</b>	<b>-</b>	<b>7,689</b>
<b>Profit/(loss) before tax</b>	<b>25,548</b>	<b>19,159</b>	<b>31,485</b>	<b>(13)</b>	<b>(8,489)</b>		<b>67,690</b>
Share of profit/(loss) before tax	<b>37.7%</b>	<b>28.3%</b>	<b>46.5%</b>	<b>-</b>	<b>(12.5)%</b>	<b>-</b>	<b>100.0%</b>
Advances to customers	<b>503,453</b>	<b>380,902</b>	<b>380,650</b>	<b>6,009</b>	<b>15,131</b>	<b>-</b>	<b>1,286,145</b>
Customer accounts	<b>1,404,895</b>	<b>595,045</b>	<b>555,928</b>	<b>13,925</b>	<b>6,291</b>	<b>-</b>	<b>2,576,084</b>

<i>Figures in HK\$m</i>	<i>Personal Financial Services</i>	<i>Commercial Banking</i>	<i>Global Banking and Private Markets</i>	<i>Other</i>	<i>Intra- segment elimination</i>	<i>Total</i>	
<b>Year ended 31 December 2007</b>							
Net interest income/(expense)	36,039	17,075	15,348	47	(4,536)	(1,212)	62,761
Net fee income	19,474	5,948	9,294	105	120	-	34,941
Net trading income	1,761	1,033	11,547	62	950	703	16,056
Net income/(loss) from financial instruments designated at fair value	6,966	(72)	31	-	(1,233)	509	6,201

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Gains less losses from financial investments	23	1	427	-	441	-	892
Gains arising from dilution of investments in associates	-	-	-	-	4,735	-	4,735
Dividend income	16	6	134	-	537	-	693
Net earned insurance premiums	22,363	1,200	132	-	-	-	23,695
Other operating income	1,323	249	714	20	7,137	(5,387)	4,056
<b>Total operating income</b>	<b>87,965</b>	<b>25,440</b>	<b>37,627</b>	<b>234</b>	<b>8,151</b>	<b>(5,387)</b>	<b>154,030</b>
Net insurance claims incurred and movement in policyholders' liabilities	(26,217)	(703)	(101)	-	-	-	(27,021)
<b>Net operating income before loan impairment charges and other credit risk provisions</b>	<b>61,748</b>	<b>24,737</b>	<b>37,526</b>	<b>234</b>	<b>8,151</b>	<b>(5,387)</b>	<b>127,009</b>