

HSBC HOLDINGS PLC  
Form 6-K  
March 25, 2014

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

For the month of March  
HSBC Holdings plc

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

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

Form 20-F  Form 40-F

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

Yes.....  No

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

Reconciliation of RoRWA measures

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Performance Management

We target a return on average ordinary shareholders' equity of 12%-15%. For internal management purposes we monitor global businesses and geographical regions by pre-tax return on RWAs, a metric which combines return on equity and regulatory capital efficiency objectives.

In addition to measuring return on average risk-weighted assets ('RoRWA') we measure our performance internally using the non-GAAP measure of underlying RoRWA, which is underlying profit before tax as a percentage of average risk-weighted assets adjusted for the effects of foreign currency translation differences and business disposals. Underlying RoRWA adjusts performance for certain items which distort year-on-year performance as explained on page 47.

We also present the non-GAAP measure of underlying RoRWA adjusted for the effect of operations which are not regarded as contributing to the longer-term performance of the Group. These include the run-off portfolios and the CRS business which was sold in 2012.

The CRS average RWAs in the table below represent the average of the associated operational risk RWAs that were not immediately released on disposal and have not already been adjusted as part of the underlying RoRWA calculation. The 2012 pre-tax loss for CRS primarily relates to litigation expenses incurred after the sale of the business that have not been adjusted as part of the underlying RoRWA calculation.

#### Reconciliation of underlying RoRWA (excluding run-off portfolios and Card and Retail Services)

	Pre-tax return US\$m	2013 Average RWAs <sup>36</sup> US\$bn	RoRWA <sup>37</sup> %	Pre-tax return US\$m	2012 Average RWAs <sup>36</sup> US\$bn	RoRWA <sup>37</sup> %
Reported			2.0			1.8
.....	22,565	1,104		20,649	1,172	
Underlying <sup>37</sup>		1,088	2.0		1,078	1.4
.....	21,586			15,286		
Run-off portfolios		124	0.1		166	(1.0)
.....	68			(1,624)		
Legacy credit in GB&M		33	0.6		45	(0.6)
.....	185			(274)		
US CML and other <sup>38</sup>		91	(0.1)		121	(1.1)
.....	(117)			(1,350)		
Card and Retail Services		4	-		5	(3.0)
.....	-			(150)		
Underlying (excluding run-off portfolios and Card and Retail Services)		960	2.2		906	1.9
.....	21,518			17,060		

#### Reconciliation of reported and underlying average risk-weighted assets

	Year ended 31 December		
	2013 US\$bn	2012 US\$bn	Change %

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Average reported RWAs <sup>36</sup>	1,104	1,172	(6)
.....			
Currency translation adjustment <sup>32</sup>	-	(6)	
.....			
Acquisitions, disposals and dilutions	(16)	(88)	
.....			
Average underlying RWAs <sup>36</sup>	1,088	1,078	1
.....			

For footnotes, see page 132.

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: Ben J S Mathews

Title: Group Company Secretary

Date: 25 March 2014