

HSBC HOLDINGS PLC
Form 6-K
March 27, 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-.....).

14 Trading assets

	2013 US\$m	2012 US\$m
Trading assets:		
- not subject to repledge or resale by counterparties	201,492	305,312
.....	101,700	103,499

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- which may be repledged or resold by counterparties

.....	303,192	408,811
Treasury and other eligible bills		
.....	21,584	26,282
Debt securities		
.....	141,644	144,677
Equity securities		
.....	63,891	41,634
Trading securities at fair value		
.....	227,119	212,593
Loans and advances to banks		
.....	27,885	78,271
Loans and advances to customers		
.....	48,188	117,947
	303,192	408,811

Trading securities valued at fair value¹

	Fair value	
	2013	2012
	US\$m	US\$m
US Treasury and US Government agencies ²		
.....	23,450	28,405
UK Government		
.....	11,591	11,688
Hong Kong Government		
.....	5,909	6,228
Other government		
.....	86,714	91,498
Asset-backed securities ³		
.....	2,736	2,896
Corporate debt and other securities		
.....	32,828	30,244
Equity securities		
.....	63,891	41,634
	227,119	212,593

¹ Included within these figures are debt securities issued by banks and other financial institutions of US\$22,989m (2012: US\$20,274m), of which US\$3,973m (2012: US\$3,469m) are guaranteed by various governments.

² Include securities that are supported by an explicit guarantee issued by the US Government.

³ Exclude asset-backed securities included under US Treasury and US Government agencies.

Trading securities listed on a recognised exchange and unlisted

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	Treasury and other eligible bills US\$m	Debt securities US\$m	Equity securities US\$m	Total US\$m
Fair value at 31 December 2013				
Listed ¹	194	85,821	62,724	148,739
.....				
Unlisted ²	21,390	55,823	1,167	78,380
.....				
	21,584	141,644	63,891	227,119
Fair value at 31 December 2012				
Listed ¹	606	82,732	39,945	123,283
.....				
Unlisted ²	25,676	61,945	1,689	89,310
.....				
	26,282	144,677	41,634	212,593

¹ Included within listed investments are US\$3,836m (2012: US\$2,828m) of investments listed on a recognised exchange in Hong Kong.

² Unlisted treasury and other eligible bills primarily comprise treasury bills not listed on an exchange but for which there is a liquid market.

Loans and advances to banks held for trading

	2013 US\$m	2012 US\$m
Reverse repos ¹	2,940	45,015
.....		
Settlement accounts	7,572	6,324
.....		
Stock borrowing	2,323	5,361
.....		
Other	15,050	21,571
.....		
	27,885	78,271

Loans and advances to customers held for trading

	2013 US\$m	2012 US\$m
Reverse repos ¹	7,180	73,666
.....		
	11,863	8,186

Settlement accounts

Stock borrowing	7,995	10,710
Other	21,150	25,385
	48,188	117,947

1 In 2013, GB&M changed the way it manages repo and reverse repo activities in the Credit and Rates businesses as set out on page 220. This led to a reduction in the amount of reverse repos classified as trading assets.

15 Fair values of financial instruments carried at fair value

The accounting policies which determine the classification of financial instruments and the use of assumptions and estimation in valuing them are described on pages 432 to 450 and page 74. The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when HSBC manages a group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, it measures the fair value of the group of financial instruments on a net basis, but presents the underlying financial assets and liabilities separately in the financial statements, unless they satisfy the IFRSs offsetting criteria as described on page 442.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table sets out the financial instruments carried at fair value.

Financial instruments carried at fair value and bases of valuation

	Valuation techniques			Total US\$m
	Quoted market price Level 1 US\$m	Using observable inputs Level 2 US\$m	With significant unobservable inputs Level 3 US\$m	
Recurring fair value measurements At 31 December 2013				
Assets				
Trading assets		115,124	5,347	303,192
Financial assets designated at fair value	182,721	7,649	608	38,430
Derivatives	30,173	277,224	2,502	282,265
Financial investments: available for sale	2,539	130,760	7,245	400,841
	262,836			
Liabilities				
Trading liabilities		110,576	7,514	207,025
	88,935			
	10,482	78,602	-	89,084

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Financial liabilities designated at fair value

Derivatives		267,441	2,335	274,284
	4,508			

At 31 December 2012

Assets

Trading assets		205,590	4,378	408,811
	198,843			
Financial assets designated at fair value		7,594	413	33,582
	25,575			
Derivatives		352,960	3,059	357,450
	1,431			
Financial investments: available for sale		135,931	8,511	397,688
	253,246			

Liabilities

Trading liabilities		180,543	7,470	304,563
	116,550			
Financial liabilities designated at fair value		77,017	-	87,720
	10,703			
Derivatives		354,375	3,005	358,886
	1,506			

The decrease in Level 2 trading assets and liabilities reflects the change in the way GB&M manages repo and reverse repo activities described on page 220. Movement in derivative balances is described in Note 18.

Transfers between Level 1 and Level 2 fair values

	Available for sale US\$m	Assets Designated Held at fair value for trading profit or loss US\$m		Derivatives US\$m	Liabilities Designated Held at fair value for trading profit or loss US\$m		Derivatives US\$m
			through US\$m			through US\$m	
At 31 December 2013							