HSBC HOLDINGS PLC
Form 6-K
February 23, 2011

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 February
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 X 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 X

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

23 February 2011

HSBC BANK CANADA
RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2010 W

- Reported net income attributable to common shares was C$104 million for the quarter ended 31 December 2010, a decrease of 29.7 per cent over the same period in 2009.

- Reported net income attributable to common shares was C$429 million for the year ended 31 December 2010, a decrease of 4.2 per cent compared with C$448 million for the year ended 31 December 2009.WW

- Return on average common equity was 11.4 per cent for the quarter ended 31 December 2010 and 12.1 per cent for the year ended 31 December 2010 compared with 17.3 per cent and 13.1 per cent, respectively, for the same periods in 2009.WW

- The cost efficiency ratio was 56.9 per cent for the quarter ended 31 December 2010 and 57.4 per cent for the year ended 31 December 2010 compared with 47.6 per cent and 51.4 per cent, respectively, for the same periods in 2009.

- Total assets were C$71.5 billion at 31 December 2010, an increase of C$0.2 billion, or 0.3 per cent, from C$71.3 billion at 31 December 2009.

- Total funds under management were C$31.5 billion at 31 December 2010, an increase of C$3.3 billion, or 11.7 per cent, from C$28.2 billion at 31 December 2009.

- Tier 1 capital ratio of 13.3 per cent and a total capital ratio of 16.0 per cent at 31 December 2010 compared to 12.1 per cent and 14.9 per cent respectively at 31 December 2009.WW

W Results are prepared in accordance with Canadian generally accepted accounting principles. On 1 January 2011, the Bank transitioned to International Financial Reporting Standards and future results will be prepared and disclosed on that basis.

WW Calculated using guidelines issued by the Office of the Superintendent of Financial Institutions in accordance with Basel II capital adequacy framework.

Overview

HSBC Bank Canada recorded net income attributable to common shares for the fourth quarter of 2010 of C$104 million, a decrease of C$44 million, or 29.7 per cent compared with the C$148 million reported in the same period in 2009. Net income attributable to common shares for the year ended 31 December 2010 was C$429 million, compared with the C$448 million reported in the same period in 2009, a decrease of C$19 million or 4.2 per cent. The results were impacted by fair value accounting on economic hedges and changes in the market values of certain non-trading financial assets and liabilities, which are recorded in the Global Banking and Markets business. Even though no economic gain or loss occurred, these adjustments resulted in a mark-to-market loss of C$196 million in 2010, compared to a gain of C$69 million in 2009. Income before income taxes excluding these items increased by 37.8 per cent for the year ended 31 December 2010, compared to the same period in 2009.

Commenting on the results, Lindsay Gordon, President and Chief Executive Officer of HSBC Bank Canada, said:

"Improving economic conditions, a reduction in credit losses and HSBC's strong business fundamentals delivered another solid set of operating results for 2010. We continued to focus on generating growth, building on our global capabilities to meet our customer needs, while maintaining strong capital and liquidity levels.

We expect the economy to show modest but continued improvement through 2011 and HSBC is very strongly placed to support our clients' growth ambitions as the Canadian employment picture improves and trade with emerging markets increases."

Business Performance in the Fourth Quarter of 2010

Personal Financial Services (PFS)

Key Initiatives

- Launched HSBC BRIC Global Stock Market Guaranteed Investment Certificate product providing customers access to the upside potential of the dynamic Brazil, Russia, India and China markets.
- Launched a New Money Promotion targeting existing HSBC clients and prospective clients by offering 1 per cent bonus interest on new money to invite them to upgrade to Premier or Advance, which offer individually tailored packages of exclusive financial services to our internationally-minded, mass-affluent and emerging affluent customers.

The loss before income taxes was C$13 million for the fourth quarter of 2010, compared with income before income taxes of C$32 million for the same period in 2009, and income of C$32 million for the year, compared with C$56 million in 2009. Total revenue decreased in the quarter and the year as a result of lower interest income due to tight spreads on personal deposits and lower securitization income. Higher staff incentive and commission expenses arising from increased revenues in the securities business also contributed to the loss in the fourth quarter and the decrease in income for the year.

Commercial Banking (CMB)

Key Initiatives

- Continued to leverage our Global Banking and Markets capabilities and international connectivity through our Global Links system which tracks and measures cross-border CMB referrals within HSBC worldwide, resulting in increased referrals and revenues from foreign exchange, equity and debt capital markets, and derivative instruments.
- Continued to execute our Business Direct strategy, with new clients added and the successful migration of existing customers to our online platform.
- Driven by Payments and Cash Management initiatives, CMB's deposits have grown C$1.7 billion, or 10.8 per cent, year on year.

Income before income taxes for the fourth quarter of 2010 was C$94 million, compared with C$97 million in the same quarter in 2009, and C$521 million for the year, compared with C$410 million in 2009. Net interest income increased in the quarter and for the year, driven by higher net interest margins and growth in commercial deposits from the Mid-Market and Business Banking segments, partially offset by lower lending volumes, primarily in the Commercial Real Estate and Mid-Market segments, commensurate with reduced commercial borrowings by corporations broadly across the marketplace. Non-interest revenue also increased compared to the prior year, primarily from growth in credit fees and trade finance revenues. The increase in revenues was partially offset by higher non-interest expenses, primarily related to staff remuneration as a result of increased corporate performance, marketing to promote our leading international business proposition and branch network charges. The provision for credit losses for the year decreased by C$40 million compared with 2009, reflecting reduced levels of impaired loans in the trade, manufacturing and service sectors as a result of improved credit and economic conditions.

Global Banking and Markets (GBM)

Key Initiatives

- Continued to focus on cross-border capital market and banking activities by leveraging our global capabilities.
- Successful implementation of a new Treasury risk management system.

Income before income taxes for the GBM business for the fourth quarter of 2010 was C$89 million, compared with C$101 million in the same period in 2009, and was C$120 million for the year, compared with C$301 million for 2009. Excluding the impact of mark-to-market accounting losses, discussed below under Non-Interest Revenue, income before taxes was C$84 million in the fourth quarter, or C$9 million lower than the same period in 2009 and C$316 million for the year, or C$84 million higher than in 2009. The quarter over quarter decline was mainly due to a $22 million decrease in capital market fees, reflecting higher client trading volumes and higher structuring and advisory fees in the fourth quarter of 2009. The increase in 2010 compared to 2009 was due mainly to an increase in net interest income from reductions in funding and liquidity costs, and the positive impact from the increase in the Bank of Canada interest rates and the stable interest rate environment.

Consumer Finance (CF)

Key Initiative

- Continued to manage risk and improved credit quality.

Income before income taxes for the CF business for the fourth quarter of 2010 was C$10 million compared with income of C$7 million in the same period in 2009, and was C$53 million for the year, compared with a loss before income taxes of C$29 million for 2009. The primary reason for the improved results in 2010 is a decrease in the provision for credit losses, which resulted from reduced delinquencies arising from the improvement in economic conditions combined with investments in credit collection processes and credit tightening decisions, partially offset by lower revenues due to a declining receivable base emanating from the aforementioned credit tightening decisions.

Analysis of Consolidated Financial Results for the Fourth Quarter of 2010

Net interest income

Net interest income for the fourth quarter of 2010 was C$388 million, compared with C$393 million for the same quarter in 2009, a decrease of C$5 million, or 1.3 per cent. The decrease was due to lower consumer finance loan volumes resulting from credit tightening decisions and a shift in asset mix from higher earning commercial loans to lower yielding government securities as a result of a lower demand for credit. This was partially offset by a reduction in funding and liquidity costs and the positive impact of higher interest rates.

Net interest income was C$1,557 million for the year ended 31 December 2010 compared with C$1,479 million in the same period last year, an increase of C$78 million, or 5.3 per cent. Net interest margin increased by 9 basis points to 2.49 per cent, while average interest earning assets increased by C$0.8 billion. This increase primarily resulted from a reduction in funding and liquidity costs and the positive impact of higher interest rates and a more stable interest rate environment compared to 2009. This was partially offset by a shift in asset mix from commercial loans to government securities and lower consumer finance loan volumes.

Non-interest revenue

Non-interest revenue was C$283 million in the fourth quarter of 2010, compared with C$309 million for the same quarter in 2009, a decrease of C$26 million, or 8.4 per cent. One of the main factors affecting the comparability of the periods is the impact of mark-to-market accounting adjustments under Canadian generally accepted accounting principles, which requires that changes in the fair values of derivatives used as hedges for certain of the bank's non-trading assets and liabilities that do not qualify for hedge accounting are recorded in income although no economic gain or loss has arisen. This includes derivatives related to certain mortgage securitization programs where the bank does not expect to realize any gains or losses as the intent is to hold such derivatives to maturity. Excluding the impact of these mark-to-market accounting adjustments, non-interest revenue decreased by C$23 million in the fourth quarter of 2010, or 7.6 per cent, compared with the same quarter in 2009. The other main factors contributing to the lower non-interest revenue were lower capital market fees in the GBM business as mentioned above and a C$28 million decrease in securitization income due to lower securitization volumes. These reductions were partially offset by higher investment administration fees in PFS, reflecting the increased market values of customer portfolios compared to the prior year, driven by strong sales of investment products and improving equity markets. Revenues were also higher from loan insurance and the Global Investor Immigration Services program ("GIIS").

Non-interest revenue was C$936 million for the year ended 31 December 2010, compared with C$1,097 million in the same period last year, a decrease of C$161 million, or 14.7 per cent. Excluding the impact of the mark-to-market adjustments noted above, non-interest revenue increased by C$104 million, or 10.1 per cent in 2010 compared with 2009. The increase was primarily due to higher investment administration fees, insurance revenue and GIIS fees, offset by lower securitization income, as noted above. In addition, credit fees were higher due to pricing initiatives in the CMB business and trading revenues were also higher, due to a C$21 million recovery of previously recorded losses on the disposal of substantially all of the bank's non-bank Canadian asset backed commercial paper in 2010, and higher gains on securities sold during 2010 compared to 2009. In 2009, non-interest revenue was adversely impacted by a C$20 million provision related to a loss contingency from a prior year.

Non-interest expenses

Non-interest expenses of C$382 million in the fourth quarter of 2010 were C$48 million or 14.4 per cent higher than the same period in 2009. Salaries and employee benefits were C$26 million higher, or 14.9 per cent, compared to the previous year, primarily due to increases in commissions and performance-based incentives, as a result of better underlying performance, and an increase in the post-retirement benefits expense. Other non-interest expenses were C$23 million higher mainly due to increased marketing expenditures and higher brokerage expenses resulting from increased activity in the GIIS program.

For the year ended 31 December 2010, non-interest expenses were C$1,432 million in 2010, compared with C$1,323 million in the same period last year, an increase of C$109 million or 8.2 per cent, primarily due to the same factors noted above for the fourth quarter. The cost efficiency ratio was 57.4 per cent for 2010 compared to 51.4 per cent in 2009. Excluding the impact of the mark-to-market accounting gains and losses noted above, the cost efficiency ratio was 53.3 per cent compared to 52.8 per cent in the prior year.

Credit quality and provision for credit losses

The provision for credit losses was C$109 million in the fourth quarter of 2010 compared to C$131 million in the fourth quarter of 2009. For the year ended 31 December 2010, the provision for credit losses decreased by C$180 million, or 35.0 per cent, to C$335 million in 2010. Although conditions remain uncertain, the improvement in 2010 compared to 2009 was due to a decrease in specific provisions for credit losses on the bank's commercial loan portfolio and lower delinquencies in the Consumer Finance business, both reflecting improved economic conditions. Gross impaired credit exposures were C$829 million, compared with C$1,022 million at 31 December 2009. Total impaired exposures net of specific allowances for credit losses were C$602 million at 31 December 2010, compared with C$836 million at 31 December 2009. Total impaired exposures includes C$152 million (31 December 2009 - C$214 million) of Consumer Finance and other consumer loans, for which impairment is assessed collectively. The general allowance applicable to Consumer Finance loans was C$146 million compared to C$201 million at 31 December 2009. The total general allowance was C$398 million compared to C$452 million at 31 December 2009. The total allowance for credit losses, as a percentage of loans and acceptances outstanding, was 1.5 per cent at 31 December 2010, unchanged from 31 December 2009.

Income taxes

The effective tax rate in the fourth quarter of 2010 was 31.2 per cent, compared with 28.7 per cent in the same quarter of 2009 and 30.0 per cent for the year, compared with 29.1 per cent in 2009. The tax rates in the comparative periods in 2009 were lower due to the recognition of a tax refund with respect to income earned in the British Columbia international finance centre.

Balance sheet

Total assets at 31 December 2010 were C$71.5 billion, an increase of C$0.2 billion from 31 December 2009. Liquidity was strong, with C$27.9 billion of cash resources, securities and reverse repurchase agreements at 31 December 2010, compared to C$25.1 billion at 31 December 2009. This increase was partially offset by a decrease of C$2.2 billion in business and government loans and customers liabilities under acceptances from the end of 2009, as a result of lower borrowing demands from clients who are de-leveraging their exposures following the effect of the world-wide recession and a reduction in our commercial real estate exposures. There was also a decrease in Consumer Finance receivables of C$0.6 billion as a result of lower loan originations arising from credit tightening decisions.

Total deposits increased to C$52.1 billion at 31 December 2010 from C$50.2 billion at 31 December 2009. The main drivers for the increase were business deposits together with smaller increases in wholesale deposits, which are included in business and government deposits.

Dividends

During the fourth quarter of 2010, the bank declared and paid C$70 million in dividends on HSBC Bank Canada common shares, unchanged from the same period in 2009.

Regular quarterly dividends of 31.875 cents per share have been declared on HSBC Bank Canada Class 1 Preferred Shares - Series C, 31.25 cents per share on Class 1 Preferred Shares - Series D, 41.25 cents per share on Class 1 Preferred Shares - Series E and 7.75 cents per share on Class 2 Preferred Shares - Series B. Dividends will be payable on 31 March 2011, for shareholders of record on 15 March 2011.

About HSBC Bank Canada

HSBC Bank Canada, a subsidiary of HSBC Holdings plc, has more than 260 offices, including over 140 bank branches, and is the leading international bank in Canada. With around 8,000 offices in 86 countries and territories and assets of US$2,418 billion at 30 June 2010, the HSBC Group is one of the world's largest banking and financial services organizations.

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Copies of HSBC Bank Canada's 2010 Annual Report will be sent to shareholders in March 2011.

Caution concerning forward-looking statements

This document may contain forward-looking information, including statements regarding the business and anticipated actions of HSBC Bank Canada. These statements can be identified by the fact that they do not pertain strictly to historical or current facts. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes," and words and terms of similar substance in connection with discussions of future operating or financial performance. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, technological change, global capital market activity, changes in government monetary and economic policies, changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where HSBC Bank Canada operates. Canada is an extremely competitive banking environment and pressures on the bank's net interest margin may arise from actions taken by individual banks or other financial institutions acting alone. Varying economic conditions may also affect equity and foreign exchange markets, which could also have an impact on the bank's revenues. The factors disclosed above are not exhaustive and there could be other uncertainties and potential risk factors not considered here which may impact the bank's results and financial condition. Any forward-looking statements speak only as of the date of this document. The bank undertakes no obligation to, and expressly disclaims any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise, except as required by law.

Summary

	Quarter ended			Year ended	
Figures in C$ millions	31 December	30 September	31 December	31 December	31 December
(except per share amounts)	2010	2010	2009	2010	2009
Earnings					
Net income attributable to common shares	$ 104	$ 89	$ 148	429	448
Basic earnings per share (C$)	0.21	0.18	0.30	0.86	0.90

Performance ratios (per cent)							
Return on average common equity		11.4		9.9		17.3	12.1	13.1
Return on average assets		0.57		0.49		0.81	0.59	0.62
Net interest marginW		2.42		2.50		2.52	2.49	2.40
Cost efficiency ratioWW		56.9		59.2		47.6	57.4	51.4
Non-interest revenue:total revenue ratio		42.2		35.3		44.0	37.5	42.6
Credit information								
Gross impaired credit exposures	$	829	$	917	$	1,022		
Allowance for credit losses								
- Balance at end of period		625		621		638		
- As a percentage of gross impaired credit exposures		75.4%		67.7%		62.4%		
- As a percentage of gross loans and acceptances		1.5%		1.5%		1.5%		
Average balances								
Assets		72,411		72,288		72,749	72,211	71,695
Loans		34,551		35,512		37,220	35,752	39,644
Deposits		54,491		53,344		53,309	53,524	52,019
Common equity		3,626		3,610		3,418	3,534	3,417
Capital ratios (per cent)WWW								
Tier 1		13.3		13.1		12.1		
Total capital		16.0		15.8		14.9		
Total assets under administration								
Funds under management		31,501		29,707		28,174		
Custodial accounts		8,978		9,389		10,721		
Total assets under administration								