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*The following is the text of an announcement issued locally in Malta on 4 March 2013 by HSBC Bank Malta p.l.c., a 70.03% indirectly held subsidiary of HSBC Holdings plc., which has been released to the other stock exchanges on which HSBC Holdings plc is listed.*

4 March 2013

**HSBC BANK MALTA p.l.c.  
2012 ANNUAL RESULTS**

**Review of Performance**

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- Profit before tax of €5m for the year ended 31 December 2012 – an increase of €7m, or 8%, compared with €8m in 2011.
- Profit attributable to shareholders of €2m for the year ended 31 December 2012 – up €4m, or 7%, compared with €8m in 2011, resulting in earnings per share of 21.1 cent, up 7%.
- Total assets of €5,886m at 31 December 2012, up €1m, or 1%, compared with 31 December 2011.
- Customer accounts were €4,517m at 31 December 2012, an increase of €14m, or 3%, compared with 31 December 2011.
- Return on equity for the year ended 31 December 2012 was 15.4%, compared with 15.7% in 2011.
- Cost efficiency ratio for the year ended 31 December 2012 improved to 48.7%, compared with 50.4% in 2011.
- Capital adequacy ratio of 12.4% at 31 December 2012, compared with 11.6% at 31 December 2011. Core tier 1 ratio of 8.3% at 31 December 2012 compared with 7.4% as at 31 December 2011.

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### Commentary

HSBC Bank Malta p.l.c. delivered a positive performance for the year ended 31 December 2012. Reported profit before tax of €95m increased by 8% or €7m over prior year. The main factors driving the improvement in profit before tax were a strong performance from the life insurance company reflecting a recovery in investment returns and available-for-sale gains as a result of the repositioning of the bond portfolio. These more than offset the impact of the non-recurring gains made in 2011 on the sale of the card acquiring business and the refinement in the methodology used to calculate the present value of in-force long-term insurance policies.

All the three main business lines, Retail Banking and Wealth Management, Commercial Banking and Global Banking and Markets, were profitable in 2012.

Net interest income increased by 3% to €133m compared with €129m in 2011. The increase reflected growth in mortgage lending from new business and improved balance sheet management returns.

Net fee and commission income fell to €30m in 2012 compared with €34m in 2011. Growth in fee income for payments and cash management was more than offset by lower card fees following the sale of the merchant card acquiring business in December 2011.

During 2012 there was a greater focus on strengthening the connectivity between Global Banking and Markets and Commercial Banking and as a result FX revenues grew by €1m or 11% year on year.

HSBC Life Insurance (Malta) Ltd reported a profit before tax of €18m compared with €11m in 2011 reflecting a recovery in investment returns. Underlying new business performance generation, particularly with respect to life-insurance protection, was encouraging.

Net other operating income of €3m compared with €24m in 2011. The gain on the sale of the card acquiring business in 2011 and one-off gain from a refinement in the methodology used to calculate the present value of in-force long-term insurance business were not repeated in 2012.

A net gain of €4m was reported on the disposal of available-for-sale securities compared to a net loss of €2m in 2011.

Operating expenses of €96m were €2m or 2% lower than the previous year. The fall in expenses was despite a €2m rise in amortisation costs, relating to the implementation of an IT system in 2011 and the costs associated with an early voluntary retirement programme incurred during the year. The bank has continued to simplify and de-layer the organisation and the positive benefits of this global HSBC initiative are becoming evident. The cost efficiency ratio improved from 50.4% to 48.7% in 2012.

Net impairments reduced from €8m to €6m in 2012. This was principally due to the non-recurrence of a €4m impairment taken on Greek government bonds held by the

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life insurance subsidiary in its available-for-sale bond portfolio in 2011. During 2012, following the Greek bonds restructuring programme all Greek debt exposure was sold and no Southern European country government debt is now held in this portfolio.

In a challenging economic environment loan impairments increased by €1m to €5m (14 basis points of the overall loan book). At a bank level, non-performing loans remained stable at 5% of gross loans and asset quality remains generally good.

Net loans and advances to customers increased by €10m to €3,354m. The bank's share of the mortgage market was stable. Despite a softening in loan demand in the challenging economic conditions gross new lending to customers amounted to €507m. This reflects the bank's continued support to the local economy.

Customer deposits rose by €114m during the year and stood at €4,517m at the year end reflecting an increase in both corporate and institutional deposits. The levels of retail deposits were marginally higher despite heightened competition for deposits.

The bank's available-for-sale investments portfolio remains well diversified and conservative.

The bank's liquidity position remains strong with an advances-to-deposits ratio of 74%, compared to 76% at 31 December 2011.

The bank strengthened its capital ratio to 12.4% which comfortably exceeds the 8.0% minimum regulatory requirement. The bank will maintain its conservative approach to capital, building capital where appropriate.

Mark Watkinson, Director and Chief Executive Officer of HSBC Bank Malta, said: "We have delivered another positive set of results that saw pre-tax profit increase by 8% with a return on equity of 15.4%. This performance was achieved in spite of the continued travails of the eurozone, a low interest rate environment, heightened competition and softer demand.

"The bank's capital and liquidity position remains strong.

"Despite all the current global and regional challenges, we have a clear strategy in place of assisting our customers and Malta to access broader global markets with faster growth, simplifying our business, improving the customer experience and driving greater organisational efficiency.

"Looking ahead, 2013 is likely to be another difficult year and while the Maltese economy has proved to be very resilient in times of crisis, we need to remain vigilant.

"I would like to take this opportunity to thank our staff, directors and shareholders for their commitment, hard work and support in 2012."

The Board is declaring a final gross dividend of 7.9 cent per share (5.1 cent net of tax). This will be paid on 27 April 2013 to shareholders who are on the bank's register of shareholders at 19 March 2013.

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**Income statements for the year 1 January 2012 to 31 December 2012**

	<i>Group</i>		<i>Bank</i>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>€000</b>	€000	<b>€000</b>	€000
Interest and similar income				
– on loans and advances, balances with Central Bank of Malta, Treasury Bills and other instruments	<b>151,261</b>	153,397	<b>151,232</b>	153,399
– on debt and other fixed income instruments	<b>23,376</b>	22,565	<b>21,715</b>	19,208
Interest expense	<b>(41,537)</b>	(46,703)	<b>(41,897)</b>	(47,053)
<b>Net interest income</b>	<b>133,100</b>	129,259	<b>131,050</b>	125,554
Fee and commission income	<b>32,572</b>	36,597	<b>28,610</b>	32,653
Fee and commission expense	<b>(2,081)</b>	(3,047)	<b>(1,819)</b>	(2,814)
<b>Net fee and commission income</b>	<b>30,491</b>	33,550	<b>26,791</b>	29,839
Dividend income	-	1	<b>20,896</b>	24,987
Trading profits	<b>9,316</b>	8,306	<b>9,316</b>	8,306
Net income/(expense) from insurance financial instruments designated at fair value	<b>42,917</b>	(6,455)	-	-
Net gains/(losses) on sale of available-for-sale financial investments	<b>4,049</b>	(2,107)	<b>3,344</b>	(2,113)
Net earned insurance premiums	<b>67,284</b>	64,459	-	-
Net other operating income	<b>3,489</b>	23,575	<b>677</b>	10,057
<b>Total operating income</b>	<b>290,646</b>	250,588	<b>192,074</b>	196,630
Net insurance claims incurred and movement in policyholders' liabilities	<b>(92,970)</b>	(55,723)	-	-
<b>Net operating income</b>	<b>197,676</b>	194,865	<b>192,074</b>	196,630
Employee compensation and benefits	<b>(54,680)</b>	(58,807)	<b>(51,344)</b>	(55,910)
General and administrative expenses	<b>(34,951)</b>	(33,333)	<b>(32,855)</b>	(31,011)
Depreciation	<b>(4,059)</b>	(5,200)	<b>(4,052)</b>	(5,196)
Amortisation	<b>(2,566)</b>	(860)	<b>(2,541)</b>	(815)
<b>Net operating income before impairment charges and provisions</b>	<b>101,420</b>	96,665	<b>101,282</b>	103,698
Net impairment	<b>(5,638)</b>	(8,250)	<b>(5,638)</b>	(4,103)
Net provisions for liabilities and other charges	<b>(447)</b>	(110)	<b>(446)</b>	(96)
<b>Profit before tax</b>	<b>95,335</b>	88,305	<b>95,198</b>	99,499
Tax expense	<b>(33,733)</b>	(30,738)	<b>(33,642)</b>	(32,940)
<b>Profit for the year</b>	<b>61,602</b>	57,567	<b>61,556</b>	66,559
<b>Profit attributable to shareholders</b>	<b>61,602</b>	57,567	<b>61,556</b>	66,559
<b>Earnings per share</b>	<b>21.1c</b>	19.7c	<b>21.1c</b>	22.8c

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**Statements of comprehensive income for the year 1 January 2012 to 31 December 2012**

	<i>Group</i>		<i>Bank</i>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>€000</b>	€000	<b>€000</b>	€000
<b>Profit attributable to shareholders</b>	<b>61,602</b>	57,567	<b>61,556</b>	66,559
<b>Other comprehensive income/(expense)</b>				
Available-for-sale investments:				
- fair value gains	<b>16,671</b>	1,193	<b>16,136</b>	4,778
- fair value (gains)/losses transferred to profit or loss on disposal	<b>(4,049)</b>	2,107	<b>(3,344)</b>	2,113
- amounts transferred to profit or loss on impairment		4,179		-
- income taxes	<b>(4,418)</b>	(2,580)	<b>(4,477)</b>	(2,374)
Properties:				
- revaluation	<b>(4,022)</b>	-	<b>(4,022)</b>	-
- income taxes	<b>583</b>	-	<b>583</b>	-
<b>Other comprehensive income for the year, net of tax</b>	<b>4,765</b>	4,899	<b>4,876</b>	4,517
<b>Total comprehensive income for the year, net of tax</b>	<b>66,367</b>	62,466	<b>66,432</b>	71,076

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**Statements of financial position at 31 December 2012**

	<i>Group</i>		<i>Bank</i>	
	<b>2012</b>	2011	<b>2012</b>	2011
	<b>€000</b>	€000	<b>€000</b>	€000
<b>Assets</b>				
Balances with Central Bank of Malta,				
Treasury Bills and cash	<b>106,991</b>	233,388	<b>106,990</b>	233,387
Cheques in course of collection	<b>7,211</b>	22,685	<b>7,211</b>	22,685
Derivatives	<b>17,615</b>	17,136	<b>17,615</b>	17,856
Financial assets designated at fair value	<b>454,591</b>	370,080	-	-
Financial investments	<b>987,471</b>	936,830	<b>962,721</b>	883,747
Loans and advances to banks	<b>681,352</b>	637,956	<b>678,765</b>	637,903
Loans and advances to customers	<b>3,354,413</b>	3,344,290	<b>3,354,413</b>	3,344,290
Shares in subsidiary companies	-	-	<b>35,707</b>	35,707
Intangible assets	<b>91,210</b>	89,011	<b>11,943</b>	12,497
Property, plant and equipment	<b>54,872</b>	60,113	<b>54,953</b>	60,195
Investment property	<b>14,471</b>	14,598	<b>11,660</b>	11,663
Non-current assets held for sale	<b>11,240</b>	12,978	<b>11,240</b>	12,978
Current tax assets	<b>6,134</b>	-	<b>2,727</b>	-
Deferred tax assets	<b>11,273</b>	14,158	<b>11,253</b>	13,897
Other assets	<b>46,509</b>	31,209	<b>8,982</b>	8,606
Prepayments and accrued income	<b>41,121</b>	40,629	<b>35,699</b>	35,527
<b>Total assets</b>	<b>5,886,474</b>	5,825,061	<b>5,311,879</b>	5,330,938
<b>Liabilities</b>				
Derivatives	<b>17,857</b>	17,810	<b>18,172</b>	17,810
Deposits by banks	<b>258,611</b>	389,170	<b>258,611</b>	389,170
Customer accounts	<b>4,516,999</b>	4,402,975	<b>4,537,127</b>	4,440,646
Current tax liabilities	<b>24</b>	4,287	-	3,351
Deferred tax liabilities	<b>24,363</b>	18,113	-	-
Liabilities to customers under investment contracts	<b>17,254</b>	16,920	-	-
Liabilities under insurance contracts issued	<b>493,254</b>	436,672	-	-
Other liabilities	<b>29,222</b>	38,145	<b>24,395</b>	33,925
Accruals and deferred income	<b>33,559</b>	36,045	<b>32,143</b>	35,218
Provisions for liabilities and other charges	<b>7,493</b>	11,251	<b>7,423</b>	11,031
Subordinated liabilities	<b>87,240</b>	87,208	<b>87,987</b>	87,933
<b>Total liabilities</b>	<b>5,485,876</b>	5,458,596	<b>4,965,858</b>	5,019,084
<b>Equity</b>				
Called up share capital	<b>87,552</b>	87,552	<b>87,552</b>	87,552
Revaluation reserve	<b>37,637</b>	32,872	<b>36,975</b>	32,099
Retained earnings	<b>275,409</b>	246,041	<b>221,494</b>	192,203
<b>Total equity</b>	<b>400,598</b>	366,465	<b>346,021</b>	311,854
<b>Total liabilities and equity</b>	<b>5,886,474</b>	5,825,061	<b>5,311,879</b>	5,330,938
<b>Memorandum items</b>				
Contingent liabilities	<b>104,569</b>	130,763	<b>106,272</b>	132,466
Commitments	<b>1,073,831</b>	1,118,779	<b>1,081,194</b>	1,118,779

The financial statements were approved and authorised for issue by the Board of Directors on 04 March 2013 and signed on its behalf by:

Albert Mizzi, *Chairman*

Mark Watkinson, *Chief Executive Officer*

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**Statements of changes in equity for the year 1 January 2012 to 31 December 2012**

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	€000	€000	€000	€000
<i>Group</i>				
At 1 January 2012	<b>87,552</b>	<b>32,872</b>	<b>246,041</b>	<b>366,465</b>
Profit for the year	-	-	<b>61,602</b>	<b>61,602</b>
<b>Other comprehensive income</b>				
Available-for-sale investments:				
- fair value gains, net of tax	-	<b>10,836</b>	-	<b>10,836</b>
- fair value gains transferred to profit or loss on disposal, net of tax	-	<b>(2,632)</b>	-	<b>(2,632)</b>
Properties:				
- revaluation of properties, net of tax	-	<b>(3,439)</b>	-	<b>(3,439)</b>
<b>Total other comprehensive income</b>	-	<b>4,765</b>	-	<b>4,765</b>
<b>Total comprehensive income for the year</b>	-	<b>4,765</b>	<b>61,602</b>	<b>66,367</b>
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners:				
- share-based payments	-	-	<b>394</b>	<b>394</b>
- dividends	-	-	<b>(32,628)</b>	<b>(32,628)</b>
<b>Total contributions by and distributions to owners</b>	-	-	<b>(32,234)</b>	<b>(32,234)</b>
<b>At 31 December 2012</b>	<b>87,552</b>	<b>37,637</b>	<b>275,409</b>	<b>400,598</b>
At 1 January 2011	87,552	28,674	217,604	333,830
Profit for the year	-	-	57,567	57,567
<b>Other comprehensive income</b>				
Available-for-sale investments:				
- fair value gains, net of tax	-	813	-	813
- fair value losses transferred to profit or loss on disposal, net of tax	-	1,370	-	1,370
- amounts transferred to profit or loss on impairment, net of tax	-	2,716	-	2,716
Properties:				
- release of revaluation reserve on disposal, net of tax	-	(701)	701	-
<b>Total other comprehensive income</b>	-	4,198	701	4,899
<b>Total comprehensive income for the year</b>	-	4,198	58,268	62,466
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners:				
- share-based payments	-	-	331	331
- dividends	-	-	(30,162)	(30,162)
<b>Total contributions by and distributions to owners</b>	-	-	(29,831)	(29,831)
<b>At 31 December 2011</b>	87,552	32,872	246,041	366,465

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**Statements of changes in equity for the year 1 January 2012 to 31 December 2012**

	<i>Share capital</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	€000	€000	€000	€000
<i>Bank</i>				
At 1 January 2012	<b>87,552</b>	<b>32,099</b>	<b>192,203</b>	<b>311,854</b>
Profit for the year	-	-	<b>61,556</b>	<b>61,556</b>
<b>Other comprehensive income</b>				
Available-for-sale investments:				
- fair value gains, net of tax	-	<b>10,489</b>	-	<b>10,489</b>
- fair value gains transferred to profit or loss on disposal, net of tax	-	<b>(2,174)</b>	-	<b>(2,174)</b>
Properties:				
- revaluation of properties, net of tax	-	<b>(3,439)</b>	-	<b>(3,439)</b>
<b>Total other comprehensive income</b>		<b>4,876</b>	-	<b>4,876</b>
<b>Total comprehensive income for the year</b>		<b>4,876</b>	<b>61,556</b>	<b>66,432</b>
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners:				
- share-based payments	-	-	<b>363</b>	<b>363</b>
- dividends	-	-	<b>(32,628)</b>	<b>(32,628)</b>
<b>Total contributions by and distributions to owners</b>	-	-	<b>(32,265)</b>	<b>(32,265)</b>
<b>At 31 December 2012</b>	<b>87,552</b>	<b>36,975</b>	<b>221,494</b>	<b>346,021</b>
At 1 January 2011	87,552	28,283	154,722	270,557
Profit for the year	-	-	66,559	66,559
<b>Other comprehensive income</b>				
Available-for-sale investments:				
- fair value gains, net of tax	-	3,143	-	3,143
- fair value losses transferred to profit or loss on disposal, net of tax	-	1,374	-	1,374
Properties:				
- release of revaluation reserve on disposal, net of tax	-	(701)	701	-
<b>Total other comprehensive income</b>	-	3,816	701	4,517
<b>Total comprehensive income for the year</b>	-	3,816	67,260	71,076
<b>Transactions with owners, recorded directly in equity</b>				
Contributions by and distributions to owners:				
- share-based payments	-	-	383	383
- dividends	-	-	(30,162)	(30,162)
<b>Total contributions by and distributions to owners</b>	-	-	(29,779)	(29,779)
<b>At 31 December 2011</b>	87,552	32,099	192,203	311,854

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## Statements of cash flows for the year 1 January 2012 to 31 December 2012

	<i>Group</i>		<i>Bank</i>	
	2012	2011	2012	2011
	€000	€000	€000	€000
<b>Cash flows from/(used in) operating activities</b>				
Interest, commission and premium receipts	264,547	266,521	188,640	196,076
Interest, commission and claims payments	(91,318)	(76,988)	(45,336)	(49,450)
Payments to employees and suppliers	(94,419)	(83,774)	(88,953)	(77,701)
Operating profit before changes in operating assets/liabilities	78,810	105,759	54,351	68,925
(Increase)/decrease in operating assets:				
Financial assets designated at fair value	(51,728)	(76,592)	-	-
Reserve deposit with Central Bank of Malta	43,305	(956)	43,305	(956)
Loans and advances to customers and banks	19,009	(63,014)	18,943	(63,013)
Treasury Bills	98,179	167,308	98,179	170,555
Other receivables	98	(13,582)	15,022	(15,965)
(Decrease)/increase in operating liabilities:				
Customer accounts and deposits by banks	112,221	(59,710)	95,951	(76,971)
Other payables	(2,464)	3,212	(9,455)	7,325
Net cash from operating activities before tax	297,430	62,425	316,296	89,900
Tax paid	(39,076)	(32,653)	(33,736)	(25,597)
Net cash from operating activities	258,354	29,772	282,560	64,303
<b>Cash flows from/(used in) investing activities</b>				
Dividends received	26	785	13,600	17,950
Interest received from financial investments	41,356	34,624	29,775	24,403
Purchase of financial investments	(375,638)	(599,079)	(375,638)	(599,079)
Proceeds from sale and maturity of financial investments	335,059	344,079	306,239	302,557
Purchase of property, plant and equipment, investment property and intangible assets	(6,133)	(9,031)	(6,046)	(8,986)
Proceeds on sale of property, plant and equipment and intangible assets	502	2,094	502	2,094
Proceeds on disposal of card acquiring business	-	11,075	-	11,075
Net cash flows used in investing activities	(4,828)	(215,453)	(31,568)	(249,986)
<b>Cash flows used in financing activities</b>				
Dividends paid	(32,628)	(30,162)	(32,628)	(30,162)
Cash used in financing activities	(32,628)	(30,162)	(32,628)	(30,162)
<b>Increase/(decrease) in cash and cash equivalents</b>				
	220,898	(215,843)	218,364	(215,845)
Effect of exchange rate changes on cash and cash equivalents	(583)	17,485	(583)	17,485
Net increase/(decrease) in cash and cash equivalents	221,481	(233,328)	218,947	(233,330)
	220,898	(215,843)	218,364	(215,845)
Cash and cash equivalents at beginning of year	207,763	423,606	207,709	423,554
<b>Cash and cash equivalents at end of year</b>	<b>428,661</b>	<b>207,763</b>	<b>426,073</b>	<b>207,709</b>

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## HSBC Bank Malta p.l.c. 2012 Annual Results/10

### Basis of preparation

*The preliminary statement of annual results is published pursuant to Listing Rule 5.54 of the MFSA Listing Authority and Article 4 (2) (b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005. Figures have been extracted from HSBC Bank Malta p.l.c.'s Annual Report and Accounts which have been audited by KPMG.*

*These financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU.*

*HSBC Bank Malta p.l.c. is a member of the HSBC Group, whose ultimate parent company is HSBC Holdings plc the parent company of the HSBC Group headquartered in London. The Group serves customers worldwide from around 6,600 offices in 81 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,693bn at 31 December 2012, the HSBC Group is one of the world's largest banking and financial services organisations.*

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The Board of Directors of HSBC Holdings plc as at the date of this announcement are: D J Flint, S T Gulliver, S A Catz†, L M L Cha†, M K T Cheung†, J B Comey†, J D Coombe†, J Faber†, R A Fairhead†, R Fassbind†, J W J Hughes-Hallett†, W S H Laidlaw†, J P Lipsky†, J R Lomax†, I J Mackay, Sir Simon Robertson† and J L Thornton†.

† Independent non-executive Director

Hong Kong Stock Code: 5