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HSBC Holdings plc

Overseas Regulatory Announcement

The attached announcement has been released to the other stock exchanges on which HSBC Holdings plc is listed.

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 D Coombe[†], Sir Jonathan Evans[†], 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, M M Moses and Sir Simon Robertson[†].

[†] Independent non-executive Director

Hong Kong Stock Code: 5



The following is the text of an announcement issued locally in Malta on 24 February 2014 by HSBC Bank Malta p.l.c., a 70.03% indirectly held subsidiary of HSBC Holdings plc.

24 February 2014

HSBC BANK MALTA p.l.c. 2013 ANNUAL RESULTS

Review of Performance

- Significant strengthening of capital ratio. Capital adequacy ratio increased to 12.9% at 31 December 2013, compared with 12.4% at 31 December 2012. Core tier 1 ratio of 9.4% at 31 December 2013 compared with 8.3% as at 31 December 2012.
- Cost efficiency ratio held steady at 49.9%, compared with 49.0% in 2012.
- Profit before tax of €90m for the year ended 31 December 2013 a decrease of €5m, or 5%, compared with €95m in 2012.
- Profit attributable to shareholders of €59m for the year ended 31 December 2013 down €3m, or 5%, compared with €62m in 2012, resulting in earnings per share of 20.1 cent, down 5%.
- Net loans and advances to customers were €3,301m at 31 December 2013, down €53m or 2% compared with €3,354m in 2012. Gross new loans of €597m, up €90m or 18% on prior year.
- Customer accounts were €4,518m at 31 December 2013 in line with prior year.
- Return on equity for the year ended 31 December 2013 was 13.9%, compared with 15.4% in 2012.

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Commentary

HSBC Bank Malta p.l.c. delivered a resilient performance for the year ended 31 December 2013 against a challenging economic backdrop.

As a result of the combination of the continuing difficult market conditions in Europe, the low interest rate environment, costs associated with regulatory changes both at home and abroad and a subdued local economy, reported profit before tax of ⊕0m declined by 5%, or €5m compared to 2012.

The fall in 2013 results reflected lower levels of net interest income and a lower contribution from the Life Insurance Company which had benefitted from favourable equity markets in 2012 which was not repeated in 2013.

All three main business lines, Retail Banking and Wealth Management, Commercial Banking and Global Banking and Markets, remained profitable during the year.

Net interest income reduced by 6% to €125m compared with €133m in 2012. The fall in interest income reflected a tightening in interest margin on lower average lending balances and a decline in interest earned on investments as the proceeds of higher yielding maturing bonds were re-invested at lower rates. This was partially offset by lower cost of funds as customers migrated to more liquid but lower yielding shortdated deposits.

Net fee and commission income of €30m was broadly in line with 2012.

HSBC Life Assurance (Malta) Ltd. reported a profit before tax of €13m compared with €18m in 2012. The results in 2012 benefited from higher investment returns in a more favourable equity market.

A net gain of €4m was reported as a result of a re-positioning of the investment portfolio.

Operating expenses of ⊕3m were €m or 4% lower compared to the previous year which included a €m provision in relation to a staff early voluntary retirement scheme. Excluding this item, expenses rose by 3%. The increase of €3m, or 8% in administrative expenses reflected an increased cost of compliance, regulatory projects and security and fraud-risk related costs. Sustainable cost savings from the simplification and re-engineering of processes funded continuing investment to improve technology.

The cost efficiency ratio was 49.9% compared to 49.0% in 2012.

Net impairment provisions of \mathfrak{Sm} were lower compared with the \mathfrak{Sm} in 2012. Overall asset quality remains acceptable with a high percentage of tangible security held for the overall loan portfolio. Net loans and advances to customers at €3,301m were €3m lower than at 31 December 2012. The demand for new commercial loans from customers remained subdued as commercial customers have used surplus cash to repay borrowings and delay investments in times of uncertainty. However, there are early indications of an increase in activity in the beginning of 2014. The residential mortgage portfolio continued to record steady growth. Gross new business lending to customers amounted to €97m (2012: €07m) reflecting the bank's continued support of the local economy.

Customer deposit levels at €4,518m were broadly unchanged despite continued competitive pressures.

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

The bank's liquidity position is strong with an advances-to-deposits ratio of 73% compared with 74% at 31 December 2012.

The bank continued to strengthen its total capital ratio to 12.9% as at the end of year and the tier 1 capital ratio improved to 9.4%.

In December 2013, the Malta Financial Services Authority's revised Banking Rule 09 (BR09) came into effect, with the ultimate aim of increasing the level of bank reserves. BR09 requires the bank to hold a Reserve for General Banking Risk, calculated as a percentage of non-performing loans. This reserve is required to be funded from planned dividends. Under the three year transitionary rules, the bank has set aside €4m in 2013 (40% of the currently estimated reserve). The remainder will be set aside in two equal instalments over the next two years. As a consequence, it is anticipated there will be lower levels of distributions made to shareholders over the next three years.

During 2014 HSBC Malta will be participating in the European Central Bank ('ECB') comprehensive assessment that includes an asset quality review ('AQR') and a stress test. In 2013, the bank analysed the impact of several stress scenarios, including several different macroeconomic scenarios. The results of this analysis indicated that the bank would remain adequately capitalised.

Mark Watkinson, Director and Chief Executive Officer at HSBC Malta, said: "In a year of considerable challenges, we have continued to deliver resilient results for our shareholders. Global conditions look to remain difficult for the medium term, however we are starting to see green shoots of growth as the market becomes more optimistic. We continue to look for growth opportunities both in Malta and also in the wider global market place where HSBC Malta is well positioned to connect our customers to some 74 other countries in which HSBC, one of the world's largest financial groups, operates.

"I would like to take this opportunity to thank our staff, directors and shareholders for their continued commitment, hard work and support during 2013."

The Board is recommending for the approval of the Annual General Meeting a final gross dividend of 5.2 cent per share (3.4 cent net of tax). This will be paid on 25 April 2014 to shareholders who are on the bank's register of shareholders at 17 March 2014. The Board is also recommending a bonus issue of one share for every nine shares held by shareholders on the bank's share register as at close of business on the 29 April 2014 by capitalisation of reserves amounting to €10m increasing share capital from €37m to €97m.

Statements of Profit or Loss for the year 1 January 2013 to 31 December 2013

	Group		Bank	
	2013 2012		2013	2012
	€000	€000	€000	€000
Interest and similar income				
- on loans and advances, balances with Central Bank of				
Malta, Treasury Bills and other instruments	143,314	151,261	143,306	151,232
– on debt and other fixed income instruments	18,792	23,376	18,069	21,715
Interest expense	(37,395)	(41,537)	(37,503)	(41,897)
Net interest income	124,711	133,100	123,872	131,050
Fee and commission income	21 222	22 572	20 220	29 610
	31,332	32,572	28,339	28,610
Fee and commission expense	(1,795)	(2,081)	(1,596)	(1,819)
Net fee and commission income	29,537	30,491	26,743	26,791
Dividend income	-	-	12,308	20,896
Trading profits	9,523	9,316	9,523	9,316
Net income from insurance financial instruments				
designated at fair value	25,528	43,115	-	-
Net gains on sale of				
available-for-sale financial investments	4,295	4,049	4,352	3,344
Net earned insurance premiums	66,073	67,284	-	-
Net other operating (expense)/income	(1,454)	3,291	969	677
Total operating income	258,213	290,646	177,767	192,074
Net insurance claims incurred and movement				
in policyholders' liabilities	(71,201)	(92,970)	-	_
Net operating income	187,012	197,676	177,767	192,074
Act operating meane	107,012	177,070	1//,/0/	172,074
Employee compensation and benefits	(48,539)	(54,680)	(45,335)	(51,344)
General and administrative expenses	(38,483)	(35,474)	(35,829)	(33,378)
Depreciation	(3,449)	(4,059)	(3,440)	(4,052)
Amortisation	(2,844)	(2,566)	(2,824)	(2,541)
Net operating income before impairment charges and				
provisions	93,697	100,897	90,339	100,759
Net impairment on financial assets	(3,272)	(5,115)	(3,272)	(5,115)
Net provisions for liabilities and other charges	52	(447)	(3,272)	(446)
Profit before tax	90,477	95,335	87,119	95,198
Tax expense	(31,760)	(33,733)	(30,704)	(33,642)
Profit for the year	58,717	61,602	56,415	61,556
		7		7
Profit attributable to shareholders	58,717	61,602	56,415	61,556
Earnings per share	20.1c	21.1c	19.3c	21.1c

Statements of Other Comprehensive Income for the year 1 January 2013 to 31 December 2013

	Group		Bank	
-	2013	2012	2013	2012
-	€000	€ 000	€000	€000
Items that may be reclassified to Profit or Loss: Available-for-sale investments:				
- fair value gains	305	16,671	655	16,136
- fair value gains transferred to profit or loss on disposal	(4,295)	(4,049)	(4,352)	(3,344)
- income taxes	1,396	(4,418)	1,294	(4,477)
-	(2,594)	8,204	(2,403)	8,315
Items that will not be reclassified to Profit or Loss: Properties:				
- revaluation	84	(4,022)	84	(4,022)
- income taxes	(20)	583	(20)	583
	64	(3,439)	64	(3,439)
Other comprehensive income for the year, net of tax	(2,530)	4,765	(2,339)	4,876

Statements of Financial Position at 31 December 2013

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Memorandum items Contingent liabilities 111,852 104,569 113,555 106,272		/		· · · · · · · · · · · · · · · · · · ·	
Contingent liabilities 111,852 104,569 113,555 106,272	Total liabilities and equity	5,721,530	5,886,474	5,126,424	5,311,879
Contingent liabilities 111,852 104,569 113,555 106,272	_				
	Memorandum items				
Commitments 1,269,222 1,073,831 1,273,196 1,081,194	Contingent liabilities	111,852	104,569	113,555	106,272
	Commitments	1,269,222	1,073,831	1,273,196	1,081,194

The financial statements were approved and authorised for issue by the Board of Directors on 24 February 2014 and signed on its behalf by:

Sonny Portelli, Chairman

Statements of Changes in Equity for the year 1 January 2013 to 31 December 2013

$ \begin{array}{c c c c c c c c c c c c c c c c c c c $		Share	Revaluation	Retained	Total
GroupAt 1 January 2013 $87,552$ $37,637$ $275,409$ $400,598$ Profit for the year $58,717$ $58,717$ Other comprehensive income 198 -Available-for-sale investments:-198-198- fair value gains transferredto profit or loss on disposal, net of tax- 198 -198- revaluation of properties, net of tax- 64 - 64 - 64 Total other comprehensive income- $(2,530)$ - $(2,530)$ $(2,2530)$ Total other comprehensive income for the year- $(2,330)$ $58,717$ $56,187$ Transactions with owners, recognised- $(2,330)$ $(33,956)$ $(33,956)$ Ottal contributions by and distributions to owners: 155 155 - share-based payments $(33,956)$ $(33,956)$ - Ottal contributions by and distributions to owners $(33,956)$ $(33,956)$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive income- $(2,632)$ - $(2,632)$ Properties $34,390$ $(3,439)$ - ransactions with owners, recognised- $(3,439)$ - $(3,439)$ Other comprehensive income- $4,765$ - $4,765$ Total other comprehensive income-<		Capital		Earnings	
At 1 January 2013 $87,552$ $37,637$ $275,409$ $400,598$ Profit for the year- $58,717$ $58,717$ $58,717$ Other comprehensive income- 198 - 198 - fair value gains, net of tax- 198 - 198 - fair value gains, net of tax- 198 - 198 - revaluation of properties, net of tax- 64 - 64 Total other comprehensive income- $(2,530)$ - $(2,530)$ Transactions with owners, recognised directly in equity- $(33,956)$ $(33,956)$ Total comprehensive income- $(33,955)$ $(33,956)$ Total contributions by and distributions to owners:- $(33,955)$ $(33,956)$ - dividends- $(2,530)$ $(2,530)$ $(2,530)$ Tansactions with owners, recognised directly in equity- $(2,530)$ $(2,530)$ Total contributions by and distributions to owners:- $(33,956)$ $(33,956)$ Total contributions by and distributions to owners:- $(33,801)$ $(33,801)$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year- $(2,632)$ - $(2,632)$ Other comprehensive income- $(2,632)$ - $(2,632)$ Properties- $(3,439)$ - $(3,439)$ - revaluation of properties, net of tax- $(3,439)$ - $(3,439)$ - revaluation of properties, net of tax-<	~	€000	€000	€000	€000
Profit for the year $58,717$ $58,717$ Other comprehensive incomeAvailable-for-sale investments:- fair value gains, rat of tax-198-198- fair value gains, rat of tax- $(2,792)$ - $(2,792)$ Properties:-64-64- ratavalue so on disposal, net of tax- 64 -64Total other comprehensive income- $(2,530)$ - $(2,530)$ Total comprehensive income of the year- $(2,530)$ - $(2,530)$ Transactions with owners, recognised- $(33,956)$ $(33,956)$ Total contributions by and distributions to owners:-155155- dividends $(33,956)$ $(33,956)$ Total contributions by and distributions to owners: $(33,956)$ $(33,956)$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive income- $(2,632)$ - $(2,632)$ Properties $0,836$ - $10,836$ - tait value gains transferred $0,836$ -to profit or loss on disposal, net of tax- $(2,632)$ - $(2,632)$ Properties $0,836$ - $10,836$ - tai value gains transferred $0,6,637$ Total other comprehensive income- $4,765$ -<	Group				
Other comprehensive incomeAvailable-for-sale investments:- fair value gains, net of tax fair value gains ransferred-to profit or loss on disposal, net of tax revaluation of properties, net of tax revaluation of properties, net of tax fair value gains transferred-(2,530) revaluation of properties, net of tax dividends fair value gains, ret of tax fair value gains, ret of tax fair value gains, net of tax fair value gains, net of tax fair value gains, net of tax fair value gains, recognised dividends dividends dividends dividends dividends dividends	At 1 January 2013	87,552	37,637	275,409	400,598
Available-for-sale investments:-198.198- fair value gains, net of tax-198.198- fair value gains transferred0 profit or loss on disposal, net of tax- $(2,792)$. $(2,792)$ Properties:-64-64Total other comprehensive income- $(2,530)$. $(2,530)$ Transactions with owners, recognised- $(2,530)$. $(2,530)$ Contributions by and distributions to owners:155 share-based payments dividendsAt 1 January 201287,55232,872246,041366,465Profit for the year61,60261,602At 1 January 201287,55232,872246,041366,465Profit or loss on disposal, net of tax fair value gains, net of tax revaluation of properties, net of tax rotal other comprehensive income fair value gains transferred total other comprehensive income rotal other comprehensive income rotal other comprehensive income	Profit for the year	-	-	58,717	58,717
- fair value gains, net of tax-198-198- fair value gains transferred to profit or loss on disposal, net of tax- $(2,792)$ - $(2,792)$ Properties: - revaluation of properties, net of tax- 64 - 64 Total other comprehensive income directly in equity Contributions by and distributions to owners: - share-based payments- $(2,530)$ - $(2,530)$ Total contributions by and distributions to owners: - dividends-155155Total contributions by and distributions to owners: - dividends- $(33,956)$ $(33,956)$ Total contributions by and distributions to owners: - dividends- $(33,951)$ $(33,956)$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive income to profit or loss on disposal, net of tax to profit or loss on disposal, net of tax to profit or loss on disposal, net of tax - revaluation of properties, net of tax- $(2,632)$ - $(2,632)$ Properties - revaluation of properties, net of tax to profit or loss on disposal, net of tax to revaluation of properties, net of the year- $(3,439)$ - $(3,439)$ Total comprehensive income to reprehensive income to tax- $(2,632)$ - $(2,632)$ Properties - revaluation of properties, net of tax to revaluation of properties, net of tax -	Other comprehensive income				
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to profit or loss on disposal, net of tax Properties: - revaluation of properties, net of tax - revaluation of the year Transactions with owners, recognised directly in equity Contributions by and distributions to owners: - share-based payments - dividends At 1 January 2012 Profit for the year - fair value gains, net of tax - revaluation of properties, net of tax - revaluation of properties, net of tax - revaluation of properties, net of tax - fair value gains, net of tax - revaluation of properties, net of tax - revaluation to owners: - share-based payments - revalued payment		-	198	-	198
Properties: - revaluation of properties, net of tax $- 64$ $- 64$ Total other comprehensive income fortal comprehensive income for the year $- (2,530)$ $- (2,530)$ Transactions with owners, recognised directly in equity Contributions by and distributions to owners: - share-based payments $- 155$ 155 - share-based payments $- 33,956$ $(33,956)$ $(33,956)$ Total contributions by and distributions to owners $- (33,956)$ $(33,956)$ At 1 January 2012 $87,552$ $32,872$ $246,041$ Adefer-sale investments: - fair value gains, net of tax $- 10,836$ $- 10,836$ - fair value gains, net of tax $- (2,632)$ $- (2,632)$ Properties - revaluation of properties, net of tax $- (3,439)$ $- (3,439)$ Total other comprehensive income - total other comprehensive income $- 4,765$ $- 4,765$ Total other comprehensive income - total other comprehensive income $- 4,765$ $- 4,765$ Transactions with owners; - share-based payments - dividends $- 394$ 394 - dividends $- (32,628)$ $(32,234)$	6				(2 502)
- revaluation of properties, net of tax-64-64Total other comprehensive income first of the year- $(2,530)$ - $(2,530)$ Transactions with owners, recognised directly in equity Contributions by and distributions to owners: - share-based payments - dividends- $(2,530)$ 58,717 $56,187$ Transactions by and distributions to owners: - share-based payments - dividends- $(2,530)$ $58,717$ $56,187$ Total contributions by and distributions to owners: - share-based payments - dividends- 155 155 Total contributions by and distributions to owners: - dividends- $(33,956)$ $(33,956)$ Total contributions by and distributions to owners: - fair value gains, net of tax - fair value gains, net of tax - fair value gains, net of tax - revaluation of properties, - revaluation of properties, net of tax - $(2,632)$ - $(2,632)$ - $(2,632)$ Properties - revaluation of properties, net of tax - revaluation of properties, net of tax - $(3,439)$ - $(3,439)$ - $(3,439)$ Total other comprehensive income - $(3,4765)$ - $4,765$ - $4,765$ - $4,765$ Transactions with owners, recognised directly in equity Contributions by and distribution to owners: - share-based payments - $(32,628)$ - $32,234$ $32,234$		-	(2,792)	-	(2,792)
Total other comprehensive income Total comprehensive income for the year $ (2,530)$ $ (2,530)$ Transactions with owners, recognised directly in equity Contributions by and distributions to owners: - share-based payments - dividends $ 155$ 155 - dividends $ 155$ 155 Total contributions by and distributions to owners: - share-based payments - dividends $ 155$ 155 Total contributions by and distributions to owners: - dividends $ (33,956)$ $(33,956)$ At 1 January 2012 Profit for the year $87,552$ $32,872$ $246,041$ $366,465$ Other comprehensive income to profit or loss on disposal, net of tax - fair value gains transferred to profit or loss on disposal, net of tax $ (2,632)$ $ (2,632)$ Properties - revaluation of properties, net of tax - revaluation of properties, net of tax - revaluation of properties, net of tax - total comprehensive income - $4,765$ $ (3,439)$ $ (3,439)$ Total other comprehensive income directly in equity Contributions by and distribution to owners: - share-based payments - dividends $ 394$ 394 - $ 394$ 394 - $ (32,234)$ $(32,234)$		-	64	-	64
Total comprehensive income for the year<		-		-	
Transactions with owners, recognised directly in equity Contributions by and distributions to owners: - share-based payments - dividends-155155- share-based payments - dividends $(33,956)$ $(33,956)$ $(33,956)$ Total contributions by and distributions to owners At 31 December 2013 $(33,801)$ $(33,801)$ At 1 January 2012 Profit for the year $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive income Available-for-sale investments: - fair value gains transferred 	-	-		58,717	<u>` ´ ´ ´ ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` `</u>
Contributions by and distributions to owners:- share-based payments-155155- dividends- $(33,956)$ $(33,956)$ $(33,956)$ Total contributions by and distributions to owners $(33,801)$ $(33,801)$ At 31 December 201387,55235,107300,325422,984At 1 January 201287,55232,872246,041366,465Profit for the year61,60261,602Other comprehensive income10,836-10,836- fair value gains net of tax-10,836-10,836- fair value gains transferred to profit or loss on disposal, net of tax-(2,632)-(2,632)Properties $(3,439)$ - $(3,439)$ - revaluation of properties, net of tax- $(2,632)$ - $(2,632)$ Proberties $(3,439)$ - $(3,439)$ Total other comprehensive income- $4,765$ $61,602$ $66,367$ Transactions with owners, recognised directly in equity Contributions by and distribution to owners:- 394 394 - dividends $(32,234)$ $(32,234)$			()		
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- dividends Total contributions by and distributions to owners At 31 December 2013 At 1 January 2012 Profit for the year Other comprehensive income Available-for-sale investments: - fair value gains, net of tax - fair value gains transferred to profit or loss on disposal, net of tax - revaluation of properties, net of tax - 4,765 - 4,765	-				
Total contributions by and distributions to owners $(33,801)$ $(33,801)$ At 31 December 2013 $87,552$ $35,107$ $300,325$ $422,984$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $ 61,602$ $61,602$ Other comprehensive income $ 10,836$ $ 10,836$ - fair value gains transferred to profit or loss on disposal, net of tax $ (2,632)$ $ (2,632)$ Properties $ (3,439)$ $ (3,439)$ $ (3,439)$ Total other comprehensive income $ 4,765$ $61,602$ $66,367$ Transactions with owners, recognised directly in equity Contributions by and distribution to owners: $ 394$ 394 - dividends $ (32,628)$ $(32,234)$ $(32,234)$	1 0	-	-	155	155
At 31 December 2013 $87,552$ $35,107$ $300,325$ $422,984$ At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive income $61,602$ $61,602$ Available-for-sale investments: $10,836$ - $10,836$ - fair value gains, net of tax-10,836- $10,836$ - fair value gains transferred-(2,632)- $(2,632)$ Properties-(2,632)- $(2,632)$ - revaluation of properties, net of tax- $(3,439)$ - $(3,439)$ - revaluation of properties, net of tax- $(3,439)$ - $(3,439)$ - Transactions with owners, recognised- $4,765$ $61,602$ $66,367$ Transactions with owners, recognised- $(32,628)$ $(32,628)$ - dividends $(32,628)$ $(32,628)$ Total contributions by and distributions to owners $(32,234)$		-	-		
At 1 January 2012 $87,552$ $32,872$ $246,041$ $366,465$ Profit for the year $61,602$ $61,602$ Other comprehensive incomeAvailable-for-sale investments:- fair value gains, net of tax- $10,836$ - $10,836$ - fair value gains transferred $(2,632)$ - $(2,632)$ Properties $(3,439)$ - $(3,439)$ - revaluation of properties, net of tax- $(3,439)$ - $(3,439)$ Total other comprehensive income- $4,765$ - $4,765$ Total comprehensive income for the year- $4,765$ $61,602$ $66,367$ Transactions with owners, recognised 394 394 - dividends $(32,234)$ $(32,234)$	•		-		
Profit for the year61,60261,602Other comprehensive incomeAvailable-for-sale investments:- fair value gains, net of tax-10,836-10,836- fair value gains transferred-10,836-10,836to profit or loss on disposal, net of tax-(2,632)-(2,632)Properties-(3,439)-(3,439)- revaluation of properties, net of tax-(3,439)-(3,439)Total other comprehensive income-4,765-4,765Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity Contributions by and distribution to owners:394394- dividends(32,628)(32,628)32,628)Total contributions by and distributions to owners(32,234)(32,234)	At 31 December 2013	87,552	35,107	300,325	422,984
Profit for the year61,60261,602Other comprehensive incomeAvailable-for-sale investments:- fair value gains, net of tax-10,836-10,836- fair value gains transferred-10,836-10,836to profit or loss on disposal, net of tax-(2,632)-(2,632)Properties-(3,439)-(3,439)- revaluation of properties, net of tax-(3,439)-(3,439)Total other comprehensive income-4,765-4,765Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity Contributions by and distribution to owners:394394- dividends(32,628)(32,628)32,628)Total contributions by and distributions to owners(32,234)(32,234)	At 1 January 2012	87 552	32,872	246 041	366 465
Other comprehensive incomeAvailable-for-sale investments:- fair value gains, net of tax- fair value gains transferredto profit or loss on disposal, net of tax- revaluation of properties, net of tax- revaluation of properties, net of tax- revaluation of properties, net of tax- 10,836- revaluation of properties, net of tax- 10,836 <t< td=""><td>-</td><td></td><td>-</td><td></td><td></td></t<>	-		-		
Available-for-sale investments:- fair value gains, net of tax-10,836-10,836- fair value gains transferred to profit or loss on disposal, net of tax-(2,632)-(2,632)Properties-(3,439)-(3,439)-(3,439)- revaluation of properties, net of tax-(3,439)-(3,439)Total other comprehensive income-4,765-4,765Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity-394394- share-based payments(32,628)(32,628)- dividends(32,234)(32,234)	-			01,002	01,002
 fair value gains, net of tax fair value gains transferred to profit or loss on disposal, net of tax revaluation of properties, net of tax revaluation of properties, net of tax (3,439) 	-				
 fair value gains transferred to profit or loss on disposal, net of tax revaluation of properties, net of tax revaluation of properties, net of tax (3,439) <li< td=""><td></td><td>-</td><td>10.836</td><td>-</td><td>10.836</td></li<>		-	10.836	-	10.836
to profit or loss on disposal, net of tax-(2,632)-(2,632)Properties-(3,439)-(3,439)- revaluation of properties, net of tax-(3,439)-(3,439)Total other comprehensive income-4,765-4,765Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity Contributions by and distribution to owners: - share-based payments394394- dividends(32,628)(32,628)(32,234)(32,234)	-		- ,		
- revaluation of properties, net of tax- (3,439)- (3,439)Total other comprehensive income- 4,765- 4,765Total comprehensive income for the year- 4,76561,602Transactions with owners, recognised directly in equity- 4,76561,602Contributions by and distribution to owners: - share-based payments- 394394- dividends- (32,628)(32,628)Total contributions by and distributions to owners- (32,234)(32,234)		-	(2,632)	-	(2,632)
Total other comprehensive income-4,765-4,765Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity Contributions by and distribution to owners: - share-based payments394- dividends394394- dividends(32,628)(32,628)Total contributions by and distributions to owners(32,234)	•				
Total comprehensive income for the year-4,76561,60266,367Transactions with owners, recognised directly in equity Contributions by and distribution to owners: - share-based payments394394- dividends394394- dividends(32,628)(32,628)Total contributions by and distributions to owners(32,234)(32,234)		_		-	
Transactions with owners, recognised directly in equityContributions by and distribution to owners:- share-based payments- dividends <t< td=""><td>-</td><td></td><td></td><td>-</td><td></td></t<>	-			-	
directly in equityContributions by and distribution to owners:- share-based payments- dividends- Instal contributions by and distributions to owners- Instal contributions to owners-			4,703	01,002	00,307
Contributions by and distribution to owners:394394- share-based payments394394- dividends(32,628)(32,628)Total contributions by and distributions to owners(32,234)(32,234)					
- dividends - - (32,628) (32,628) Total contributions by and distributions to owners - - (32,234) (32,234)					
- dividends - - (32,628) (32,628) Total contributions by and distributions to owners - - (32,234) (32,234)	- share-based payments	-	-	394	394
Total contributions by and distributions to owners(32,234)(32,234)(32,234)	- dividends	-	-		
	Total contributions by and distributions to owners	_	-		
	At 31 December 2012	87,552	37,637	275,409	

Statements of changes in equity for the year 1 January 2013 to 31 December 2013

	Share	Revaluation	Retained	Total
	Capital	reserve	earnings	equity
Bank	€000	€000	€000	€000
At 1 January 2013	87,552	36,975	221,494	346,021
Profit for the year	-	-	56,415	56,415
Other comprehensive income				
Available-for-sale investments:				
- fair value gains, net of tax	-	426	-	426
- fair value gains transferred				
to profit or loss on disposal, net of tax	-	(2,829)	-	(2,829)
Properties:				
- revaluation of properties, net of tax	-	64	-	64
Total other comprehensive income	-	(2,339)	-	(2,339)
Total comprehensive income for the year	-	(2,339)	56,415	54,076
Transactions with owners, recognised				
directly in equity				
Contributions by and distributions to owners:				
- share-based payments	-	-	141	141
- dividends	-	-	(33,956)	(33,956)
Total contributions by and distributions to owners	-	-	(33,815)	(33,815)
At 31 December 2013	87,552	34,636	244,094	366,282
At 1 January 2012	87,552	32,099	192,203	311,854
Profit for the year			61,556	61,556
Other comprehensive income				
Available-for-sale investments:				
- fair value gains, net of tax	-	10,489	-	10,489
- fair value gains transferred				
to profit or loss on disposal, net of tax	-	(2,174)	-	(2,174)
Properties - revaluation of properties, net of tax		(3,439)		(3,439)
Total other comprehensive income	_	4,876		4,876
Total comprehensive income for the year		4,876	61,556	66,432
		,		
Transactions with owners, recognised				
directly in equity				
Contributions by and distributions to owners:				
- share-based payments	-	-	363	363
- dividends	-	-	(32,628)	(32,628)
Total contributions by and distributions to owners	-	-	(32,265)	(32,265)
At 31 December 2012	87,552	36,975	221,494	346,021

Statements of cash flows for the year 1 January 2013 to 31 December 2013

	Gro	un	Bar	ık
	2013 2012		2013	2012
	€000	€000	€000	€000
Cash flows from operating activities				
Interest, commission and premium receipts	256,793	264,547	182,462	188,640
Interest, commission and claims payments	(89,324)	(91,318)	(42,640)	(45,336)
Payments to employees and suppliers	(86,299)	(94,419)	(83,626)	(88,953)
Operating profit before changes in operating				
assets/liabilities	81,170	78,810	56,196	54,351
(Increase)/decrease in operating assets:				
Financial assets designated at fair value	171	(51,728)	-	-
Reserve deposit with Central Bank of Malta	1,242	43,305	1,242	43,305
Loans and advances to customers and banks	42,900	19,009	42,900	18,943
Treasury bills	(46,845)	98,179	(46,845)	98,179
Other receivables	(8,861)	98	(3,085)	15,022
Increase/(decrease) in operating liabilities:	(00(110.001	22 (74	05 051
Customer accounts and deposits by banks Other payables	6,906 7,330	112,221	22,674	95,951
Other payables	7,330	(2,464)	6,455	(9,455)
Net cash from operating activities before tax	84,013	297,430	79,537	316,296
Tax paid	(32,674)	(39,076)	(26,436)	(33,736)
Net cash from operating activities	51,339	258,354	53,101	282,560
iver easi from operating activities	51,559	230,334	55,101	202,500
Cash flows from investing activities				
Dividends received	21	26	8,000	13,600
Interest received from financial investments	30,255	41,356	26,719	29,775
Purchase of financial investments	(277,694)	(375,638)	(275,655)	(375,638)
Proceeds from sale and maturity of financial				
investments	334,396	335,059	328,537	306,239
Purchase of property, plant and equipment,	·			
investment property and intangible assets	(12,087)	(6,133)	(12,000)	(6,046)
Proceeds on sale of property, plant and				
equipment and intangible assets	476	502	476	502
Net cash flows from/(used in) investing		(1.0.0.0)	- < ^	
activities	75,367	(4,828)	76,077	(31,568)
Coch flows from financing activities				
Cash flows from financing activities			(22.050)	
Dividends paid	(33,956)	(32,628)	(33,956)	(32,628)
Cash used in financing activities	(33,956)	(32,628)	(33,956)	(32,628)
Increase in cash and cash equivalents	92,750	220,898	05 222	218,364
Effect of exchange rate changes	92,750	220,898	95,222	218,304
on cash and cash equivalents	(33,029)	(583)	(33,029)	(583)
Net increase in cash and	(33,029)	(383)	(33,029)	(383)
cash equivalents	125,779	221,481	128,251	218,947
	92,750	220,898	95,222	218,364
Cash and cash equivalents at beginning of	100	220,070	, John Hanne (1997)	210,304
Year	428,661	207,763	426,073	207,709
Cash and cash equivalents at end of		_0.,.00		
Year	521,411	428,661	521,295	426,073
	~#19TII	.20,001	~=1,=/0	120,015

HSBC Bank Malta p.l.c. 2013 Annual Results/11

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. which is headquartered in London. The Group serves customers worldwide from over 6,300 offices in 75 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,671bn at 31 December 2013, the HSBC Group is one of the world's largest banking and financial services organisations.

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