

## HSBC BANK BERMUDA LIMITED YEAR END 2012 RESULTS - HIGHLIGHTS

- Consolidated operating income ('revenues') of US\$397m (before loan impairment charges) for the year ended 31 December 2012, a decrease of 7%.
- Consolidated operating expenses for the year ended 31 December 2012 improved to US\$212m, a decrease of US\$25m or 10%.
- Consolidated net profit of US\$20m for the year ended 31 December 2012, a decrease of US\$132m compared with the prior year.
- Total cost efficiency ratio of 53% for the year ended 31 December 2012, an improvement of two percentage points compared with the prior year.
- Total assets of US\$13,249m at 31 December 2012, a decrease of 11% compared with the prior year end.
- Total loans and advances to customers at US\$3,667m at 31 December 2012, an increase of 2% compared with the prior year end.
- Total allowances as a percentage of total loans and advances to customers increased to 4.1% at 31 December 2012, compared to 1.3% for the prior year.
- Capital adequacy ratio declined by three percentage points to 21% compared with the prior year end.

Michael Schrum, Chief Financial Officer, HSBC Bermuda, said: "The main impact on 2012 performance was higher loan impairment charges – principally the rapid deterioration of certain material and connected commercial real estate related loans in North America. Additional impairment charges were required as a prudent response to continuing stress in the Bermudian market, reflecting lower values for both commercial and residential property.

"Revenues were resilient, despite the continued strains in the local economy and lower yields on our high-quality liquidity portfolio as we reduced our exposure to the inter-bank market.

“The resilience and mix of our underlying businesses, our strong franchise and our membership of HSBC Group, has enabled the Bank to absorb the increased loan impairment charges. The Bank maintains strong capital and liquidity positions, which significantly exceed the regulatory requirements.”

Richard Moseley, Chief Executive Officer, HSBC Bermuda, said: “Locally, we have spent much time with many individuals and businesses to discuss their financial situation. As we are keen to help our customers manage through difficult times, we have gone to considerable lengths to assist a large number of them to restructure their financial obligations through traditional means, such as debt consolidation as well as innovative solutions helped by our ability to leverage the broad skill base of the wider HSBC Group.

“On the corporate front, there have been some notable highlights in 2012 as we have found new ways to work with corporate customers. The Bank was selected in lead management roles for a number of capital markets transactions, and we continue to assist our insurance clients with management of their cash flow and non-US dollar catastrophe claims by providing value-added foreign exchange advice and foreign currency accounts.

“We have made good progress on wealth management for our personal customers and have delivered ‘principal protected’ investments and additional insurance products to the market.

“With our in-house specialist relationship managers, we continue to grow our share of international business enabling us to offer local access to the full range of services offered by a leading international bank.

“HSBC Bank Bermuda Limited has been named ‘Best Bank in Bermuda’ by *Euromoney* for the second year and named ‘Bank of the Year’ in Bermuda for the sixth consecutive year by *The Banker* magazine.

“I would like to personally thank our customers for their continued support and confidence in the Bank, and our staff for their commitment and support to our customers during this difficult period.”

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**Notes to editors:**

**1. HSBC Bermuda**

HSBC Bermuda is a brand name of HSBC Bank Bermuda Limited. Founded in 1889, HSBC Bermuda is the leading provider of retail and corporate banking, investment, trust, custody and fund administration services to international and local clients. Since 2004 it has been a wholly owned, indirect subsidiary of HSBC Holdings plc.

Further information on HSBC Bermuda can be found at [www.hsbc.bm](http://www.hsbc.bm)

**2. HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is 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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