

Press Release

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HSBC BANK BERMUDA LIMITED YEAR END 2013 RESULTS - HIGHLIGHTS

- Consolidated net operating income ('revenues') of US\$242m for the year ended 31 December 2013, an increase of US\$7m or 3%.
- Consolidated operating expenses for the year ended 31 December 2013 improved to US\$206m, a decrease of US\$6m or 3%.
- Consolidated net profit of US\$45m for the year ended 31 December 2013, an increase of US\$25m.
- Total cost efficiency ratio of 56% for the year ended 31 December 2013, a deterioration of 3 percentage points compared with the prior year.
- Total assets of US\$14,172m at 31 December 2013, an increase of 7% compared with the prior year end.
- Total loans and advances to customers of US\$3,088m at 31 December 2013, a decrease of 16% compared with the prior year end.
- Total allowances as a percentage of total gross loans and advances to customers increased to 7% at 31 December 2013, compared to 4% for the prior year.
- Total capital adequacy ratio remained stable at 20% compared with the prior year end.

Michael Schrum, Chief Financial Officer, HSBC Bank Bermuda Limited (HSBC Bermuda), said: "Our capital and liquidity positions remain key strengths. Our profits grew slightly, reflecting a strong customer franchise with excellent cost discipline despite the impact of significant loan impairments. The impairment allowances were required as a prudent response to continuing stress in both the local and international real estate markets, reflecting lower values for both commercial and residential property and higher delinquency levels.

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“Revenues were robust, despite challenges in the local economy. Lower yields on our high-quality liquidity portfolio impacted revenue negatively as we continued to improve our risk profile and reposition from Corporate to Sovereign exposures.

“The mix of our underlying businesses, our strong franchise and our membership of the HSBC Group, has enabled us to absorb the loan impairment allowances and improve financial performance. We maintain strong capital and liquidity positions, which significantly exceed regulatory requirements.”

Richard Moseley, Chief Executive Officer, HSBC Bermuda, said: “All of our colleagues can take pride in the Bank’s response to challenging times across the whole of our customer base from individual households to corporate customers.

“Locally, we have spent much time with many individuals and businesses to help our customers manage through difficult times. Indeed we have made it a key priority to assist a large number of customers 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 2013 as we have found new ways to help 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 content and foreign currency accounts. We have undertaken a number of Chinese renminbi on/offshore foreign exchange transactions. We also provided significant local financing for our larger local clients.

“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. We were the first bank in Bermuda to introduce a mobile banking application and also invested in making internet banking even more secure. Also we have seen a significant inflow of additional funds into our Private Banking Investment Management business.

“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.

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“In 2013, HSBC provided over three quarters of a million dollars in sponsorships and donations, supporting many community initiatives and events. HSBC also supports volunteering in the community through the HSBC Staff Volunteer Community Action Day Programme which was launched in 2006 and, since its inception, HSBC staff have volunteered nearly 8,000 hours to helping the community. The Bank has made diversity a major theme, organising many events and recognising the value that diversity brings to us as an organisation and the diverse nature of our customers.

“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

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves 54 million customers worldwide from around 6,300 offices in 75 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East. With assets of US\$2,671 billion at 31 December 2013, the HSBC Group is one of the world's largest banking and financial services organisations.

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