

HSBC HOLDINGS PLC
Form 6-K
February 24, 2012

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 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

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

The following is the text of an announcement issued locally in Malta on 24 February 2012 by HSBC Bank Malta p.l.c., a 70.03% indirectly held subsidiary of HSBC Holdings plc.

24 February 2012

HSBC BANK MALTA p.l.c.

2011 ANNUAL RESULTS

Review of Performance

- Profit before tax of €88m for the year ended 31 December 2011 - an increase of €5m, or 6%, compared with €83m in 2010.
- Profit attributable to shareholders of €58m for the year ended 31 December 2011 - up €4m, or 7%, compared with €54m in 2010, resulting in earnings per share of 19.7 cent, up 7%.
- Total assets of €5,825m at 31 December 2011, up €174m, or 3%, compared with 31 December 2010.
- Loans and advances to customers were €3,344m at 31 December 2011, an increase of €54m, or 2%, compared with 31 December 2010.
- Customer accounts were €4,403m at 31 December 2011, a decrease of €60m, or 1%, compared with 31 December 2010.
- Return on equity for the year ended 31 December 2011 was 15.7%, compared with 16.1% in 2010.
- Cost efficiency ratio for the year ended 31 December 2011 was 50.4%, compared with 49.7% in 2010.
- Capital adequacy ratio of 11.6% at 31 December 2011, compared with 10.2% at 31 December 2010.

Commentary

Against a backdrop in which eurozone debt concerns continued to dominate European market sentiments, HSBC Bank Malta p.l.c. delivered a solid performance in 2011. Reported profit before tax of €88m increased by 6%, or €5m, over the comparable period in 2010.

On a like-for-like basis, excluding non-recurring items, profits were in line with the prior year's performance.

The three main business lines, Retail Banking and Wealth Management, Commercial Banking and Global Banking and Markets all contributed positively to the bank's overall performance.

During the year the bank continued to execute against its key transformation programme with a view to building long-term sustainability. In this light, and reflecting changing customer behaviour patterns, an announcement was made in relation to a branch optimisation programme and the launch of a staff voluntary retirement scheme. In addition the bank disposed of its card acquiring business in line with HSBC Group global strategy for this business.

The cost of the voluntary retirement scheme (€11m) was broadly offset by the proceeds from the sale of the card acquiring business.

The bank continued to invest in expanding its business and transforming its operations. A new banking computer system was introduced at a cost of €10m during the year and the roll-out of upgraded branches and ATMs at a cost of €11m continues.

Net interest income improved by 5% to €129m compared with €123m in 2010. The increase reflected growth in mortgage lending and improved balance sheet management.

Net fee and commission income of €34m in 2011 was marginally down on the prior year. Growth in account services fees were offset by a decline in stockbroking fees largely due to the slow-down in local capital markets bond issuance activity.

HSBC Life Insurance (Malta) Ltd generated a profit before tax of €11m compared to €13m in 2010. Underlying new business performance generation, particularly with respect to life insurance protection, was encouraging. The business benefitted from a non-recurring gain of €7m as a result of a refinement in the methodology used to calculate the present value of in-force long-term insurance business. This benefit was eroded during the year as the yields on euro swaps continued to fall and the market value of investment holdings reduced.

In view of significantly heightened stress in the eurozone debt markets, the bank reduced its exposure to higher risk eurozone countries through selling holdings in the available-for-sale bond portfolio at a net loss of €2m.

Net other operating income increased significantly, from €5m in 2010 to €24m in 2011. The increase was driven by the sale of the card acquiring business and the non-recurring gain in the life insurance subsidiary relating to a methodology change.

Operating expenses of €98m were €11m or 12% higher compared to the previous year with a cost efficiency ratio of 50.4% compared to 49.7% in 2010. Costs increased principally due to the staff voluntary retirement scheme provision of €11m and due to higher costs relating to utilities, regulatory fees and compliance costs.

At a consolidated level, net impairments rose from €5m to €8m in 2011. This was principally due to a €4m impairment taken on Greek government bonds held by the life insurance subsidiary in the available-for-sale bond portfolio. The life insurance subsidiary's remaining exposure to Greek debt is modest and stands at a net book value of less than €2m.

Other than the exposures noted above and investments in Maltese government debt, the group has no exposure to southern European government debt.

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

At a bank level, while there was a marginal deterioration in non-performing loans from 4% to 5%, in general asset quality remains good and loan impairments declined to €4m (11 basis points of the overall loan book) compared with €5m in 2010.

Net loans and advances to customers increased by €54m to €3,344m. Mortgage market share remained stable. Gross new lending to customers amounted to €656m which reflects the bank's continued support to the local economy.

Liabilities rose by €142m during the year and stood at €5,458m at the year end. The increase in liabilities reflected a rise in placements with the bank offsetting a small fall in customer deposits.

The bank's liquidity position remains strong with advances to deposits ratio of 76%, compared with 74% at 31 December 2010.

The bank strengthened its capital ratio by 140 basis points to 11.6%. This exceeds the 8.0% minimum regulatory requirement. The bank intends to maintain a conservative approach to capital and will continue to build capital where appropriate.

Mark Watkinson, Director and Chief Executive Officer of HSBC Bank Malta, said: "We have delivered another good set of results that saw pre-tax profit increase by 6% with a return on equity of 15.7%. The bank's capital and liquidity positions remain strong and we have a firm grip on both our risks and costs. We will continue to focus on improving productivity and cost effectiveness to ensure long-term business sustainability. The bank's strategy is clear and we continue to emphasise our competitive advantage as an international bank and as an important part of HSBC, one of the world's largest and strongest banking groups.

"The outlook for 2012 looks very challenging. While the Maltese economy has performed relatively well over the last 12 months the continuing uncertainty in the eurozone will likely act to slow the domestic economy.

"That said HSBC Bank Malta remains confident in its abilities to rise to the challenges of the next 12 months. I would like to take this opportunity to thank our staff, directors and shareholders for their commitment, hard work and support in 2011."

The Board is declaring a final gross dividend of 7.2 cent per share (4.7 cent net of tax). This will be paid on 27 April 2012 to shareholders who are on the bank's register of shareholders at 19 March 2012.

Media enquiries to Franco Aloisio on +356 2380 3250.

Income statements for the year 1 January 2011 to 31 December 2011

| | Group | | Bank | |
|--|----------|----------|----------|----------|
| | 2011 | | 2011 | 2010 |
| | €000 | | €000 | €000 |
| | | 2010 | | €000 |
| Interest and similar income | | | | |
| - on loans and advances, balances with Central Bank of Malta, Treasury Bills and other instruments | 153,397 | 151,582 | 153,399 | 151,583 |
| - on debt and other fixed income instruments | 22,565 | 17,430 | 19,208 | 13,607 |
| Interest expense | (46,703) | (46,170) | (47,053) | (46,813) |
| Net interest income | 129,259 | 122,842 | 125,554 | 118,377 |
| Fee and commission income | 36,597 | 36,993 | 32,653 | 32,702 |
| Fee and commission expense | (3,047) | (2,713) | (2,814) | (2,448) |
| Net fee and commission income | 33,550 | 34,280 | 29,839 | 30,254 |

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| | | | | |
|--|----------|----------|----------|----------|
| Dividend income | 1 | - | 24,987 | 7,538 |
| Trading profits | 8,306 | 6,816 | 8,306 | 6,816 |
| Net (expense)/ income from insurance financial instruments designated at fair value | (6,455) | 19,707 | - | - |
| Net losses on sale of available-for-sale financial investments | (2,107) | (369) | (2,113) | (370) |
| Net earned insurance premiums | 64,459 | 58,738 | - | - |
| Net other operating income | 23,575 | 5,162 | 10,057 | 1,061 |
| Total operating income | 250,588 | 247,176 | 196,630 | 163,676 |
| Net insurance claims incurred and movement in policyholders' liabilities | (55,723) | (70,988) | - | - |
| Net operating income | 194,865 | 176,188 | 196,630 | 163,676 |
| Employee compensation and benefits | (58,807) | (50,723) | (55,910) | (48,380) |
| General and administrative expenses | (33,333) | (30,081) | (31,011) | (28,357) |
| Depreciation | (5,200) | (5,821) | (5,196) | (5,802) |
| Amortisation | (860) | (980) | (815) | (896) |
| Net operating income before impairment charges and provisions | 96,665 | 88,583 | 103,698 | 80,241 |
| Net impairment | (8,250) | (5,496) | (4,103) | (5,266) |
| Net provisions for liabilities and other charges | (110) | 1 | (96) | 20 |
| Profit before tax | 88,305 | 83,088 | 99,499 | 74,995 |
| Tax expense | (30,738) | (29,327) | (32,940) | (24,696) |
| Profit for the year | 57,567 | 53,761 | 66,559 | 50,299 |
| Profit attributable to shareholders | 57,567 | 53,761 | 66,559 | 50,299 |
| Earnings per share | 19.7c | 18.4c | 22.8c | 17.2c |

Statements of comprehensive income for the year 1 January 2011 to 31 December 2011

| | Group | | Bank | |
|--|--------|--------|--------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | €000 | €000 | €000 | €000 |
| Profit attributable to shareholders | 57,567 | 53,761 | 66,559 | 50,299 |
| Other comprehensive income/(expense) | | | | |
| Available-for-sale investments: | | | | |
| - fair value gains | 1,193 | 1,178 | 4,778 | 1,997 |
| - fair value losses transferred to profit or loss on disposal | 2,107 | 369 | 2,113 | 370 |

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| | | | | |
|---|---------|--------|---------|--------|
| - amounts transferred to profit or loss on impairment | 4,179 | 198 | - | - |
| - income taxes | (2,580) | (610) | (2,374) | (828) |
| Properties: | | | | |
| - revaluation | - | 2,117 | - | 2,117 |
| - income taxes | - | (89) | - | (89) |
| Other comprehensive income for the year, net of tax | 4,899 | 3,163 | 4,517 | 3,567 |
| Total comprehensive income for the year, net of tax | 62,466 | 56,924 | 71,076 | 53,866 |

Statements of financial position at 31 December 2011

| | Group 2011 | Bank 2010 | 2011 | 2010 |
|---|---------------|--------------|-----------|-----------|
| | €000 | €000 | €000 | €000 |
| Assets | | | | |
| Balances with Central Bank of Malta, | | | | |
| Treasury Bills and cash | 233,388 | 379,985 | 233,387 | 379,984 |
| Cheques in course of collection | 22,685 | 9,011 | 22,685 | 9,011 |
| Derivatives | 17,136 | 11,489 | 17,856 | 11,686 |
| Financial assets designated at fair value | 370,080 | 305,569 | - | - |
| Financial investments | 936,830 | 690,606 | 883,747 | 593,107 |
| Loans and advances to banks | 637,956 | 714,901 | 637,903 | 714,850 |
| Loans and advances to customers | 3,344,224 | 3,290,435 | 3,344,224 | 3,290,435 |
| Shares in subsidiary companies | - | - | 35,707 | 35,707 |
| Intangible assets | 89,011 | 70,655 | 12,497 | 7,583 |
| Property, plant and equipment | 60,113 | 65,487 | 60,195 | 65,580 |
| Investment property | 14,598 | 14,591 | 11,663 | 11,668 |
| Non-current assets held for sale | 12,978 | 9,674 | 12,978 | 9,674 |
| Current tax assets | - | 4,712 | - | 4,516 |
| Deferred tax assets | 14,005 | 10,181 | 13,744 | 9,902 |
| Other assets | 31,209 | 34,425 | 8,606 | 9,439 |
| Prepayments and accrued income | 40,629 | 38,710 | 35,527 | 34,256 |
| Total assets | 5,824,842 | 5,650,431 | 5,330,719 | 5,187,398 |
| Liabilities | | | | |
| Derivatives | 17,810 | 12,311 | 17,810 | 12,313 |
| Deposits by banks | 389,170 | 232,790 | 389,170 | 232,790 |
| Customer accounts | 4,402,975 | 4,462,861 | 4,440,646 | 4,517,763 |
| Current tax liabilities | 4,134 | 2,603 | 3,198 | 953 |
| Deferred tax liabilities | 18,113 | 19,604 | - | - |
| Liabilities to customers under investment contracts | 16,920 | 18,962 | - | - |

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|--|-----------|-----------|-----------|-----------|
| Liabilities under insurance contracts issued | 436,672 | 410,461 | - | - |
| Other liabilities | 38,145 | 33,024 | 33,925 | 29,321 |
| Accruals and deferred income | 35,979 | 34,287 | 35,152 | 33,310 |
| Provisions for liabilities and other charges | 11,251 | 2,548 | 11,031 | 2,511 |
| Subordinated liabilities | 87,208 | 87,150 | 87,933 | 87,880 |
| Total liabilities | 5,458,377 | 5,316,601 | 5,018,865 | 4,916,841 |
| Equity | | | | |
| Called up share capital | 87,552 | 87,552 | 87,552 | 87,552 |
| Revaluation reserve | 32,872 | 28,674 | 32,099 | 28,283 |
| Retained earnings | 246,041 | 217,604 | 192,203 | 154,722 |
| Total equity | 366,465 | 333,830 | 311,854 | 270,557 |
| Total liabilities and equity | 5,824,842 | 5,650,431 | 5,330,719 | 5,187,398 |
| Memorandum items | | | | |
| Contingent liabilities | 130,763 | 128,947 | 132,466 | 128,970 |
| Commitments | 1,084,509 | 977,718 | 1,084,509 | 977,718 |

The financial statements were approved and authorised for issue by the Board of Directors on 24 February 2012 and signed on its behalf by:

Albert Mizzi,
Chairman

Mark Watkinson,

Chief Executive Officer

Statements of changes in equity for the year 1 January 2011 to 31 December 2011

| Group | Share capital €000 | Revaluation reserve €000 | Retained earnings €000 | Total equity €000 |
|---|-----------------------|-----------------------------|---------------------------|----------------------|
| At 1 January 2011 | 87,552 | 28,674 | 217,604 | 333,830 |
| Profit for the year | - | - | 57,567 | 57,567 |
| Other comprehensive income | | | | |
| 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 |
| | - | 2,716 | - | 2,716 |

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| | | | | |
|---|--------|--------|----------|----------|
| - amounts transferred to profit or loss on impairment, net of tax | | | | |
| Properties: | | | | |
| - release of revaluation reserve on disposal, net of tax | - | (701) | 701 | - |
| Total other comprehensive income | - | 4,198 | 701 | 4,899 |
| Total comprehensive income for the year | - | 4,198 | 58,268 | 62,466 |
| Transactions with owners, recorded directly in equity | | | | |
| Contributions by and distributions to owners: | | | | |
| - share-based payments | - | - | 331 | 331 |
| - dividends | - | - | (30,162) | (30,162) |
| Total contributions by and distributions to owners | - | - | (29,831) | (29,831) |
| At 31 December 2011 | 87,552 | 32,872 | 246,041 | 366,465 |
| At 1 January 2010 | 87,552 | 25,825 | 193,210 | 306,587 |
| Profit for the year | - | - | 53,761 | 53,761 |
| Other comprehensive income | | | | |
| Available-for-sale investments: | | | | |
| - fair value gains, net of tax | - | 766 | - | 766 |
| - fair value losses transferred to profit or loss on disposal, net of tax | - | 240 | - | 240 |
| - amounts transferred to profit or loss on impairment, net of tax | - | 129 | - | 129 |
| Properties: | | | | |
| - release of revaluation reserve on disposal, net of tax | - | (314) | 314 | - |
| - revaluation of properties, net of tax | - | 2,028 | - | 2,028 |
| Total other comprehensive income | - | 2,849 | 314 | 3,163 |
| Total comprehensive income for the year | - | 2,849 | 54,075 | 56,924 |
| Transactions with owners, recorded directly in equity | | | | |
| Contributions by and distributions to owners: | | | | |
| - share-based payments | - - | - | 481 | 481 |
| - dividends | - | - | (30,162) | (30,162) |
| Total contributions by and distributions to owners | - | - | (29,681) | (29,681) |
| At 31 December 2010 | 87,552 | 28,674 | 217,604 | 333,830 |

Statements of changes in equity for the year 1 January 2011 to 31 December 2011

| | Share capital | Revaluation reserve | Retained earnings | Total equity |
|--|---------------|---------------------|-------------------|--------------|
| | €000 | €000 | €000 | €000 |

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Bank

| | | | | |
|---|--------|--------|----------|----------|
| At 1 January 2011 | 87,552 | 28,283 | 154,722 | 270,557 |
| Profit for the year | - | - | 66,559 | 66,559 |
| Other comprehensive income | | | | |
| 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 | - |
| Total other comprehensive income | - | 3,816 | 701 | 4,517 |
| Total comprehensive income for the year | - | 3,816 | 67,260 | 71,076 |
| Transactions with owners, recorded | | | | |
| directly in equity | | | | |
| Contributions by and distributions to | | | | |
| owners: | | | | |
| - share-based payments | - | - | 383 | 383 |
| - dividends | - | - | (30,162) | (30,162) |
| Total contributions by and distributions to | | | | |
| owners | - | - | (29,779) | (29,779) |
| At 31 December 2011 | 87,552 | 32,099 | 192,203 | 311,854 |
| At 1 January 2010 | 87,552 | 25,030 | 133,814 | 246,396 |
| Profit for the year | - | - | 50,299 | 50,299 |
| Other comprehensive income | | | | |
| Available-for-sale investments: | | | | |
| - fair value gains, net of tax | - | 1,298 | - | 1,298 |
| - fair value losses transferred | | | | |
| to profit or loss on disposal, net of tax | - | 241 | - | 241 |
| Properties: | | | | |
| - release of revaluation reserve on | | | | |
| disposal, net of tax | - | (314) | 314 | - |
| - revaluation of properties, net of tax | - | 2,028 | - | 2,028 |
| Total other comprehensive income | - | 3,253 | 314 | 3,567 |
| Total comprehensive income for the year | - | 3,253 | 50,613 | 53,866 |
| Transactions with owners, recorded | | | | |
| directly in equity | | | | |
| Contributions by and distributions to | | | | |
| owners: | | | | |
| - share-based payments | - | - | 457 | 457 |
| - dividends | - | - | | |
| | | | (30,162) | (30,162) |

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| | | | | |
|--|--------|--------|----------|----------|
| Total contributions by and distributions to owners | - | - | (29,705) | (29,705) |
| At 31 December 2010 | 87,552 | 28,283 | 154,722 | 270,557 |

Statements of cash flows for the year 1 January 2011 to 31 December 2011

| | Group | | Bank | |
|---|-----------|-----------|-----------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | €000 | €000 | €000 | €000 |
| Cash flows from/(used in) operating activities | | | | |
| Interest, commission and premium receipts | 266,521 | 254,711 | 196,076 | 187,992 |
| Interest, commission and claims payments | (76,988) | (70,799) | (49,450) | (48,109) |
| Payments to employees and suppliers | (83,774) | (81,139) | (77,701) | (75,101) |
| Operating profit before changes in operating assets/liabilities | 105,759 | 102,773 | 68,925 | 64,782 |
| (Increase)/decrease in operating assets: | | | | |
| Trading instruments | (76,592) | (43,064) | - | - |
| Reserve deposit with Central Bank of Malta | (956) | (8,335) | (956) | (8,335) |
| Loans and advances to customers and banks | (63,014) | (104,527) | (63,013) | (104,591) |
| Treasury Bills | 167,308 | (202,915) | 170,555 | (197,099) |
| Other receivables | (13,582) | (21,249) | (15,965) | 3,173 |
| (Decrease)/increase in operating liabilities: | | | | |
| Customer accounts and deposits by banks | (59,710) | 374,995 | (76,971) | 370,291 |
| Other payables | 3,212 | 32,313 | 7,325 | 7,573 |
| Net cash from operating activities before tax | 62,425 | 129,991 | 89,900 | 135,794 |
| Tax paid | (32,653) | (26,840) | (25,597) | (25,183) |
| Net cash from operating activities | 29,772 | 103,151 | 64,303 | 110,611 |
| Cash flows from/(used in) investing activities | | | | |
| Dividends received | 785 | 281 | 17,950 | 6,650 |
| Interest received from financial investments | 34,624 | 25,575 | 24,403 | 16,036 |
| Purchase of financial investments | (599,079) | (307,715) | (599,079) | (307,688) |

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|--|-----------|-----------|-----------|-----------|
| Proceeds from sale and maturity of financial investments | 344,079 | 94,246 | 302,557 | 94,246 |
| Purchase of property, plant and equipment, investment property and intangible assets | (9,031) | (11,038) | (8,986) | (10,998) |
| Proceeds on sale of property, plant and equipment and intangible assets | 2,094 | 453 | 2,094 | 412 |
| Proceeds on disposal of card acquiring business | 11,075 | - | 11,075 | - |
| Net cash flows used in investing activities | (215,453) | (198,198) | (249,986) | (201,342) |
| Cash flows used in financing activities | | | | |
| Dividends paid | (30,162) | (30,162) | (30,162) | (30,162) |
| Cash used in financing activities | (30,162) | (30,162) | (30,162) | (30,162) |
| Decrease in cash and cash equivalents | (215,843) | (125,209) | (215,845) | (120,893) |
| Effect of exchange rate changes on cash and cash equivalents | 17,485 | 31,624 | 17,485 | 31,624 |
| Net decrease in cash and cash equivalents | (233,328) | (156,833) | (233,330) | (152,517) |
| | (215,843) | (125,209) | (215,845) | (120,893) |
| Cash and cash equivalents at beginning of year | 423,606 | 548,815 | 423,554 | 544,447 |
| Cash and cash equivalents at end of year | 207,763 | 423,606 | 207,709 | 423,554 |

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.

Certain comparative amounts have been reclassified to comply with the current year's presentation.

HSBC Bank Malta p.l.c. is a member of the HSBC Group, whose ultimate parent company is HSBC Holdings plc. Headquartered in London, HSBC Holdings plc is one of the largest banking and financial services organisations in the world. The HSBC Group's international network comprises around 7,500 offices in over 80 countries and territories in

Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HSBC Holdings plc

By:

Name: P A Stafford

Title: Assistant Group Secretary

Date: 24 February 2012