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HSBC BANK BERMUDA LIMITED 'HSBC BERMUDA' YEAR END 2019 RESULTS

**** HSBC Bermuda reports robust earnings ****

Consolidated reported performance for the year ended 31 December 2019:

- Net profit of US\$143 million, an increase of US\$4 million or 3% compared with the prior year.
- Total operating income before expected credit losses was US\$281 million, in line with the prior year.
- Change in expected credit losses for 2019 was a US\$9 million charge compared to a US\$3 million release in 2018.
- Total operating expenses decreased by US\$14 million or 10% to US\$129 million.

Other financial items of note:

- Total assets of US\$8,378 million at 31 December 2019, an increase of 4% compared with the prior year end.
- Total loans and advances to customers were US\$2,174 million at 31 December 2019, a reduction of 1% compared with the prior year end.
- Total allowance for expected credit losses as a percentage of total gross loans and advances to customers decreased marginally to 5.6% at 31 December 2019, compared with 5.7% at the prior year end.
- Total capital adequacy ratio was 24% at 31 December 2019, a decrease from 26% at the prior year end.

HSBC Bermuda's total operating income before expected credit losses remained flat compared to 2018 at US\$281 million, with decreases in net interest income offset by higher net fee income, dealing profits, and gains on financial investments.

The charge for the change in expected credit losses of US\$9 million was mainly incurred on residential mortgage lending. The overall level of impaired loans remained consistent at around US\$360 million.

Consolidated operating expenses of US\$129 million were down US\$14 million on prior year as a result of lower litigation expenses and prudent cost controls. The cost efficiency ratio improved in 2019 to 46% from 51% in 2018.

Steve Banner, Chief Executive Officer and Director, HSBC Bermuda, said “The results for the 2019 financial year demonstrate the resilience of our business in Bermuda. Our revenues remained stable, despite some headwinds, and we managed our costs prudently. The level of expected credit losses for the year was higher than last year but within expectations. Our balance sheet remains conservatively positioned from a capital and liquidity perspective.

“During the year we helped many Bermudian companies gain access to international capital and continued to fulfill our objective of providing international connectivity for Bermuda.

“I was proud to see HSBC’s continued support for the local community. In 2019 our staff contributed over 1,300 hours of volunteering for worthy local causes during company time.

“On behalf of the Board, I would like to thank all our customers for placing their trust in HSBC and our hard-working employees for their dedication in serving our customers and our community.”

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Notes to editors:

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