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HSBC BANK BERMUDA LIMITED “HSBC Bermuda” YEAR END 2014 RESULTS - HIGHLIGHTS

- Consolidated Net Operating income (“revenues”) of US\$261m for the year ended 31 December 2014, an increase of US\$19m or 8%.
- Consolidated operating expenses for the year ended 31 December 2014 improved to US\$193m, a decrease of US\$7m or 4%.
- Consolidated net profit of US\$48m for the year ended 31 December 2014, an increase of US\$3m compared with the prior year.
- Consolidated net profit from continuing operations of US\$71m for the year ended 31 December 2014, an increase of US\$29m compared with the prior year.
- Total assets of US\$11,459m at 31 December 2014, a decrease of 19% compared with the prior year end.
- Total loans and advances to customers at US\$2,944m at 31 December 2014, a decrease of 5% compared with the prior year end.
- Total allowances as a percentage of total gross loans and advances to customers decreased to 4% at 31 December 2014, compared to 7% for the prior year.
- Total Capital adequacy ratio increased to 24% at 31 December 2014 compared with 22% at prior year end.

Michael Schrum, Chief Financial Officer, HSBC Bermuda, said: “Despite continued economic headwinds, the Bank delivered a net consolidated profit of US\$48m (after accounting for restructuring costs and goodwill write down on the sale of parts of the corporate and retail business in the Cayman Islands). Net profit from continuing operations in Bermuda, was US\$71m for the year (an increase of US\$29m or 71% from prior year) with a cost efficiency ratio of 55%, reflecting a strong customer franchise with cost discipline, as work continues to implement regulatory change and enhance risk controls.

Loan impairment charges remained elevated during 2014, which is a prudent response to continued stress in the commercial and residential property markets as well as higher delinquency levels.

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This information is issued by

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The Bank maintains strong capital and liquidity positions, which significantly exceed the increasing regulatory requirements. Our capital and liquidity positions remain key strengths to ensure we are well positioned to support growth for our customers as well as the local economy.”

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 spectrum of our customer base from individual households to corporate customers.

As part of the world’s leading international bank, we continue to leverage growth opportunities, supporting our customers both in Bermuda as well as globally. Locally, we have spent much time with many individuals and businesses to help our customers manage through difficult times.

Our Global Banking and Markets franchise had a particularly strong performance through collaboration with our colleagues in the US as we continued to win lead management roles for a number of debt capital financing transactions. We also continue to assist Bermuda global insurance clients with management of their cash flow and non-US dollar catastrophe claims by providing relevant products and foreign currency accounts, both here in Bermuda and globally. The Insurance Linked Securities market in Bermuda saw strong growth in 2014 and we have been able to support this growth through strong collaboration with our colleagues in the US.

Customer preferences are changing and our personal mobile banking application launched in 2013 has grown significantly in popularity as we made additional improvements to internet banking convenience and security features as well as increased our social media presence.

We have also discontinued our banking business in Cayman and relinquished our primary banking license at the end of last year. This represented a major part of the reduction in total assets, as we now focus our efforts on the Bermuda market.

HSBC has provided substantial sponsorships and donations here in Bermuda in 2014, supporting many community initiatives and events. In 2006, HSBC Bermuda launched its Staff Volunteer Community Action Day Program, providing all permanent, full-time HSBC Bermuda staff with time off from work to volunteer to assist with projects focused on education, environment and the community. To date, HSBC Bermuda employees have volunteered more than 8,000 hours of community service

I would like to thank our customers for their continued support and confidence in the Bank and our professional staff for their commitment and support to our customers during 2014.”

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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

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to international and local clients. Since 2004 it has been a wholly owned, indirect subsidiary of HSBC Holdings plc.

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2. The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,634bn at 31 December 2014, HSBC is one of the world's largest banking and financial services organisations.

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