



Fact Sheet & Analysis

23 June 2015

HSBC Bank (Malta) plc





- **Introduction**

HSBC Bank Malta plc is the leading international banking and financial services group in Malta and it is a subsidiary of HSBC Group. The Bank offers a comprehensive range of financial products and services via a network of around 40 branches around Malta and Gozo.

- **Company's Strategy**

The Bank in Malta has its strategy lined-up with HSBC Group to become the world's leading international bank. The Bank's strategy includes three key priorities which are: to grow the business, simplify operating processes and structures, and implement common standards across the globe in relation to financial crime and regulatory compliance.

In Malta, the Bank's focus remains on assisting Maltese companies to access international markets and attracting high quality inward investment into Malta.

- **Company's Executive Committee**

The Bank's operations are managed by the Executive Committee who is composed by the CEO, COO, and the business heads. 70% of the executive committee are non-Maltese who previously held other top posts in HSBC. Any change in the members of this committee will not have a direct impact on the bank's operations as the international Group will appoint a suitable replacement. In recent years, the Bank has introduced Maltese nationals in this committee. This has marginally increased confidence in the Bank by investors and customers.

CEO – Mark Watkinson. He has a 29-year experience at HSBC and has worked in nine different countries. Mr. Watkinson has a strong background in commercial banking and prior to taking this appointment in Malta, he was Head of Commercial Banking for North America based in New York.

COO – Decca Fan. She has been working with HSBC for 26 years, having worked in Retail Banking and Wealth Management in Hong Kong, Head of Operations at the Shanghai Processing Centre, and Head of Operations at the Group Service Centre in Malaysia.

- **Financial Analysis**

1. **Net Profit**

	2014	2013	2012
Profit for the Year	€33,617,000	€58,717,000	€61,602,000
% Change	-42.75%	-4.68%	

Net Profit for the Bank has been declining over the last 3 years. While Income for the HSBC has declined by less than 1% in the last year, Net Profit has declined by 42%. The reason for this decline was the increase in insurance claims and the net impairment. Various analysts suggested that this decline was a one-off due to imposed impairments by the ECB, and the Bank shall see an increase in Net Profit if the level of revenue remains constant.

2. **Earnings per Share**

	2014	2013	2012
Earnings per Share	€0.104	€0.181	€0.212
%Change	-42.54%	-14.62%	

In view of the decrease in Net Profit, the money flowing back to the investors in the company has decreased. The rate of decrease in the last year imaged the decrease in Net Profit for the company.

3. **Return on Equity**

	2014	2013	2012
Return on Equity	7.6%	13.9%	15.4%
% Change	-45.32%	-9.74%	

Return on Equity is giving the investor a glimpse into how efficiently the Board of Directors is producing a return for the owners of the company. As net profit for HSBC reduced, it was

followed by the Return on Equity, as it decreased by 45%.

4. Return on Assets

	2014	2013	2012
Return on Assets	0.47%	1.03%	1.04%
% Change	-54.37%	-0.96%	

This is an indication of the Bank's profitability in relation to the total assets held. In 2012 and 2013, the return of assets has been constant at 1% but in 2014 this decreased to 0.47%. This decrease can be mainly attributed to the increase in the Bank's financial assets which increased by €1 billion.

5. Price-Earnings Ratio

	2014	2013	2012
Price-Earnings	18.75	14.27	12.85
% Change	31.39%	11.05%	

As HSBC share price at end of 2014 was €1.95, the gross dividend of 10.4c can be considered as satisfactory. In fact this ratio has increased by 31% over previous year as in 2013 the Bank paid a dividend of 18.1c when the share price was €2.57.

6. Company's Equity

HSBC Malta's total equity is valued at €445 million. Called-up share capital stands at €97 million while retained earnings total €305 million. The Bank has also a revaluation reserve of €42 million.

The Bank has 324 million shares issued which sum up a market capitalisation of €590 million. This exceeds the company's equity by €145 million. Company's book value per share is €1.37.

7. Company's Liabilities

HSBC Malta has total liabilities of €6.7 billion. The majority of the liabilities consist of customers'

accounts which amount to €4.8 billion: €3.3 billion on-demand (savings and current accounts) and €1.5 billion as term deposits.

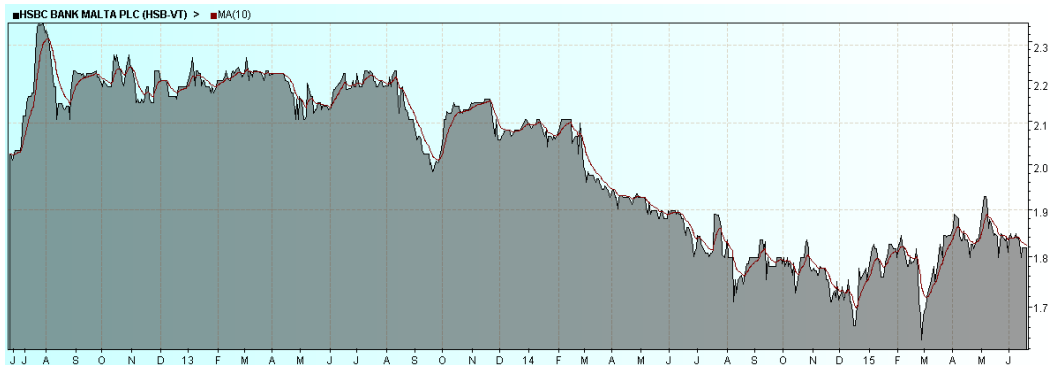
Liabilities under investment contracts amount to just over €1 billion while liabilities under insurance contracts amount to €600 million.

Subordinated Liabilities (4.6% HSBC 2017 and 5.9% HSBC 2018) total €87 million.

- **Share Price**

As at 22 June 2015, share price for HSBC Bank Malta plc has a market value of €1.80. Share Price statistics for the last 3 years highlight the following:

Highest Price:	€2.34	28 July 2012
Lowest Price:	€1.64	26 February 2015





Sources

www.hsbc.com.mt

www.borzamalta.com.mt

www.datastream.com.mt

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