

HSBC HOLDINGS PLC
Form 6-K
February 20, 2009

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, 2009

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 advertisement which is to be published in the press in Malta on 21 February 2009

by HSBC Bank

Malta

p.l.c., a 70.03 per cent indirectly held subsidiary of HSBC Holdings plc.

20 February 2009

**HSBC BANK
MALTA
p.l.c.
2008 RESULTS - HIGHLIGHTS**

Review of Performance

- Profit before tax of €
96.
1
million for the
year
ended
31 December 200
8 - down €
18.
6
million, or
16.
2
per cent, compared with €
114.6
million
in 2007
.
- Profit attributable to shareholders down
17.
3
per cent, or €
13.
2
million, to €
6
3
.
1
million, compared with €
76.3
million

in 2007

.

- Earnings per share
of

€0.

21

6

,

down 17.2 per cent
compared to

€0.

261

for 2007

.

- Loans and advances to customers of €
3,112.2
million at
31 December 2008
- up €
289.9
million, or
10.3
per cent, compared with 31 December 2007.

- Core customer deposits of
€
3,407.5
million at
31 December
2008 - up €
33.7
million
,
or 1.0 per cent
,

compared with 31 December 2007.

- Total assets of €5,
2

96.1

million, up €

40

1

.

0

million, or

8

.2 per cent, compared with 31 December

2007

.

- Return on equity of 22.3 per cent for the year ended 31 December 2008, compared with 27.6 per cent in 2007.

- Capital adequacy ratio, on a Basel II basis, of 11.0 per cent compared with 10.3 per cent in 2007.

Commentary

HSBC Bank Malta and its subsidiaries delivered a profit before tax in 2008 of €96.1 million

While this represents a decline of 16.

2

**per cent compared to 2007,
it was
a solid result achieved
after taking into account**

**the introduction of the euro and the volatility of world financial markets. Overall
, profitability was still
strong with a return on equity of 22.3 per cent.**

Net interest income of €123.0 million

in 2008

was down
2.5 per cent

,

from
€126.2 million
in 2007

.

Increases in
loans and advances
generated
steady growth
in interest receivable. This was off-set by the increase in interest payable on retail
deposits

,

and m
argin pressure
from
a combination of increased
competition
and

the
lower
ing of
base rates

by
the

ECB in the last quarter of 2008.

Net f
ees and commission income of €
31.8
million
in 2008, compared to €31.0 million

in

2007

,
was achieved
despite reduced levels of business activity during the first quarter of 2008

following

Malta

,
s adoption of the euro on 1 January 2008 and the general elections. Adopting the euro also affected foreign exchange
dealing income
which

,
at €
7.9
million, was significantly lower than the €
16.7
million earned
in the previous
year.

Strong organic growth in sales of regular premium term life and investment products, and flat costs contributed to the life insurance business generating a profit before tax of €16.4 million in 2008, up 25.0 per cent on 2007.

The

loss
of €29.4
million
in
n

et income from insurance financial instrum
ents designated at fair value
was
offset
by a
corresponding increase

in
o
ther operating income

,

a
reduction in

n
et insurance claims incurred and movement in policyholders

,

liabilities.

During the year,
gains from property disposals and a revaluation gain on investment property

generated €3.5
million
in other operating income.

Operating expenses of €
90.4
million

in 2008 were

€6.7 million

,
or
8
.1
per cent

,
higher compared to the
previous year

,
with a cost efficiency ratio of
48.0

per cent compared to
42.1
per cent in 2007.

Employee compensation and benefits increased by €5.6 million
in 2008

primarily due to an exceptional charge to support
a voluntary early retirement scheme.

General and administrative e
xpense growth
of €1.0 million

was driven
primarily
by non-recurring costs related to the euro co
nversion and
information technology investment

,
as well as utility and communications expenditure

.
S
tripping out
the costs incurred by the
e
uro conversion and

voluntary retirement scheme

,

operating expenses

remained flat

year-

on

-

year

.

The n

et impai

ment charge of €1.9 million

was six

basis points

of loans and

advances to customers. The

year-

on

-

year increase

was

mainly

due to

the non-recurrence of the high levels of recoveries experienced during 2007

.

L

oans and advances to customers

increased

by

€

289.9

million

in 2008

to €3,112.2 million

,

from €

2,822.3 million

in 2007

,

with

growth

across

both the personal and commercial sectors

.

The quality of the overall loan book remains good with non-performing loans at the 2008 year end representing 2.3 per cent of gross loans,

an improvement from 2.7 per cent at the end of 2007.

Short-term liquid money market placements in the form of loans and advances to banks increased by €441.3 million to €1,072.3 million as more

new funds and maturing liquidity were placed with HSBC

as a result of increasing market risks.

In these challenging times, the availability of available-for-sale investments portfolio was marked down by €9.7 million during the year. HSBC Malta believe

that the credit quality of these assets remains strong and that this deficit will reverse over the long-term. The mark-down was charged to revaluation reserves, net of tax.

The capital adequacy ratio, on a Basel II basis, remained strong at 11.0 per cent.

In September 2008, the bank issued a €30.0 million

**,
5.9 per cent**

**,
subordinated bond
to
further
strengthen**

its

**funding base and
to
support
future business growth.**

Alan Richards,

**d
irector and**

**c
hief**

**e
xecutive**

**o
fficer**

**of
HSBC Bank**

Malta

, said:

"

It

**will be a particularly challenging year
in 2009**

**as many parts of the world head into a recession
which**

will leave its mark on

Malta

**. Profitability will be under pressure as the economy slows, margins contract
further**

in a low interest rate environment and impairments are likely to increase as the credit cycle

continues to weaken

.

"

While

st

some of the challenges we face may be unprecedented

,
we are in
good

shape.

I am confident that with our track record, the backing of
the

HSBC Group, our enduring commitment to liquidity, strong capital and a conservative approach to risk management,
we are well positioned to build

on
our strengths and support
our customers to drive
future growth

.

"

The
financial

result for 2008

is
a testimony to the hard work and professionalism of our staff during these trying times.

"

T
he Board is declaring a final
gross dividend of
€0.
096
per share
(
€0.
062

net of tax). This will be paid on
20 April 2009
to shareholders who are on the bank

,

s register of
shareholders
at 4
March
2009

. This, together with the gross interim ordinary dividend of
€0.
119 per share

,

results in a total gross dividend for the year of

€0.
215
.

**Income statements for the year 1 January
2008
to 31 December 2008**

| | <i>Group</i> | | <i>Bank</i> | |
|---|------------------|-----------|------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| | €000 | €000 | €000 | €000 |
| Interest receivable and similar income | | | | |
| – on loans and advances, balances with Central Bank of Malta, Treasury Bills and other instruments | 224,031 | 217,587 | 223,907 | 217,671 |
| – on debt and other fixed income instruments | 21,479 | 19,993 | 21,376 | 19,993 |
| Interest payable | (122,466) | (111,342) | (124,623) | (113,107) |
| Net interest income | 123,044 | 126,238 | 120,660 | 124,557 |
| Fees and commissions receivable | 34,332 | 33,289 | 28,498 | 26,972 |
| Fees and commissions payable | (2,567) | (2,294) | (1,955) | (1,808) |
| Net fee and commission income | 31,765 | 30,995 | 26,543 | 25,164 |
| Dividend income | 69 | 328 | 1,504 | 9,655 |
| Trading profits | 7,802 | 16,785 | 7,802 | 16,785 |
| Net income from insurance financial instruments designated at fair value through profit or loss | (29,407) | 35 | - | - |
| Net gains on sale of available-for-sale financial assets | 2,787 | 3,538 | 2,725 | 3,538 |
| Net earned insurance premiums | 58,032 | 73,249 | - | - |
| Other operating income | 31,779 | 15,844 | 3,749 | 4,279 |
| Total operating income | 225,871 | 267,012 | 162,983 | 183,978 |
| Net insurance claims incurred and movement in policyholders' liabilities | (37,570) | (68,321) | - | - |
| Net operating income | 188,301 | 198,691 | 162,983 | 183,978 |