

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

HSBC HOLDINGS PLC
Form 6-K
May 09, 2008

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 May, 2008

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-)

HSBC BANK MALAYSIA BERHAD
RESULTS FOR THE FIRST QUARTER 2008 - HIGHLIGHTS

- Profit before taxation for the first quarter of 2008 was MYR348 million, 13.0 per cent higher than the MYR308 million reported for the same period in 2007.
- Profit before allowance for losses on loans and financing increased by 25.7 per cent to MYR397 million for the three months ended 31 March 2008 compared with MYR316 million for the same period in 2007, mainly attributable to higher other operating income.
- Other operating income in the first quarter of 2008 was up 49.2 per cent to MYR303 million (MYR203 million for the same period in 2007) as trading profits rose as a result of increased hedging activities by corporate customers stemming from the volatility of the Malaysian ringgit against other major currencies.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

- Allowance for losses on loans and financing of MYR49 million was up MYR41 million for the three months ended 31 March 2008 due to a lower rate of recoveries than in the same period in 2007.
- Cost efficiency ratio for the three months ended 31 March 2008 improved to 38.1 per cent from 40.6 per cent for the corresponding period in 2007.
- Total assets of MYR50.3 billion up MYR2.2 billion, or 4.4 per cent, at 31 March 2008 compared with MYR48.1 billion at 31 December 2007.

Commentary

HSBC Bank Malaysia Berhad posted strong growth in revenue of 17.6 per cent and profit before allowance for losses on loans and financing of 25.7 per cent for the three months ended 31 March 2008 compared to the corresponding period last year. There was an improvement in all major income streams, with other operating income being the main catalyst behind the growth figures.

Pre-tax profit grew MYR40 million in the first quarter of 2008, an increase of 13 per cent on the same period in 2007. This was despite the significant increase in allowance for losses on loans and financing for the three months ended 31 March 2008 when compared to the same period in 2007 which saw higher recoveries in corporate lending portfolios.

Net interest income for the three months ended 31 March 2008 grew by 2.6 per cent or MYR7 million, to MYR281 million (three months to 31 March 2007: MYR274 million). This was principally driven by an increase in lending, (up MYR2.8 billion or 11.5 per cent to MYR26.8 billion at 31 March 2008 from MYR24.0 billion at 31 March 2007), mainly in trade financing products, offset by tighter margins.

Other operating income for the three months ended 31 March 2008 increased to MYR303 million, up 49.2 per cent or MYR100 million compared to the corresponding period in 2007. This was mainly a result of the increase of MYR74 million in trading profits recorded for the three months ended 31 March 2008 as the Malaysian ringgit remained volatile against other major currencies, resulting in higher hedging activities by corporate customers. Other operating income was further boosted by a gain of MYR22 million realised from the mandatory partial redemption of Visa Inc. ("Visa") shares pursuant to Visa's initial public offering in March 2008.

Other operating expenses for the first three months of 2008 increased by 13.4 per cent, or MYR29 million, to MYR245 million compared with the same period in 2007 (MYR216 million) mainly due to higher personnel costs (up MYR18 million or 16.6%) as the bank expanded its workforce, and other operating expenses.

The cost efficiency ratio for the three months ended 31 March 2008 improved to 38.1 per cent from 40.6 per cent in the same period last year as a result of stronger growth in all major income streams while other operating expenses grew at a slower pace.

Total assets as at 31 March 2008 grew by MYR2.2 billion or 4.4 per cent compared to 31 December 2007. Customer deposits grew by MYR 2.4 billion or 6.5 per cent during the same period as liquidity in the banking sector remained high. The increase in assets was mainly attributable to higher holdings of securities held for trading, up MYR1.6 billion or 131.2 per cent to MYR2.9 billion compared to 31 December 2007.

Irene Dorner, deputy chairman and CEO of HSBC Bank Malaysia Berhad, commented: "HSBC Bank Malaysia Berhad continues to grow in all major income streams even as

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

margins remain tight due to intense competition and excess liquidity in the domestic banking sector. The positive results reflect the confidence customers have in the HSBC brand and the success of the bank's broad based business strategy.

"The Malaysian economy is projected to grow at between five and six per cent in 2008 on the back of Malaysia's strong economic fundamentals, diversified exports base and the relatively low exposure of the local financial institutions to the US sub-prime market. The bank remains in a good position to capitalise on future business opportunities.

"The bank will continue to implement its organic growth strategy in areas with high potential, with particular focus on the setting up of its Islamic banking subsidiary, HSBC Amanah Malaysia Berhad, in the second half of 2008. The opening of new Islamic banking branches will expand the bank's geographical reach, enable it to enter a totally different market segment and allow it to increase its competitive advantage in the local financial services industry."

UNAUDITED CONDENSED BALANCE SHEET AS AT 31 MARCH 2008

| | Group | | Bank | |
|---|------------|------------|------------|------------|
| Figures in MYR '000s | 31Mar08 | 31Dec07 | 31Mar08 | 31Dec07 |
| Assets | | | | |
| Cash and short-term funds | 10,387,809 | 11,321,351 | 10,387,809 | 11,321,351 |
| Securities purchased under resale agreements | 2,828,827 | 1,858,579 | 2,828,827 | 1,858,579 |
| Deposits and placements with banks and other financial institutions | 1,258,003 | 1,448,953 | 1,258,003 | 1,448,953 |
| Securities held-for-trading | 2,858,565 | 1,236,193 | 2,858,565 | 1,236,193 |
| Securities available-for-sale | 3,504,848 | 4,272,517 | 3,504,848 | 4,272,517 |
| Loans, advances and financing | 26,797,838 | 26,007,124 | 26,797,838 | 26,007,124 |
| Other assets | 1,581,295 | 897,653 | 1,581,295 | 897,653 |
| Statutory deposits with Central Bank Malaysia | 650,547 | 704,847 | 650,547 | 704,847 |
| Investment in subsidiaries | - | - | 21 | 21 |
| Prepaid land lease payments | 20,772 | 20,890 | 20,772 | 20,890 |
| Property, plant and equipment | 252,688 | 258,290 | 252,688 | 258,290 |
| Intangible assets | 44,538 | 41,869 | 44,538 | 41,869 |
| Deferred tax assets | 75,932 | 69,675 | 75,932 | 69,675 |
| Total assets | 50,261,662 | 48,137,941 | 50,261,683 | 48,137,962 |
| Liabilities | | | | |
| Deposits from customers | 38,535,172 | 36,173,674 | 38,535,193 | 36,173,695 |
| Deposits and placements of banks and other financial institutions | 4,115,989 | 4,583,066 | 4,115,989 | 4,583,066 |
| Bills and acceptances payable | 491,949 | 627,730 | 491,949 | 627,730 |
| Other liabilities | 2,196,800 | 1,815,550 | 2,196,800 | 1,815,550 |
| Recourse obligation on loans sold to Cagamas | | | | |

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

| | | | | |
|---|------------|------------|------------|------------|
| Berhad | 743,675 | 759,101 | 743,675 | 759,101 |
| Provision for taxation | 81,929 | 57,569 | 81,929 | 57,569 |
| Subordinated bonds | 993,573 | 1,000,000 | 993,573 | 1,000,000 |
| Total liabilities | 47,159,087 | 45,016,690 | 47,159,108 | 45,016,711 |
| Shareholders' funds | | | | |
| Share capital | 114,500 | 114,500 | 114,500 | 114,500 |
| Reserves | 2,988,075 | 2,756,751 | 2,988,075 | 2,756,751 |
| Proposed dividend | - | 250,000 | - | 250,000 |
| Shareholders' funds | 3,102,575 | 3,121,251 | 3,102,575 | 3,121,251 |
| Total liabilities and shareholders' funds | 50,261,662 | 48,137,941 | 50,261,683 | 48,137,962 |
| Commitments and contingencies | 78,842,053 | 76,966,309 | 78,842,053 | 76,966,309 |

UNAUDITED CONDENSED INCOME STATEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

| | Group and Bank | |
|---|----------------|-----------|
| Figures in MYR '000s | 31Mar08 | 31Mar07 |
| Revenue | 906,307 | 770,798 |
| Interest income | 518,179 | 483,304 |
| Interest expense | (237,509) | (209,614) |
| Net interest income | 280,670 | 273,690 |
| Other operating income | 302,550 | 202,794 |
| Income from Islamic banking operations | 58,388 | 55,040 |
| Operating income | 641,608 | 531,524 |
| Other operating expenses | (244,654) | (215,689) |
| Profit before allowance | 396,954 | 315,835 |
| Allowance for losses on loans and financing | (48,911) | (7,718) |
| Profit before taxation | 348,043 | 308,117 |
| Taxation | (95,054) | (86,270) |
| Profit attributable to shareholders | 252,989 | 221,847 |
| Earnings per MYR0.50 ordinary share - basic/diluted | 110.5 sen | 96.9 sen |

Note: The financial statements of HSBC Bank Malaysia Berhad have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

Edgar Filing: HSBC HOLDINGS PLC - Form 6-K

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: 09 May 2008