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HSBC HOLDINGS PLC
Form 6-K
November 20, 2006

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 November, 2006

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 NINE MONTHS ENDED 30 SEPTEMBER 2006 - HIGHLIGHTS

- Profit before allowance for losses on loans and financing up 38.1 per cent to MYR782 million for the nine months ended 30 September 2006 (MYR566 million for the same period in 2005).
- Profit before taxation of MYR706 million for the nine months ended 30 September 2006, MYR132 million or 23.1 per cent higher than the MYR574 million reported for the same period in 2005.
- Cost efficiency ratio improved to 45.7 per cent from 50.2 per cent for the corresponding period in 2005.

Net interest income for the nine months ended 30 September 2006 was up 21.6 per cent to MYR723 million (MYR594 million for the same period in 2005). This was principally driven by loan growth of MYR3.2 billion, or 14.8 per cent year-on-year. This favourable performance was also attributed to three upward revisions to our base lending rate (BLR) of 25 basis points each in December 2005, February 2006 and April 2006 and the bank's strategy to focus on higher

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margin products.

Other operating income for the nine months ended 30 September 2006 increased 27.6 per cent to MYR594 million (MYR465 million for the same period in 2005). This was supported by:

- foreign exchange trading profits due to increased hedging activity by corporates, and greater trading opportunities arising from foreign exchange rate volatility; and
- profit gain from the disposal of a merchant acquiring credit card business in July 2006 to a joint venture between HSBC and Global Payments Inc.

Income from Islamic banking operations rose by 61.2 per cent for the nine months ended 30 September 2006 to MYR123 million (MYR76 million in the same period last year). This was due to growth in the bank's Islamic balance sheet - up MYR1.5 billion, or 38.9 per cent, to MYR5.5 billion compared to the same period last year.

Other operating expenses at MYR658 million (MYR570 million for the nine months ended 30 September 2005) were up 15.4 per cent mainly as a result of higher staff costs as total staff count increased, and higher inter-company expenses.

Allowance for losses on loans and financing was MYR76 million for the nine months ended 30 September 2006 compared to net write-back of MYR7.5 million for the nine months ended September 2005. This was mainly due to significant specific allowance release from a number of large, previously non-performing loans in 2005.

Total assets of MYR40.8 billion at 30 September 2006 grew by MYR4.3 billion, or 11.6 per cent, compared with MYR36.5 billion at 31 December 2005, mainly attributed to higher loans, advances and financing (up MYR3 billion or 13.8 per cent).

The increase in total assets was primarily funded by customer deposits (up MYR2.4 billion or 8.5 per cent compared to 31 December 2005) as a result of various deposit campaigns run as part of our strategy to grow liabilities.

Zarir J Cama, deputy chairman and CEO of HSBC Bank Malaysia Berhad, said: "HSBC Bank Malaysia Berhad achieved a record profit before tax of MYR706 million in the first nine months of the year, 23 per cent higher than the corresponding period in 2005. This demonstrates the success of our strategies, and I am confident that we can sustain this momentum going forward.

"We are well positioned to tap the business opportunities in areas of growth, amid the fast changing and expanding business environment under the Malaysian Government's liberalisation of the banking industry. We will continue to grow our Islamic banking book and, at the same time, focus on our Takaful business to help position Malaysia as a global Islamic financial centre. During the quarter, we achieved one million credit cards in circulation and we are now one of the top three credit card issuers in Malaysia. We will focus on increasing our revenue by deepening relationships with our existing and new customer base. We will also grow our SME portfolio by offering our clients customised business and trade services.

"In order to drive our business to the next level, we have focused on improving customer service quality, introduced innovative products, enhanced productivity and increased brand visibility."

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UNAUDITED CONDENSED BALANCE SHEET AT 30 SEPTEMBER 2006

| Figures in MYR '000s | Group | | Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 30Sep06 | 31Dec05 | 30Sep06 | 31Dec05 |
| Assets | | | | |
| Cash and short-term funds | 6,196,863 | 7,710,602 | 6,196,863 | 7,710,602 |
| Securities purchased under resale agreements | 2,396,431 | 1,449,760 | 2,396,431 | 1,449,760 |
| Deposits and placements with banks and other financial institutions | 1,231,157 | 479,942 | 1,231,157 | 479,942 |
| Securities held-for-trading | 1,089,987 | 703,727 | 1,089,987 | 703,727 |
| Securities available-for-sale | 3,587,203 | 3,284,735 | 3,587,203 | 3,284,735 |
| Loans, advances and financing | 24,437,948 | 21,476,706 | 24,437,948 | 21,476,706 |
| Other assets | 565,823 | 371,825 | 565,823 | 371,825 |
| Statutory deposits with Bank Negara Malaysia | 898,448 | 698,948 | 898,448 | 698,948 |
| Investment in subsidiary companies | - | - | 21 | 21 |
| Property, plant and equipment | 302,573 | 304,916 | 302,573 | 304,916 |
| Intangible assets | 21,474 | 5,228 | 21,474 | 5,228 |
| Deferred tax assets | 72,000 | 59,851 | 72,000 | 59,851 |
| Total assets | 40,799,907 | 36,546,240 | 40,799,928 | 36,546,261 |
| Liabilities | | | | |
| Deposits from customers | 30,720,761 | 28,317,351 | 30,720,782 | 28,317,372 |
| Deposits and placements of banks and other financial institutions | 2,849,630 | 1,954,799 | 2,849,630 | 1,954,799 |
| Obligations on securities sold under repurchased agreements | 1,899,921 | 1,617,617 | 1,899,921 | 1,617,617 |
| Bills and acceptances payable | 468,419 | 475,940 | 468,419 | 475,940 |
| Other liabilities | 1,252,852 | 942,517 | 1,252,852 | 942,517 |
| Recourse obligation on loans sold to Cagamas Berhad | 923,404 | 787,931 | 923,404 | 787,931 |
| Provision for taxation and zakat | 64,723 | 29,716 | 64,723 | 29,716 |
| Total liabilities | 38,179,710 | 34,125,871 | 38,179,731 | 34,125,892 |
| Shareholders' funds | | | | |
| Share capital | 114,500 | 114,500 | 114,500 | 114,500 |
| Reserves | 2,505,697 | 2,155,869 | 2,505,697 | 2,155,869 |
| Proposed dividend | - | 150,000 | - | 150,000 |
| Shareholders' funds | 2,620,197 | 2,420,369 | 2,620,197 | 2,420,369 |
| Total liabilities and shareholders' funds | 40,799,907 | 36,546,240 | 40,799,928 | 36,546,261 |

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| | | | | |
|-------------------------------|------------|------------|------------|------------|
| Commitments and contingencies | 63,288,414 | 47,716,860 | 63,288,414 | 47,716,860 |
|-------------------------------|------------|------------|------------|------------|

UNAUDITED CONDENSED INCOME STATEMENT FOR THE THIRD QUARTER/PERIOD ENDED 30 SEPTEMBER 2006

Group and Bank

| Figures in MYR '000s | Third quarter ended | | Nine months ended | |
|---|---------------------|-----------|-------------------|-----------|
| | 30Sep06 | 30Sep05 | 30Sep06 | 30Sep05 |
| Revenue | 779,309 | 597,081 | 2,097,632 | 1,647,154 |
| Interest income | 465,174 | 368,905 | 1,285,463 | 1,062,897 |
| Interest expense | (211,870) | (164,466) | (562,903) | (468,698) |
| Net interest income | 253,304 | 204,439 | 722,560 | 594,199 |
| Other operating income | 231,397 | 183,080 | 593,825 | 465,222 |
| Income from Islamic banking operations | 49,490 | 29,681 | 123,206 | 76,429 |
| Operating income | 534,191 | 417,200 | 1,439,591 | 1,135,850 |
| Other operating expenses | (211,912) | (210,090) | (657,687) | (569,686) |
| Profit before allowance | 322,279 | 207,110 | 781,904 | 566,164 |
| Allowance for losses on loans and financing | (29,219) | 30,325 | (75,761) | 7,533 |
| Profit before taxation | 293,060 | 237,435 | 706,143 | 573,697 |
| Taxation | (78,498) | (67,439) | (202,806) | (163,310) |
| Profit attributable to shareholders | 214,562 | 169,996 | 503,337 | 410,387 |
| Earnings per MYR0.50 ordinary share | | | | |
| - basic/diluted | 93.7 sen | 74.2 sen | 219.8 sen | 179.2 sen |
| Dividends per MYR0.50 ordinary share (net) | | | | |
| - paid in respect of prior year | - | - | 65.5 sen | 43.7 sen |
| - interim dividend paid | 65.5 sen | 52.4 sen | 65.5 sen | 52.4 sen |

Remarks:

1. Change in Accounting Policy

During the nine months ended 30 September 2006, the bank adopted a new accounting standard, FRS2 on Share-based Payment. FRS2 requires companies to adopt a fair-value-based method of accounting for share-based compensation plans which takes into account vesting conditions related to market performance, for example total shareholder return. Under this method, compensation cost is

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measured at the date of grant based on the assessed value of the award and is recognised over the service period, which is usually the vesting period. The fair value of share options granted is to be recognised in the income statement.

The change in accounting policy has been accounted for by restating comparatives as disclosed in note 2 (a).

2. Comparative Figures

The presentation and classification of items in the current third quarter financial statements have been consistent with the previous financial period/year except for the following:

(a) Changes in accounting policy explained in note 1.

| | Group | | Bank | |
|----------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | As restated RM'000 | As previously stated RM'000 | As restated RM'000 | As previously stated RM'000 |
| Balance sheet | | | | |
| at 31 Dec 05 | | | | |
| Securities available | | | | |
| -for-sale | 3,284,735 | 3,277,490 | 3,284,735 | 3,277,490 |
| Other assets | 371,825 | 376,829 | 371,825 | 376,829 |
| Deferred tax asset | 59,851 | 53,547 | 59,851 | 53,547 |
| Other liabilities | 942,517 | 917,761 | 942,517 | 917,761 |
| Reserves | 2,155,869 | 2,172,080 | 2,155,869 | 2,172,080 |

| | Group and Bank | |
|---|-----------------------|-----------------------------------|
| | As restated RM'000 | As previously stated RM'000 |
| Income statement for the third financial quarter ended 30 Sept 05 | | |
| Other operating expenses | 569,686 | 562,454 |
| Profit before allowance | 566,164 | 573,396 |
| Profit before taxation | 573,697 | 580,929 |
| Profit attributable to shareholders | 410,387 | 415,594 |
| Earnings per RM0.50 share | 179.2 sen | 181.5 sen |

(b) Reclassification to conform the current years' presentation.

| Group and Bank | |
|----------------|---------------|
| As | As previously |

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| | restated RM'000 | stated RM'000 |
|-------------------------------|--------------------|------------------|
| Balance sheet at 31Dec05 | | |
| Property, plant and equipment | 304,916 | 310,144 |
| Intangible assets | 5,228 | - |

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: 20 November, 2006