



9 November 2018

COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. pursuant to the Listing Rules issued by the Listing Authority:

Quote:

**HSBC BANK MALTA p.l.c.
INTERIM DIRECTORS' STATEMENT**

For the nine month period to 30 September 2018, as expected and consistent with the interim results, HSBC Bank Malta p.l.c. profit before tax declined compared with the same period in 2017.

Revenue for the period under review was lower than the same period in 2017 as a result of the persisting low interest rate environment, reduction in the corporate loan book and the full year effect of risk management actions undertaken in 2017.

Loan impairment charges remain within management expectations. Overall asset quality remained satisfactory with further reduction in corporate non-performing loans achieved during the period.

Operating expenses were higher than the same period in 2017 reflecting investments in regulatory programmes, combatting financial crime and business growth. The bank continues to exercise rigorous cost control including implementing initiatives through digitalisation and processes optimisation.

Compared to December 2017, loans and advances to customers decreased slightly due to a reduction in the corporate loan book. At the same time, the retail business continued to grow its lending driven by mortgages. Customer deposits increased marginally since December 2017. The bank's liquidity position remained exceptionally strong.

Regulatory capital ratios continued to exceed regulatory capital requirements and the bank's 10-year corporate subordinated bond was redeemed on 7th October. HSBC Bank Malta p.l.c. will provide an update on its medium term capital plan in the fourth quarter.

For the discrete quarter, 1 July to 30 September 2018, profitability was in line with management expectations and higher than the profit before tax during the same period in 2017 due to low credit losses.

Andrew Beane, the Chief Executive Officer of HSBC Bank Malta p.l.c., said: “Our results for this quarter were in line with expectations. HSBC’s commitment to operate to the highest global standards of financial crime compliance remains a signature strength and gives confidence to our customers, employees and shareholders. More broadly, it is essential for the reputation of Malta’s financial services industry that the sector as a whole is able to demonstrate full and effective compliance with all local and international obligations. For HSBC our risk management actions are now enabling increased focus on growth by investing in new and improved services for our customers. For example, our new account opening service launched on 22 October 2018 will transform the customer experience of opening bank accounts with a digital application, only one signature and receipt of a personalised debit card already activated and ready for immediate use at the end of a short account opening appointment. HSBC will be introducing further customer service enhancements in the coming months as we focus on measured customer-led growth.”

Unquote

Notes to editors:

1. Basis of preparation

This statement is based on the unaudited management accounts of HSBC Bank Malta p.l.c. up to 30 September 2018 and other financial information.

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from approximately 3,800 offices in 66 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,603bn at 30 September 2018, HSBC Holdings plc is one of the world’s largest banking and financial services organisations.



Dr George Brancaleone LL.D.
Company Secretary