



22 November 2019

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:

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

Quote:

For the nine month period to 30 September 2019, consistent with the interim results, HSBC Bank Malta p.l.c.'s profit before tax was higher than the same period in 2018.

Revenue for this period was lower than the same period in 2018. Positive revenue momentum continued in Retail Banking with reported revenue above previous year. However, this was offset by lower revenue in Commercial Banking due to lower average loan balances as a result of the active reduction in non-performing loans and risk-related actions across 2018. Revenue was also adversely impacted in the HSBC Life Assurance subsidiary by negative market movements during the third quarter of 2019.

Expected Credit Losses remain well within management expectations and below 2018. Overall asset quality remained satisfactory with further reduction in non-performing loans achieved during the period.

In line with interim results, operating expenses were lower than the same period in 2018 reflecting the bank's continuous focus on cost control.

Compared to December 2018, loans and advances to customers increased, driven by strong growth in Mortgages with Commercial Banking balances remaining stable at December 2018 levels. Customer deposits increased marginally since December 2018. The bank's liquidity position remained exceptionally strong.

Regulatory capital ratios continued to exceed regulatory capital requirements.

Andrew Beane, the Chief Executive Officer of HSBC Bank Malta p.l.c., said: "Our profitability is higher than the same period in 2018 reflecting continued trading momentum in our retail business and strong cost and credit discipline. However, the operating environment has deteriorated since our last update with further reductions in interest rates which are now expected to remain low for the long term. At the same time we have observed acceleration in customer preference for digital banking solutions. Accordingly, and as announced in October, HSBC is taking decisive strategic action to position the bank to benefit from the changing customer usage of banks and

to reduce the impact of negative interest rates on the bank's profitability. I believe these are the right strategic choices to ensure the bank's longer term success."

Unquote

A handwritten signature in black ink, appearing to read 'G. Brancalone', written in a cursive style.

Dr George Brancalone LL.D.
Company Secretary