



9 May 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:

Quote:

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

Profit before tax for the first three months of 2019 met management expectations but was lower than the same period in 2018 due to a higher level of expected credit loss releases seen in Q1 2018.

Encouraging revenue momentum was seen in Retail Banking with reported revenue for the first three months of 2019 above the same period in 2018. This was offset by lower revenue in Commercial Banking due to lower loan balances than Q1 2018 as a result of the active reduction in non-performing loans and risk-related actions across 2018.

The bank's effective management of non-performing exposures resulted in continued expected credit loss recoveries in both retail and commercial divisions.

Costs reduced versus the prior year and initiatives aimed at cost base streamlining through digitalisation and process optimisation continue and are a focus of the Board.

Loans and advances to customers increased compared to 31 December 2018. Retail Banking demonstrated strong sales of mortgages and commercial lending stabilised in the first quarter of 2019 with marginal growth over the December 2018 position.

The bank continued to maintain its robust liquidity position and took further action during the period to reduce the cost of holding surplus liquidity in the negative interest rate environment.

The bank's capital base remained strong with all ratios above regulatory requirements.

more

Andrew Beane, the Chief Executive Officer of HSBC Malta, said: "In the first quarter, the bank made further progress with implementation of our strategic plan, particularly in retail banking where our growth actions are gaining traction. Investments in propositions and customer experience are yielding results with, for example, new accounts opened up more than 100% versus the prior year.

"In Commercial Banking we have positioned the business to reduce risk and while there were positive signs of stabilisation in the first quarter, the environment and outlook remain challenging.

"The local economy continues to demonstrate resilient performance and government finances are in a strong position. We welcome the actions announced by the Central Bank of Malta to promote sustainability in the housing market.

"Finally, I would like to pay tribute to our Chairman, Sonny Portelli, who has announced his retirement from the Board after 12 years of service. Sonny has chaired our bank with distinction through a period of unprecedented change in the financial services industry. He leaves with our thanks and admiration and we wish him and his family well for the future."

Unquote



Dr George Brancalone LL.D.
Company Secretary

Media enquiries to Carine ARPA at carine.arpa@hsbc.com; tel: +356 2380 3250

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 31 March 2019 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 offices in 66 countries and territories in Asia, Europe, North and Latin America, and Middle East and North Africa. With assets of US\$2,659bn at 31 March 2019, HSBC Holdings plc is one of the world's largest banking and financial services organisations.

ends/all