

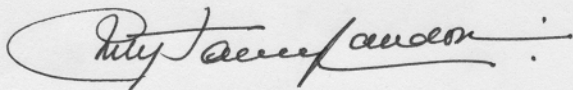
COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. pursuant to Malta Stock Exchange Bye-Laws 6.05.04 (iii) and 6.05.06 (i):

Quote:

In a meeting of 19 July 2001, the Board of Directors of HSBC Bank Malta p.l.c. approved the attached Group and Bank Interim Accounts for the six months period ended 30 June 2001 and the payment of a gross interim dividend of 5 cents per share.

Unquote



Dr. Philip Farrugia Randon LL.D. KM
Company Secretary

19.7.2001

HSBC Bank Malta p.l.c.

Legal Office, Head Office, 168, Strait Street, Valletta VLT08
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Registered in Malta number C3177. Registered Office: 233 Republic Street, Valletta VLT 05
Regulated by the Central Bank of Malta, the Malta Financial Services Centre and the Malta Stock Exchange.
Licensed to conduct Investment Services business by the Malta Financial Services Centre.

H S B C Bank Malta p.l.c.

Our Half-Yearly Results for 2001

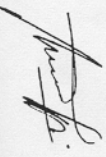
Profit and Loss Account for the period 1 January to 30 June 2001

Balance Sheet at 30 June 2001

	Group		Bank	
	6 mths to 30/6/01 Lm000	6 mths to 30/6/00 Lm000	6 mths to 30/6/01 Lm000	6 mths to 30/6/00 Lm000
Interest receivable and similar income - on loans, advances and balances with Central Bank of Malta - on debt securities	31,615 9,618 (26,970)	32,422 9,131 (26,618)	28,803 9,274 (27,011)	29,318 9,633 (27,150)
Interest payable	14,263	14,935	11,066	11,801
Net interest income	17,352	17,483	17,737	17,538
Dividend income	72	354	72	1,798
Fees and commissions receivable	4,581	4,455	3,408	3,369
Fees and commissions payable	(233)	(240)	(198)	(191)
Dealing profits	3,643	3,466	3,420	3,303
(Deficit)/surplus on long-term life assurance fund	(63)	89	-	-
Other operating income	(21)	1,486	(86)	459
Operating income	22,242	24,545	17,682	20,539
Administrative expenses	(13,116)	(12,405)	(12,331)	(11,699)
Depreciation	(1,299)	(1,139)	(1,222)	(1,073)
Provisions for bad and doubtful debts	(3,014)	(4,591)	(2,902)	(4,492)
Adjustments to provisions for bad and doubtful debts	2,555	3,146	2,536	2,987
Provisions for contingent liabilities and charges	-	(11)	-	(11)
Amounts written off financial fixed assets	(33)	1	-	1
Net amortisation of goodwill	(145)	(151)	(103)	(103)
Profit on ordinary activities before tax	7,190	9,395	3,660	6,149
Tax on profit on ordinary activities	(1,883)	(2,526)	(1,102)	(1,742)
Profit on ordinary activities after tax	5,307	6,869	2,558	4,407
Profit attributable to minority interests	-	(74)	-	-
Profit for the financial period attributable to shareholders	5,307	6,795	2,558	4,407
Earnings per share	14.5c	18.6c	7.0c	12.1c

	Group		Bank	
	30/6/01 Lm000	31/12/00 Lm000	30/6/01 Lm000	31/12/00 Lm000
Assets				
Cash and balances with Central Bank of Malta	10,844	16,470	11,421	16,687
Reserve deposit with Central Bank of Malta	62,509	60,008	62,263	59,742
Cheques in course of collection	11,960	6,027	11,889	6,011
Treasury bills	16,512	20,212	15,319	17,939
Loans and advances to banks	84,434	76,963	171,750	123,123
Loans and advances to customers	876,592	847,568	734,961	717,398
Debt securities	312,436	304,890	291,616	299,832
Equity shares	23,666	23,919	12,242	13,276
Shares in subsidiary companies	1	1	42,933	13,276
Intangible fixed assets	1,062	1,208	701	41,189
Tangible fixed assets	24,944	23,734	24,684	23,466
Other assets	8,390	9,467	6,945	8,279
Prepayments and accrued income	23,225	22,535	20,285	20,853
Total assets	1,456,575	1,413,002	1,407,009	1,348,599
Liabilities				
Amounts owed to banks	78,763	54,976	203,467	169,458
Amounts owed to customers	1,208,899	1,183,409	1,052,383	1,034,556
Debt securities in issue	12	16,122	-	-
Other liabilities	13,173	12,182	12,275	11,302
Accruals and deferred income	21,415	20,642	20,771	19,346
Provisions for liabilities and other changes	15,766	11,924	214	214
Subordinated liabilities	19,990	19,990	20,000	20,000
Shareholders' funds	1,358,018	1,319,245	1,309,110	1,254,876
Called up issued share capital	9,120	9,120	9,120	9,120
Revaluation reserves	6,059	7,790	26,610	25,914
Other reserves	4,242	4,242	4,242	4,242
Profit and loss account	77,950	71,183	56,741	53,025
Dividend reserve	1,186	1,422	1,186	1,422
Total liabilities	98,557	93,757	97,899	93,723
	1,456,575	1,413,002	1,407,009	1,348,599

The financial statements were approved by the Board of Directors on 19 July 2001 and signed on its behalf by:



Albert Mizzi, Chairman



Tom Robson, Chief Executive Officer

Statement of Changes in Equity for the period 1 January to 30 June 2001

	Group					Bank						
	Share Capital Lm000	Revaluation Reserves Lm000	Other Reserves Lm000	Profit and Loss Account Lm000	Dividend Reserve Lm000	Total Lm000	Share Capital Lm000	Revaluation Reserves Lm000	Other Reserves Lm000	Profit and Loss Account Lm000	Dividend Reserve Lm000	Total Lm000
At 1 January 2000	9,120	8,121	4,242	62,339	474	84,296	9,120	19,199	4,242	50,201	474	83,236
Surplus on revaluation of investments net of deferred tax	-	26	-	-	-	26	-	-	-	-	-	-
Revaluation reserve released on disposal of freehold property and investments net of deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
Minority interests' share	-	(334)	-	-	-	(334)	-	-	-	-	-	-
Net losses not recognised in the profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
Profit attributable to shareholders	-	-	-	6,795	-	6,795	-	-	-	4,407	1,186	4,407
Dividends, net of income tax	-	-	-	(1,186)	1,186	-	-	-	(1,186)	-	(474)	(474)
Dividends paid	-	-	-	-	(474)	-	-	-	-	-	-	-
At 30 June 2000	9,120	7,812	4,242	67,948	1,186	90,308	9,120	18,901	4,242	53,422	1,186	86,871
At 1 January 2001	9,120	7,790	4,242	71,183	1,422	93,757	9,120	25,914	4,242	53,025	1,422	93,723
Restatement in accordance with IAS39 net of deferred tax	-	-	-	2,652	-	2,652	-	-	-	2,350	-	2,350
Net movements in fair values of 'available for sale' financial instruments under IAS39	-	-	-	-	-	-	-	-	-	-	-	-
Transfer between reserves on disposal of property	-	4	-	(6)	-	(2)	-	-	-	(6)	-	(2)
Deficit on revaluation of investments net of deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve released on disposal of investments net of deferred tax	-	-	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognised in the profit and loss account	-	-	-	(112)	-	(112)	-	696	-	2,344	-	3,040
Profit attributable to shareholders	-	-	-	2,646	-	2,646	-	-	-	2,538	-	2,538
Dividends, net of income tax	-	-	-	5,307	-	5,307	-	-	-	(1,186)	1,186	-
Dividends paid	-	-	-	-	(1,186)	-	-	-	-	-	-	-
At 30 June 2001	9,120	6,059	4,242	77,950	1,186	98,557	9,120	26,610	4,242	56,741	1,186	97,899

Cash Flow Statement for the period 1 January to 30 June 2001

Segmental Analysis

	Group		Bank		Commercial Banking		Investment Banking		Other Companies		Group Total	
	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
Cash flows from operating activities												
Interest and commission receipts	36,238	43,658	33,219	37,037								
Interest and commission payments	(26,430)	(25,284)	(25,137)	(26,183)								
Payments to employees and suppliers	(12,624)	(12,197)	(12,986)	(10,998)								
Operating profit before changes in operating assets and liabilities	(2,816)	6,177	(4,904)	(144)								
(Increase)/decrease in operating assets:												
Non-investment securities	(4)	4,800	1,979	7,524								
Reserve deposits with Central Bank of Malta	(2,501)	(2,638)	(2,521)	(2,699)								
Loans and advances to banks	(15,784)	(3,879)	(57,652)	(21,012)								
Loans and advances to customers	(29,569)	(21,805)	(18,015)	(11,188)								
Other receivables	(1,897)	(18,579)	(3,727)	(17,360)								
Increase/(decrease) in operating liabilities:												
Amounts owed to banks	16,530	7,907	14,519	9,679								
Amounts owed to customers	25,490	13,102	17,827	(5,471)								
Other payables	4,122	2,715	973	2,591								
Net cash used in operating activities before tax	(6,429)	(12,200)	(51,521)	(38,080)								
Tax paid	(640)	(1,429)	(420)	(1,249)								
Net cash used in operating activities	(7,069)	(13,629)	(51,941)	(39,329)								
Cash flows from investing activities												
Dividends received	72	354	72	1,798								
Interest received from investment securities	9,268	7,048	10,151	7,251								
Proceeds on maturity/disposal of investment securities	90,599	46,188	101,224	36,957								
Proceeds on disposal of associated companies	-	360	-	360								
Proceeds on disposal of tangible fixed assets	69	133	55	30								
Purchase of investment securities	(93,184)	(63,656)	(89,425)	(60,143)								
Purchase of tangible fixed assets	(2,573)	(1,779)	(2,495)	(1,748)								
Net cash from/(used in) investing activities	4,251	(11,352)	19,582	(15,495)								
Cash flows from financing activities												
Dividends paid	(1,422)	(474)	(1,422)	(474)								
Decrease in debt securities in issue	(16,110)	(2)	-	-								
Net cash used in financing activities	(17,532)	(476)	(1,422)	(474)								
Decrease in cash and cash equivalents	(20,350)	(25,457)	(33,781)	(55,298)								
Effect of exchange rate changes on cash and cash equivalents												
Net decrease in cash and cash equivalents	1,079	(1,183)	(680)	(1,652)								
Decrease in cash and cash equivalents	(21,429)	(24,274)	(33,101)	(53,646)								
Net decrease in cash and cash equivalents	(20,350)	(25,457)	(33,781)	(55,298)								
Cash and cash equivalents at 1 January	44,589	94,915	27,241	16,961								
Cash and cash equivalents at 30 June	24,239	69,458	(61,022)	(38,337)								

a By class of business

	Commercial Banking		Investment Banking		Other Companies		Group Total	
	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00	6 mths to 30/6/01	6 mths to 30/6/00
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
Profit before tax	21,239	23,401	932	805	71	339	22,242	24,545
Segment operating income							(15,052)	(15,150)
Common costs								
Profit on ordinary activities before taxation								
Assets								
Segment total assets	1,436,034	1,368,054	993	1,653	19,548	13,847	1,456,575	1,383,554
Average total assets	1,415,852	1,331,333	992	2,274	17,945	11,575	1,434,789	1,345,182
Net assets	95,774	87,852	1,938	1,323	845	1,133	98,557	90,308

b By geographical region

The group's activities are carried out within Malta. There are no identifiable geographical segments or other material concentrations.

Review of Performance

The published figures, which are in compliance with IAS34, 'Interim Financial Reporting', have been extracted from the HSBC Bank Malta p.l.c.'s unaudited group management accounts for the six months ended 30 June 2001. These figures are being published in terms of the Bye-Laws of the Malta Stock Exchange, section 6.05.06(f). The format used conforms with that specified in the Banking Directive BD:077/1994.01 issued by the Central Bank of Malta.

The financial information has been drawn up in accordance with the accounting policies used in the preparation of the 2000 audited financial statements, except for the adoption of IAS39, 'Financial Instruments - Recognition and Measurement', which is operative for financial statements covering financial years beginning on or after 1 January 2001.

The principal effect of IAS39 on these interim financial statements relates to the basis of valuation of certain classes of financial instruments.

Previously, long term debt securities were valued at amortised cost less provision for impairment. Subsequent to the implementation of IAS39, such securities were reclassified as either 'held to maturity' or 'available for sale' and those classified as 'available for sale' were remeasured to fair value.

The net effect on remeasurement to fair value was taken to profit and loss account reserves on 1 January 2001 and is disclosed within the Statement of Changes in Equity.

HSBC Bank Malta p.l.c. and its subsidiaries (the group) generated a profit before tax of Lm7.2 million during the six month period ended 30 June 2001. This represents a decrease of Lm2.2 million over the same period in 2000 reflecting subdued market conditions both locally and internationally.

Operating Income at Lm22.2 million was Lm2.3 million lower than 2000. Net Interest Income at Lm14.3 million was Lm0.7 million lower than 2000 reflecting lower margins on lending and investments. Dealing profits reported reasonable growth with a 5.1% increase over the comparative period and commission revenues returned a 2.8% increase. Other operating income was Lm1.5 million lower than 2000 as a result of one off gains from sale of investments in the prior period.

Administrative Expenses increased 5.7% to Lm13.1 million due to higher staff related costs. Net Provisions for Bad and Doubtful Debts amounted to Lm0.5 million (June 2000: Lm1.4 million).

Earnings per share reduced to 14.5 cents (June 2000: 18.6 cents) and the pre-tax return on average shareholders' funds fell to 14.8% (June 2000: 21.5%).

Customers' deposits increased by Lm25.5 million to Lm1.209 billion (December 2000: Lm1.183 billion). Net customer advances rose Lm29.0 million to Lm876.6 million (December 2000: Lm847.6 million). Shareholders' funds rose by Lm4.8 million to Lm98.6 million. This represents an increase of 5.1% and includes the retention of Lm5.3 million of group profits, and movements on revaluation and dividend reserves.

An interim dividend of 5 cents (gross) per ordinary share has been proposed by the directors. This is unchanged on the previous interim dividend payment and will be paid to all shareholders who are registered on the Company's register at the Central Securities Depository of the Malta Stock Exchange on 25 July 2001.



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