



COMPANY ANNOUNCEMENT

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

Quote:

In a meeting of 25 July 2003, the Board of Directors of HSBC Bank Malta p.l.c. approved the attached Group and Bank Interim Accounts for the six-month period ended 30 June 2003 and the payment of a gross dividend of 10.8cents per share.

Unquote

A handwritten signature in black ink, appearing to read "Philip Farrugia Randon".

Dr Philip Farrugia Randon LL.D.KM
Company Secretary

25 July 2003

HSBC Bank Malta p.l.c.

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Registered in Malta number C3177. Registered *Office: 233 Republic Street, Valletta VLT 05*

Regulated by the Malta Financial Services Authority and the Malta Stock Exchange.

Licensed to conduct Investment Services business by the Malta Financial Services Authority.

HSBC Bank Malta p.l.c.

Half-Yearly Results for 2003

Review of Performance

The published figures, which are in compliance with International Accounting Standard 34 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 2003. These figures, which have been drawn up according to the accounting policies used in the preparation of the annual audited accounts, are being published in terms of section 6.05.06 (i) of the Malta Stock Exchange Bye-Laws.

HSBC Bank Malta p.l.c. and its subsidiaries recorded a profit on ordinary activities before tax of Lm12.7 million for the six months ended 30 June 2003. This represents an increase of Lm3.2 million, or 34.2 per cent, over the Lm9.5 million earned in the same period in 2002. Earnings per share increased to 23.2 cents compared to 19.3 cents for the same period last year.

- Profit attributable to shareholders of Lm8.5 million - up Lm1.4 million, or 20.4 per cent, over the same period in 2002.
- Net interest income of Lm17.2 million - up Lm1.3 million, or 8.1 per cent, over 2002.
- Other operating income increased by Lm0.8 million as a result of operating profit generated by life assurance business activity.
- Operating income of Lm26.6 million - up Lm2.4 million, or 9.7 per cent, over 2002.
- Operating expenses decreased by Lm0.1 million, or 1.1 per cent, on 2002 as a result of improving our productivity.
- Net impairment losses were Lm0.2 million, a decrease of Lm0.7 million on 2002. During the current period, Lm0.8 million in specific allowances against loan losses and

Lm0.7 million in write-offs were raised, offset by the releasing of Lm1.3 million in general allowances against loan losses.

- A gross interim dividend of 10.8 cents per ordinary share - up from a previous gross interim dividend payment of 8.0 cents.
- Loans and advances to customers were Lm901.0 million at 30 June 2003 - up Lm10.3 million from a 31 December 2002 level of Lm890.7 million reflecting growth across all personal customer segments. Customer deposits were Lm1,297.6 million at 30 June 2003, marginally down from Lm1,303.1 million as at 31 December 2002.
- Shareholders' funds increased by Lm7.2 million to Lm124.2 million. This represents an increase of 6.1 per cent and includes the retention of Lm5.9 million on the profit and loss account and a Lm1.9 million increase in revaluation reserves.

Chris Hothersall, Chief Executive Officer, said: "Our results for the first six months are encouraging. Within the domestic economy, we view the six months ahead with cautious optimism. Our operating revenues continue to grow and we have improved our efficiency while the bank continues to invest in its infrastructure and quality of customer service. Our key capital and liquidity ratios remain strong. We are grateful for the support of our customers and the commitment of our staff over this period. The directors have declared an interim dividend of 10.8 cents per ordinary share payable to shareholders who are on the Company's register of shareholders as at 31 July 2003. The total dividend of Lm2.6 million represents a 35 per cent increase over the 2002 interim dividend".

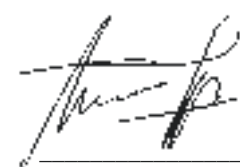
Profit and Loss Account for the Period 1 January 2003 to 30 June 2003

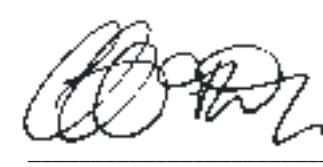
	Group		Bank	
	6 mths to 30/6/03 Lm000	6 mths to 30/6/02 Lm000	6 mths to 30/6/03 Lm000	6 mths to 30/6/02 Lm000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and Treasury Bills	30,403	28,897	28,350	26,413
- on debt and other fixed income instruments	5,689	8,422	6,284	8,541
Interest payable	(18,892)	(21,412)	(18,840)	(22,475)
Net interest income	17,200	15,907	15,794	12,479
Fees and commissions receivable	5,233	4,809	4,388	3,844
Fees and commissions payable	(291)	(256)	(273)	(224)
Dividend income	68	28	68	28
Trading profits	2,861	2,976	2,847	2,718
Net (losses)/gains on disposal of non-trading financial instruments	(4)	8	8	8
Other operating income	1,516	760	8	10
Operating income	26,583	24,232	22,840	18,863
Administrative expenses	(12,042)	(12,274)	(11,703)	(11,603)
Depreciation	(1,251)	(1,294)	(1,217)	(1,247)
Net amortisation of goodwill	(145)	(146)	(103)	(103)
Other operating charges	(214)	(83)	(212)	(74)
Operating profit before impairment losses and provisions	12,931	10,435	9,605	5,836
Net impairment losses	(163)	(900)	(402)	(972)
Provisions for contingent liabilities and other charges	(50)	(56)	(50)	(56)
Profit on ordinary activities before tax	12,718	9,479	9,153	4,808
Tax on profit on ordinary activities	(4,264)	(2,456)	(3,074)	(1,499)
Profit for the financial period attributable to shareholders	8,454	7,023	6,079	3,309
Earnings per share	23.2c	19.3c	16.7c	9.1c

Balance Sheet at 30 June 2003

	Group		Bank	
	30/6/03 Lm000	31/12/02 Lm000	30/6/03 Lm000	31/12/02 Lm000
Assets				
Balances with Central Bank of Malta, Treasury Bills and cash	171,168	171,501	170,198	171,201
Cheques in course of collection	4,642	3,986	4,642	3,986
Financial assets held for trading	2,228	2,779	2,228	2,779
Investments	253,491	263,912	269,743	280,009
Loans and advances to banks	116,362	146,000	188,615	224,263
Loans and advances to customers	900,995	890,664	781,934	762,952
Shares in subsidiary companies	-	-	39,063	37,105
Intangible fixed assets	485	630	291	394
Tangible fixed assets	29,401	28,965	29,244	28,786
Deferred tax asset	4,331	6,011	4,335	5,382
Other assets	46,981	37,627	1,325	902
Prepayments and accrued income	17,284	18,258	15,996	17,545
Total assets	1,547,368	1,570,333	1,507,614	1,535,304
Liabilities				
Financial liabilities held for trading	6,631	6,402	6,631	6,402
Amounts owed to banks	28,822	64,563	28,822	66,304
Amounts owed to customers	1,297,635	1,303,140	1,298,917	1,298,726
Debt securities in issue	12	12	-	-
Other liabilities	48,427	39,780	8,848	7,938
Accruals and deferred income	16,892	17,848	16,547	17,474
Provisions for liabilities and other charges	4,759	1,591	4,492	1,637
Subordinated liabilities	20,000	20,000	20,000	20,000
	1,423,178	1,453,336	1,384,257	1,418,481
Shareholders' funds				
Called up issued share capital	9,120	9,120	9,120	9,120
Revaluation reserves	9,802	7,933	28,524	24,939
Other reserve	4,242	4,242	4,242	4,242
Profit and loss account	98,465	92,572	78,910	75,392
Dividend reserve	2,561	3,130	2,561	3,130
	124,190	116,997	123,357	116,823
Total liabilities	1,547,368	1,570,333	1,507,614	1,535,304
Memorandum items				
Contingent liabilities	41,028	47,634	41,448	48,054
Commitments	286,733	287,605	292,427	300,985

The financial statements were approved by the Board of Directors on 25 July 2003 and signed on its behalf by:


Albert Mizzi, Chairman


Chris Hothersall, Chief Executive Officer

Statement of Changes in Equity for the Period 1 January 2003 to 30 June 2003

	Group					
	Share capital	Revaluation reserves	Other reserve	Profit and loss account	Dividend reserve	Total
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
At 1 January 2002	9,120	6,420	4,242	82,363	1,897	104,042
Net fair value adjustments on investments	-	841	-	-	-	841
Transfer between reserves on disposal of property	-	19	-	(29)	-	(10)
Net gains/(losses) not recognised in the profit and loss account	-	860	-	(29)	-	831
Profit attributable to shareholders	-	-	-	7,023	-	7,023
Dividends paid	-	-	-	-	(1,897)	(1,897)
Dividends	-	-	-	(1,897)	1,897	-
At 30 June 2002	9,120	7,280	4,242	87,460	1,897	109,999
At 1 January 2003	9,120	7,933	4,242	92,572	3,130	116,997
Net fair value adjustments on investments	-	1,869	-	-	-	1,869
Net gains not recognised in the profit and loss account	-	1,869	-	-	-	1,869
Profit attributable to shareholders	-	-	-	8,454	-	8,454
Dividends paid	-	-	-	-	(3,130)	(3,130)
Dividends	-	-	-	(2,561)	2,561	-
At 30 June 2003	9,120	9,802	4,242	98,465	2,561	124,190

	Bank					
	Share capital	Revaluation reserves	Other reserve	Profit and loss account	Dividend reserve	Total
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
At 1 January 2002	9,120	32,133	4,242	56,386	1,897	103,778
Net fair value adjustments on investments	-	4,070	-	-	-	4,070
Transfer between reserves on disposal of property	-	19	-	(29)	-	(10)
Net gains/(losses) not recognised in the profit and loss account	-	4,089	-	(29)	-	4,060
Profit attributable to shareholders	-	-	-	3,309	-	3,309
Dividends paid	-	-	-	-	(1,897)	(1,897)
Dividends	-	-	-	(1,897)	1,897	-
At 30 June 2002	9,120	36,222	4,242	57,769	1,897	109,250
At 1 January 2003	9,120	24,939	4,242	75,392	3,130	116,823
Net fair value adjustments on investments	-	3,585	-	-	-	3,585
Net gains not recognised in the profit and loss account	-	3,585	-	-	-	3,585
Profit attributable to shareholders	-	-	-	6,079	-	6,079
Dividends paid	-	-	-	-	(3,130)	(3,130)
Dividends	-	-	-	(2,561)	2,561	-
At 30 June 2003	9,120	28,524	4,242	78,910	2,561	123,357

Cash Flow Statement for the Period 1 January 2003 to 30 June 2003

	Group		Bank	
	6 mths to 30/6/03	6 mths to 30/6/02	6 mths to 30/6/03	6 mths to 30/6/02
	Lm000	Lm000	Lm000	Lm000
Cash flows from operating activities				
Interest and commission receipts	38,908	40,342	35,936	37,297
Interest and commission paid	(19,557)	(21,373)	(19,467)	(22,636)
Payments to employees and suppliers	(12,719)	(11,938)	(12,364)	(11,423)
Operating profit before changes in operating assets/liabilities	6,632	7,031	4,105	3,238
Movement in operating assets:				
Trading securities	91	3,344	91	3,344
Reserve deposits with Central Bank of Malta	9,425	(1,479)	9,414	(1,527)
Loans and advances to banks	12,140	(8,736)	8,991	(8,556)
Loans and advances to customers	(10,494)	4,859	(19,384)	(1,189)
Treasury Bills with contractual maturity of over three months	43,028	(13,526)	43,028	(13,543)
Cheques in course of collection	(656)	(2,809)	(656)	(2,789)
Other receivables	(10,397)	(2,719)	(423)	1,129
Movement in operating liabilities:				
Amounts owed to banks	(22,594)	(28,014)	(23,147)	(27,560)
Amounts owed to customers	(930)	66,310	4,614	59,968
Other payables	9,996	4,704	910	(2,274)
Net cash from operating activities before income tax	36,241	28,965	27,543	10,241
Tax paid	(353)	(666)	(152)	(425)
Net cash from operating activities	35,888	28,299	27,391	9,816
Cash flows from investing activities				
Dividends received	68	28	68	28
Interest received from held-to-maturity debt and other fixed income instruments	4,934	8,830	6,112	8,747
Proceeds on disposal of available-for-sale instruments	324	-	324	-
Proceeds on maturity of held-to-maturity debt and other fixed income instruments	40,553	56,080	38,679	46,972
Proceeds on disposal of tangible fixed assets	3	52	3	52
Purchase of available-for-sale instruments	(519)	(57)	(10)	-
Purchase of held-to-maturity debt and other fixed income instruments	(29,895)	(57,484)	(29,895)	(57,484)
Purchase of tangible fixed assets	(1,878)	(1,897)	(1,846)	(1,871)
Net cash from/(used in) investing activities	13,590	5,552	13,435	(3,556)
Cash flows from financing activities				
Dividends paid	(3,130)	(1,897)	(3,130)	(1,897)
Cash used in financing activities	(3,130)	(1,897)	(3,130)	(1,897)
Increase in cash and cash equivalents	46,348	31,954	37,696	4,363
Effect of exchange rate changes on cash and cash equivalents	(2,790)	658	(2,738)	(1,037)
Net increase in cash and cash equivalents	49,138	31,296	40,434	5,400
	46,348	31,954	37,696	4,363
Cash and cash equivalents at beginning of period	127,156	107,130	203,965	131,234
Cash and cash equivalents at end of period	173,504	139,084	241,661	135,597

Segmental information

a Class of business

	Commercial banking		Investment banking		Other companies		Group total	
	6 mths to 30/6/03	6 mths to 30/6/02	6 mths to 30/6/03	6 mths to 30/6/02	6 mths to 30/6/03	6 mths to 30/6/02	6 mths to 30/6/03	6 mths to 30/6/02
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
Profit before tax								
Segment operating income	24,291	22,910	813	630	1,479	692	26,583	24,232
Common costs							(13,865)	(14,753)
Profit on ordinary activities before tax							12,718	9,479
	30/6/03	30/6/02	30/6/03	30/6/02	30/6/03	30/6/02	30/6/03	30/6/02
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
Assets								
Segment total assets	1,488,448	1,473,162	7,069	7,422	51,851	31,520	1,547,368	1,512,104
Average total assets	1,505,889	1,446,963	6,988	7,245	45,974	29,980	1,558,851	1,484,188
Net assets	114,612	104,062	5,486	4,380	4,092	1,557	124,190	109,999

b Geographical segments

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

