



COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. pursuant to Malta Financial Services Authority Listing Rules 9.51 and 9.53. This statement is based on the unaudited management accounts of HSBC Bank Malta p.l.c. up to 30 April 2007 and other financial information.

Quote:

INTERIM DIRECTORS' STATEMENT

HSBC Bank Malta plc has made solid progress to date in 2007. The bank continues to explore growth opportunities across all customer segments.

Profit before tax, net interest income and non-interest income show good improvement over the same period in 2006. Net interest income includes interest recognised on a sizeable exposure previously categorised as non-performing.

Against a background of strong income flows, the bank has succeeded in keeping operating expenses under tight control. A number of customer focused initiatives have been started to reduce operational costs and improve customer service delivery.

Overall, credit quality remains sound. Growth in loans and advances during 2007 has been largely mortgage-related. Balance sheet growth has been driven by increased customer deposits and the issue of a subordinated bond.

Shaun Wallis, Director and Chief Executive Officer of HSBC Bank Malta plc, commented: "We have had a good start to 2007 with our results up strongly compared to the same period last year. The Bank continues to deliver on our strategy of building sustainable growth by focusing on our main customer groups – putting customers at the centre of everything we do – and by using technology to increase our business efficiencies and to reduce our costs.

"During this period we have rolled out a branch refurbishment programme. We have also invested in a number of major projects and initiatives to enhance our automated banking channels and processes. The improvement in customer experience and sales, and in the

HSBC Bank Malta p.l.c.

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bank's processing efficiency has resulted in a significantly improved cost:income ratio compared to the same period in 2006.

"We are confident that we can continue to grow our business successfully and in a sustainable manner through 2007."

Unquote

A handwritten signature in black ink, appearing to read 'G. Brancalone', with a stylized, cursive script.

**Dr George Brancalone LL.D.
Company Secretary**

18 May 2007