



COMPANY ANNOUNCEMENT

HSBC Bank Malta plc (HSBC Malta) is required to publish the following Interim Directors' Statement covering the period from 1 January 2009 to 15 May 2009 (the date of the Statement) under Listing Rules 9.51 and 9.53 of the Malta Financial Services Authority.

Quote:

HSBC BANK MALTA PLC INTERIM DIRECTORS' STATEMENT

Trading conditions in 2009 for the financial services industry in Malta continue to be extremely challenging. In line with our expectations, core income and profitability levels at HSBC Malta were affected by the global downturn in the period under review. Profitability is being materially impacted by a combination of: reduced revenues as the economy slows; significant margin compression from lower interest rates ; and downward pressure on profitability in insurance and investment-related businesses as volatility in equity and bond markets constrains business volume.

During the first quarter of 2009, the Bank grew its lending carefully to maintain high asset quality and to support its customers' financial needs during these difficult economic times. There was no material deterioration in the quality of the lending portfolio, and liquidity and capital ratios remained strong and significantly ahead of regulatory requirements.

Deposits remained broadly stable in a period characterised by a number of local government and corporate bond issues and growing competitive pressures.

Alan Richards, Director and Chief Executive Officer of HSBC Bank Malta plc, said: "The first quarter of 2009 has been difficult and, as we predicted, our short-term financial performance has been appreciably impacted by market conditions.

"Although the banking system in Malta is in good shape, the outlook for the near term remains highly challenging with significant uncertainty and continued pressure on short-term profitability. It is apparent that mortgage lending and corporate activity in some sectors are slowing, impairments are likely to increase as the credit cycle turns and our businesses with exposure to investment markets will continue to suffer from market

HSBC Bank Malta p.l.c.

Legal Office, Head Office, 116, Archbishop Street, Valletta VLT 1444
Tel: (+356) 25972406/25972411 Fax: (+356) 25972417/25972418

Registered in Malta number C3177. Registered Office: 233 Republic Street, Valletta VLT 1116
Regulated by the Malta Financial Services Authority and listed on the Malta Stock Exchange.
Licensed to conduct Investment Services business by the Malta Financial Services Authority.

volatility. Margin compression will significantly impact the Bank's profitability as long as interest rates remain at current levels.

more

“Through this period of major uncertainty and beyond we will continue to position HSBC Malta for long-term profitable growth. Our capital and balance sheet strength, and a commitment to strict cost control, will continue to underpin our performance. So whilst 2009 is difficult and challenging, I would stress that HSBC is well-positioned to weather the current storm and to support its customers and the local economy as a whole.”

Notes to editors

1. This statement is based on the unaudited management accounts of HSBC Bank Malta plc up to 30 April 2009 and other financial information.

2. The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 9,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,527 billion at 31 December 2008, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

Unquote



Dr George Brancalone LL.D.
Company Secretary

15 May 2009