



**HSBC BANK MALTA P.L.C.
INTERIM DIRECTORS' STATEMENT**

HSBC Bank Malta p.l.c. (HSBC Malta) is required to publish the following Interim Directors' Statement covering the period from 1 July 2012 to 13 November 2012 (the date of the statement) under Listing Rules 5.86 and 5.88 of the Malta Financial Services Authority.

13 November 2012

Quote:

HSBC Malta delivered an improved performance during the period 1 July 2012 to 13 November 2012 (the "period"), primarily resulting from higher profitability in the life insurance business reflecting the rally in the investment markets during the period. Gains on disposals of available-for-sale securities contributed to the improved performance.

Operating expenses for the period were higher than the comparable period in 2011 primarily as a result of restructuring costs. Underlying costs, excluding restructuring costs for the period were broadly in line with the levels reported in the comparable period in 2011.

HSBC Malta continues to provide support to borrowers and security for its depositors. The bank has seen a slight softening in loan demand during the period as the economy slowed. During the period, corporate and institutional deposits increased. Retail deposit levels were broadly unchanged during the period in spite of significant competitive pressures, including from local government bond issuance.

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HSBC Bank Malta p.l.c.

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*Registered in Malta number C3177. Registered Office: 116, Archbishop Street, Valletta VLT 1444, Malta
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.*

The bank continues to focus on building a high quality asset base. It is encouraging that loan impairments, although slightly higher than in the comparable period in 2011, remain below expectations. The available-for-sale portfolio remains well diversified and conservative. The bank maintained both a strong liquidity position and a stable loans-to-deposits ratio during the period. Its capital ratio remains above minimum regulatory requirements.

HSBC Malta's management of its capital and risk positions continues to be conservative and the bank is well placed to meet future challenges.

Mark Watkinson, Director and Chief Executive Officer of HSBC Malta, said: "Clearly market conditions have been particularly difficult in recent months and it seems that the world is becoming more uncertain by the day. We are satisfied with the bank's positive performance during the period under review but we are mindful of the significant and growing challenges faced by the global economy.

"We have a clear strategy focused around simplifying our business, reducing bureaucracy and improving efficiency. As part of the world's largest international banking organisation, we are well placed to service the needs of our customers and to support the local economy."

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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 30 September 2012 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 around 6,900 offices in over 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,721bn at 30 September 2012, the HSBC Group is one of the world's largest banking and financial services organisations.

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Unquote



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