



25 May 2018

COMPANY ANNOUNCEMENT

HSBC BANK MALTA p.l.c. INTERIM DIRECTORS' STATEMENT

Quote:

During the first three months of 2018, HSBC Malta reported a decline in profit before tax compared with the same period in 2017. This decline was in line with management expectations and mainly reflected the effect of lower corporate loans and advances as reported in the bank's 2017 annual accounts, continuing impact of low interest rates and prioritisation of risk management actions during 2017. Profit before tax in the first quarter exceeded the plan established as part of the bank's new strategy approved by the Board in February.

Revenue for the period under review decreased compared with the first quarter of 2017 primarily as a result of lower revenue from the investment book and lower average balances in the corporate loan book. Revenue was also impacted by lower sales in the Insurance business.

Effective management of corporate non-performing exposures resulted in loan impairment recoveries and lower overall non-performing loan balances in the first quarter of 2018. Total impairment position remains well within management expectations.

Costs moderately increased compared with prior year as a result of the annual staff pay increase, and higher IT and administrative costs. A number of initiatives aimed at cost base streamlining through digitalisation, outsourcing and processes optimisation are underway.

Loans and advances to customers slightly increased compared with the position at the end of 2017. Following completion of the strategic repositioning of HSBC's Commercial Banking business, corporate lending stabilised in the first quarter of 2018 and the business aims to continue to build momentum behind the loan book growth. The Retail business demonstrated strong sales of mortgages. Both retail and commercial customer deposits increased during the period under review and the bank continued to maintain its robust liquidity position.

Regulatory capital ratios remained strong and higher than the end-point regulatory capital requirements.

Andrew Beane, the Chief Executive Officer of HSBC Malta, said: “In the first quarter of 2018 we commenced the repositioning of HSBC for measured growth which has been enabled by the excellent progress made to strengthen the bank’s risk management and compliance capability over the past two years. Our profitability during the first quarter of the year was higher than that envisaged in our strategic plan and we are now focused on prudently growing our business in a manner consistent with HSBC’s signature risk management standards.”

Media enquiries to Franco Aloisio on +356 2380 3250.

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 31 March 2018 and other financial information.

2. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from around 3,900 offices in 67 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,652bn at 31 March 2018, HSBC is one of the world’s largest banking and financial services organisations.

Unquote



Dr George Brancaleone LL.D.
Company Secretary