



17 November 2020

## COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. pursuant to Malta Financial Services Authority Listing Rules.

**Quote:**

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

For the nine-month period to 30 September 2020, HSBC Bank Malta p.l.c. (the 'bank') profit before tax was lower than the same period in 2019. Whilst Q3 results were better than those achieved in each of the prior two quarters, performance continues to be impacted by COVID-19.

Revenue was negatively impacted by the pandemic, resulting in losses incurred by the HSBC Life Assurance subsidiary, mainly as a result of adverse market movements. Underlying net interest income was relatively stable compared to the same period last year.

Expected credit losses ("ECLs") were significantly higher than those reported in the same period last year as we assessed the likely impact of COVID-19 on our customers, reflecting the worsening forward economic outlook due to the pandemic.

In line with the interim results, operating expenses were lower than the same period in 2019. This reduction reflects the implementation of the bank's strategy announced in 2019 and a continued focus on cost management.

Compared to December 2019, loans and advances to customers increased, driven by growth in Mortgages, with Commercial Banking balances remaining stable at December 2019 levels. Customer deposits have increased since December 2019. The bank's liquidity position remained exceptionally strong and regulatory capital ratios continued to exceed regulatory capital requirements.

Simon Vaughan Johnson, the Chief Executive Officer of the bank said: "The year-to-date results were dominated by the COVID-19 pandemic, which had a negative impact on the local economy, affecting our business and that of our customers. Considering the backdrop of this pandemic, the underlying results are satisfactory. I am pleased with the continued progress on cost reduction, which reflects our efforts to apply robust cost management discipline. I am proud of the hard work, resilience and team spirit shown by my colleagues in these unprecedented times as we continue to adapt to challenges presented by COVID-19 and to a different way of living and working.

As announced recently, we are making changes to our branch network and enhancements to our service offering. These initiatives are aligned to our strategic vision for Safe Growth, which runs in parallel with our drive to continue meeting and exceeding client expectations in the market we serve."

**Unquote**

A handwritten signature in black ink, appearing to be "G. Brancaleone", written over a light blue horizontal line.

Dr George Brancaleone LL.D.  
Company Secretary