



29 October 2024

## COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. in compliance with the Capital Markets Rules issued by the Malta Financial Services Authority.

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

**Quote:**

HSBC Bank Malta p.l.c. (the 'Bank') reported strong profits with a reported profit before tax for Q3 YTD 2024 of €118.0m, an increase of 17% over the €100.8m profits reported in the same period last year. Growth reflects the diversified nature of the business and customer base, supported by the higher interest rate environment. Good progress was reported on the non-interest income as well as robust risk management reflected in continued Expected Credit Losses ('ECL') recoveries.

Revenue was up €19.0m or 11% when compared to Q3 YTD 2023. This was mainly driven by higher customer activity amidst the higher interest rate environment: average interest rates in the first nine months of 2024 were higher than the same period in 2023. Non-funds income increased by €2.8m compared with the same period last year with an improvement registered in net fee income, international trade services, foreign exchange and insurance income.

The Bank recorded an improvement in the credit quality of its loan book, resulting in a release in ECL of €10.8m in Q3 YTD 2024 compared to a release of €3.7m in Q3 YTD 2023. The Q3 YTD 2024 release reflected recovery on non-performing loans, a release of provisions held for inflationary pressures which did not materialise as well as a general improvement in the credit quality of the book.

Operating expenses increased by 12% compared to the same period last year. While there were some one-off items, the underlying drivers were increases in staff costs, IT expenses and real estate costs as the Bank continues to invest in people, customer experience, technology and new headquarters in Qormi. In Q3 2024, the Bank implemented a new mortgage system. Furthermore, the roll-out of new ATMs also commenced in line with our plan to replace all ATMs by 2025. Other significant digital improvements are on track.

Net loans and advances to customers decreased marginally compared with 31 December 2023. Customer deposits decreased from year-end, mainly driven by a decrease in operational corporate deposits which can be seasonal but increased compared to 30 September 2023.

The Bank's liquidity position remained strong and regulatory capital ratios continued to exceed regulatory capital requirements.

On 11 September 2024, the Bank announced that HSBC Holdings plc will undertake a strategic review of its indirect 70.03% shareholding. HSBC Holdings plc informed that the review process will consider a range of options and no decisions have yet been made. The Bank remains focused on running its business and will provide further updates as required.

Geoffrey Fichte, Chief Executive Officer of HSBC Bank Malta p.l.c., said: "We continued our strong business momentum focused on supporting our customers with a 17% growth in pre-tax profit over prior year. We're pleased to report higher customer activity, the launch of new products including in wealth management, investment funds and insurance and continued to invest in our people and technology in order to make banking simpler, easier and safer for our customers. Our levels of capital and liquidity remain robust amongst the highest in the market. HSBC remains fully open for business, providing the full range of lending services from mortgages, personal loans, cards to long term lending to companies, including energy efficiency loans. On behalf of the entire HSBC Bank Malta team, I would like to thank our customers for their business and our colleagues for their professionalism and support."

**Unquote**

Dr Paula Mamo LL.D.  
Company Secretary