

COMPANY ANNOUNCEMENT

The following is a Company Announcement by HSBC Bank Malta p.l.c. pursuant to Malta Stock Exchange Bye-Law 6.05.04 (iii) and 6.05.06 (i):

Quote

In a meeting of 21 July 2000, the Board of Directors of HSBC Bank Malta p.l.c. approved the attached Group and Bank Interim Accounts for the six months period ended 30 June 2000 and the payment of a gross interim dividend of 5 cents per share.

Unquote



Dr. Philip Farrugia Randon LL.D.
Company Secretary

21 July 2000

HSBC Bank Malta p.l.c.
Legal Office, Head Office, 168, Strait Street, Valletta VLT 08
Tel: (+356) 234928, 233349 Fax: (+356) 242014, 226889

Registered in Malta number C3177. Registered Office: 233 Republic Street, Valletta VLT 05
Regulated by the Control Bank of Malta, The Malta Financial Services Centre and the Malta Stock Exchange.
Licensed to conduct Investment Services business by the Malta Financial Services Centre.

HSSBC Bank Malta p.l.c.

Our Half-Yearly Results for 2000

Profit and Loss Account for the period 1 January to 30 June 2000

Balance Sheet at 30 June 2000

	Group		Bank	
	6 mths to 30/6/00 Euro	6 mths to 30/6/99 Euro	6 mths to 30/6/00 Euro	6 mths to 30/6/99 Euro
Interest receivable and similar income	32,423	30,839	29,318	27,622
- on loans, advances and balances with Central Bank of Malta	9,181	10,249	9,633	10,413
- on debt securities	(26,618)	(26,342)	(27,189)	(25,822)
Interest payable	14,505	14,746	11,981	12,188
Net interest income	364	231	1,798	210
Dividend income	4,825	2,673	3,589	2,227
Fees and commissions receivable	(249)	(306)	(191)	(119)
Fees and commissions payable	2,446	3,579	3,283	3,575
Trading profits	89	(72)	-	-
Surplus (deficit) on long-term investments held	1,426	3,881	489	3,891
Other operating income	34,545	34,712	38,539	31,701
Operating income	(12,483)	(10,218)	(11,679)	(9,444)
Administrative expenses	(1,129)	(1,134)	(1,073)	(1,079)
Depreciation	(4,591)	(1,367)	(4,492)	(1,420)
Provisions for bad and doubtful debts	3,146	799	2,987	578
Adjustments to provisions for bad and doubtful debts	(11)	16	(11)	16
Provisions for contingent liabilities and charges	-	-	-	-
Amounts written off financial fixed assets	(161)	(40)	(163)	-
Net amortisation of goodwill	3,295	3,018	6,149	10,332
Share of profits of associated companies	(2,528)	(1,925)	(1,743)	(1,446)
Profit on ordinary activities before tax	4,989	11,083	4,287	8,305
Tax on profit on ordinary activities	(74)	(92)	-	-
Profit on ordinary activities after tax	4,915	10,991	4,287	8,305
Profit attributable to minority interests	-	-	-	-
Profit for the financial period attributable to shareholders	4,915	10,991	4,287	8,305
Dividend per share	18.6c	30.1c	12.1c	34.4c

	Group		Bank	
	30/6/00 Euro	31/12/99 Euro	30/6/00 Euro	31/12/99 Euro
Assets				
Cash and balances with Central Bank of Malta	13,231	19,736	13,929	18,547
Reserve deposit with Central Bank of Malta	68,310	57,672	68,026	57,331
Cheques in course of collection	7,225	5,615	7,223	5,613
Treasury bills	39,643	16,598	27,397	16,598
Loans and advances to banks	71,693	74,976	698,791	106,302
Loans and advances to customers	537,347	816,887	716,529	707,140
Debt securities	287,684	274,382	318,745	293,420
Equity shares	23,787	21,100	12,748	13,309
Shares in subsidiary companies	1	1	34,357	34,357
Intangible fixed assets	928	1,079	987	1,009
Tangible fixed assets	26,129	19,619	19,574	19,225
Other assets	11,814	12,087	18,281	18,205
Prepayments and accrued income	22,874	21,822	28,728	20,559
Total assets	1,263,584	1,341,564	1,542,889	1,304,603
Liabilities				
Amounts owed to banks	51,455	37,585	198,642	144,851
Amounts owed to customers	1,168,169	1,147,007	1,622,789	1,028,179
Debt securities in issue	16,124	16,124	-	-
Other liabilities	13,844	10,327	12,189	9,290
Accruals and deferred income	31,844	19,470	20,193	18,484
Provision for liabilities and other charges	16,432	5,281	774	263
Subordinated liabilities	19,298	19,590	20,488	20,000
Minority interests	989	884	-	-
Total liabilities	1,393,345	1,257,268	1,388,598	1,121,357
Shareholders' funds				
Called up issued share capital	9,128	9,120	9,128	9,120
Reserve for unissued share capital	7,812	8,121	18,981	19,199
Reserve for share premium	4,242	4,242	4,242	4,242
Other reserves	67,846	62,319	51,422	50,201
Profit and loss account	1,116	474	1,188	474
Dividend reserve	30,395	84,256	66,871	83,335
Total liabilities	1,393,345	1,341,564	1,388,598	1,304,603
Minority interests				
Consistent liabilities	24,783	31,314	34,883	31,314
Commitments	261,442	256,598	287,212	278,944

The financial statements were approved by the Board of Directors on 31 July 2000 and signed on its behalf by:

Albert Vassallo, Chairman

Tom Robinson, Chief Executive Officer

HSSBC Bank Malta p.l.c.

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Other operating income	34,545	34,712	38,539	31,701
Operating income	(12,483)	(10,218)	(11,679)	(9,444)
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Provisions for bad and doubtful debts	3,146	799	2,987	578
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Net amortisation of goodwill	3,295	3,018	6,149	10,332
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Reserve for share premium	4,242	4,242	4,242	4,242
Other reserves	67,846	62,319	51,422	50,201
Profit and loss account	1,116	474	1,188	474
Dividend reserve	38,395	84,256	66,871	83,335
Total liabilities	1,383,254	1,341,564	1,372,889	1,304,603
Minority interests	24,783	31,314	34,883	31,314
Contingent liabilities	261,442	256,596	287,212	278,944

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Tom Robinson, Chief Executive Officer

Cash Flow Statement for the period 1 January to 30 June 2000

	Group		Bank	
	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99
Cash flows from operating activities				
Interest and commission received	43,438	34,816	37,837	30,509
Interest and commission payments	(25,349)	(25,951)	(26,183)	(24,893)
Payments to employees and suppliers	(12,197)	(9,552)	(10,928)	(9,456)
Operating profit before changes in operating assets and liabilities	6,177	(67)	(144)	(3,542)
(Increase)/decrease in operating assets:				
Non-current receivables	4,888	6,382	7,534	5,611
Reserve deposits with Central Bank of Malta	(2,429)	(2,175)	(2,099)	(2,070)
Loans and advances to customers and banks	(25,484)	(18,477)	(25,288)	(13,940)
Other receivables	(18,579)	(9,805)	(17,348)	(9,184)
Increase/(decrease) in operating liabilities:				
Amounts owed to customers and banks	31,686	70,562	4,288	48,960
Other payables	2,715	(1,730)	2,971	(2,802)
Net cash (used in)/from operating activities	(12,209)	41,890	(28,880)	22,013
Tax paid	(1,429)	(367)	(1,249)	(123)
Net cash (used in)/from operating activities	(13,638)	41,523	(29,329)	21,890

Cash flows from investing activities

Dividends received

Interest received from investment securities

Proceeds on maturity/redemption of investment securities

Proceeds on disposal of associated companies

Proceeds on disposal of tangible fixed assets

Proceeds of investment securities

Purchase of tangible fixed assets

Purchase of investment securities

Purchase of subsidiary company

Net cash used in investing activities

Cash flows from financing activities

Dividends paid

Decrease in debt securities in issue

Net cash used in financing activities

(Decrease)/Increase in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Net (decrease)/Increase in cash and cash equivalents

(Decrease)/Increase in cash and cash equivalents

Cash and cash equivalents at 1 January

Cash and cash equivalents at 30 June

	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99
354	231	1,798	210	
7,048	8,736	7,251	8,584	
46,188	45,370	36,857	35,084	
369	4336	368	5,988	
133	38	38	38	
(63,656)	(80,113)	(66,143)	(58,043)	
(1,779)	(2,141)	(1,746)	(2,037)	
-	(1,462)	(3,462)	(3,462)	
(11,252)	(24,094)	(18,585)	(13,240)	
(474)	(1,067)	(474)	(1,067)	
(7)	(1)	-	-	
(478)	(1,068)	(474)	(1,067)	
(25,457)	15,761	(95,295)	7,603	
(1,823)	1,764	(1,463)	(1,422)	
(24,274)	13,997	(23,445)	9,028	
(25,457)	15,761	(24,295)	7,603	
94,915	55,442	16,961	(11,879)	
87,488	7	(28,337)	(4,378)	

Segmental Information

a. Class of business

	Commercial Banking		Investment Banking		Other Companies		Group Total
	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	
Profit before tax	23,981	24,504	694	186	380	22	24,545
Segment operating income							(15,189)
Common costs							(11,967)
Operating profit							9,385
							12,743

The group's share of the profit before tax of associated companies

Profit on ordinary activities before tax

273

9,295

13,018

273

	30/6/99		30/6/99		30/6/99		30/6/99		30/6/99	
	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	£ mths to 30/6/99	
Assets	1,285,171	1,293,683	4,185	2,343	14,328	6,309	1,283,584	1,302,837	360	
Carrying value of associated company	360	-	-	-	-	-	-	-	360	
Total assets	1,285,171	1,293,683	4,185	2,343	14,328	6,309	1,283,584	1,302,837	360	
Average total assets	1,275,247	1,215,800	3,967	2,375	11,908	5,929	1,245,187	1,220,004	360	
Net assets	83,896	77,780	3,899	2,000	7,432	2,975	94,398	82,735		

b. Geographical segments

The group's activities are carried out within Malta. There are no identifiable geographical segments or other material concentrations.

Review of Performance

The published figures, which are in compliance with IAS 14, 'Interim Financial Reporting', have been audited from the HSBC Bank Malta p.l.c. Group's unaudited management accounts for the six months ended 30 June 2000, and have been drawn up according to the accounting policies used in the preparation of the 1999 audited financial statements, except for the treatment of proposed dividends which, in accordance with revised IAS 10, 'Events After the Balance Sheet Date', are not recognised as a liability. The Board of Directors opted for the provisional disclosure of dividends on the face of the balance sheet as a separate component of shareholders' funds. These figures are being published in terms of the Bye-Laws of the Malta Stock Exchange, section 6.81.06 (1). The format used conforms with that specified in the Banking Directive 86/611/EEC issued by the Council of Ministers.

HSBC Bank Malta p.l.c. and its subsidiaries (the group) generated a profit before tax of Lm9.4 million during the six month period ended 30 June 2000. This represents a decrease of Lm3.6 million over the same period in 1999 which included Lm3.7 million one-off gains from the disposal of the bank's shareholdings in certain quoted and unquoted investments prior to the acquisition of a majority shareholding by HSBC Bank plc in 1999.

Operating Income at Lm24.5 million was Lm0.2 million lower than 1999. However, excluding the one-off gains on disposals, Operating Income was Lm3.5 million (16.8%) higher than the previous period, primarily due to a 78% increase in net fees and commissions, arising mainly from increased sales of products to the personal sector.

Net Interest Income at Lm14.9 million was Lm0.2 million higher than 1999 reflecting strong market competition.

Administrative Expenses increased 21.4% to Lm12.4 million due to higher staff related costs and ongoing restructuring expenditure relating to the integration into the HSBC Group.

In June 2000, a voluntary redundancy scheme was announced, the outcome of which remains uncertain and, therefore, no provision has been recognised in these interim results.

Net Provisions for Bad and Doubtful Debts amounted to Lm1.4 million (June 1999: Lm0.6 million).

Earnings per share reduced to 18.6 cents (June 1999: 30.1 cents) and the pre-tax return on average shareholders' funds fell to 21.5% (June 1999: 34.3%) reflecting primarily the impact of the one-off gains on the sale of investments noted above.

Customers' deposits increased by Lm13.1 million to Lm1.160 billion (December 1999: Lm1.147 billion). Net customer advances rose Lm20.3 million to Lm837.2 million (December 1999: Lm816.9 million). Shareholders' funds rose by Lm6.01 million to Lm90.3 million. This represents an increase of 7.1% and includes the retention of Lm5.6 million of group profits and movements on revaluation and dividend reserves.

The Board of Directors has resolved to pay a gross interim dividend of 5 cents per share, which represents an increase of 0.5 cents per share on previous interim dividend payments. This will be paid to all shareholders who are registered on the Company's register at the Central Securities Depository of the Malta Stock Exchange on the 31 July 2000.



YOUR WORLD OF FINANCIAL SERVICES

HSBC Bank Malta p.l.c. is licensed as a credit institution by the Central Bank of Malta and for investment services business by the Malta Financial Services Centre.

Registrar's Office: 233, Republic Street, Valletta, VLT 05, Malta. Telephone: (00356) 245281
Company Registration Number: C3177