



12 November 2021

COMPANY ANNOUNCEMENT

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

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

Quote

HSBC Bank Malta p.l.c. (the 'bank') achieved a good third-quarter performance, with growth in profits supported by lower credit provisions. The bank reported a profit before tax of €25.2m during the nine-month period ended 30 September 2021. This represents an increase of €13.0m over the same period last year. Adjusted profits, which represent reported profits excluding significant items, amounted to €28.6m compared to €12.2m reported in the same period last year. Significant items incurred in 2021 mainly consist of restructuring provisions and related transformation costs.

Year-to-date revenues were €5.8m higher than those reported in Q3 2020. The increase in revenue is mainly attributable to higher insurance income, partially offset by a decrease in interest income. In 2020, the insurance company was negatively impacted by adverse market movements compared to positive movements reported during the current year-to-date. The bank experienced a decrease in net interest income as a result of persistent low and negative interest rates and an increase in surplus liquidity.

Adjusted costs for the nine-month period were €0.9m higher than those reported in the same period in 2020. While the bank continues to realise cost savings from the implemented cost strategies and ongoing proactive cost management measures, there was an increase in regulatory fees linked to higher customer deposits held at the prior year end, as well as higher regulatory and compliance costs.

Expected credit losses ('ECL') were broadly maintained at the levels booked at 31 December 2020. The additional charge of €0.1m for the period was linked to the deterioration of particular facilities which was partially offset by releases resulting from improvement in the macro-economic environment and improvements in other facilities.

Net loans and advances to customers were maintained at the levels reported as at 31 December 2020. While we have seen a healthy level of new lending, this was overshadowed by increased prepayments as a result of the current interest rate environment.

Customer deposits increased by €242m compared to 31 December 2020. The bank's liquidity position remained strong and regulatory capital ratios continued to exceed regulatory requirements.

Simon Vaughan Johnson, Chief Executive Officer of HSBC Bank Malta p.l.c., said: "Whilst we reported a good performance during the nine-month period ended 30 September 2021, delivering strong growth in profitability, we retain a cautious outlook on the external risk environment. We remain determined to pursue our safe growth strategy and to continue supporting our customers and the community that we serve as we emerge from the pandemic. Sustainability is a key element of this strategy and we are fully committed both to providing our customers in Malta with sustainable investment choices and to facilitating the transition to net zero."

Unquote

A handwritten signature in black ink, appearing to read 'G. Brancaleone', written in a cursive style.

Dr George Brancaleone LL.D.
Company Secretary