

HSBC Bank Malta p.l.c.

Annual General Meeting

13 April 2022

Shareholder Questions and Answers

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Shareholders' Q and A

- 1) Does HSBC Bank Malta p.l.c. have any exposure due to Russia or Ukraine, direct or indirect, and how does this impact the firm?

The Bank has no direct or indirect exposure to counterparties with direct links to the conflict. The Bank continues to monitor the situation very closely to evaluate the medium to long term impact of this evolving situation.

- 2) What is the maximum time non-executive directors shall serve on the board of HSBC Bank Malta p.l.c.?

In terms of the Articles of Association of the Bank all Directors shall be appointed or elected from the end of the Annual General Meeting to the end of the following Annual General Meeting. Therefore, there is no maximum term of office as a Director on the Board of the Bank.

However, it should be noted that under the terms of the Capital Markets Rules, a Director who has been a Director for more than twelve consecutive years may cease to be considered independent. In addition, the HSBC Group has recently started to apply the policy that Directors should not serve for more than 6 years, except when there are special circumstances.

- 3) As a shareholder, I would like to ask the Bank to consider the request to grant a concession to shareholders, to remove the Bank charge on savings accounts that have a direct credit instruction in respect of the payment of the Bank's dividend.

To give a bit of context, this shareholder is referring to the customer account fee, which is a monthly fee of €5, applicable to all personal customers who do not meet certain transaction thresholds. There are exemptions built into the fee which were included to ensure fair value exchange, protection of vulnerable customers and to give the Bank's customers a choice, but these exceptions do not apply directly in relation to the Dividend payment.

- 4) A shareholder asked the Bank to start including the Record Date on the Dividend Advice.

- 1) L-HSBC Bank Malta p.l.c. għandux xi espożizzjoni minħabba r-Russja jew l-Ukrajna, diretta jew indiretta, u dan kif għandu impatt fuq il-kumpanija?

Il-Bank m'għandu l-ebda espożizzjoni diretta jew indiretta għal kontropartijiet b'rabtiet diretti mal-kunflitt. Il-Bank ikompli isegwi s-sitwazzjoni mill-vicin biex jevita l-impatt fuq terminu medju sa twil ta' din is-sitwazzjoni li qed tevolve.

- 2) X'inhu ż-żmien massimu li diretturi mhux eżekuttivi għandhom iservu fuq il-bord ta' HSBC Bank Malta p.l.c.?

Għall-fini tal-Artikli tas-Assocjazzjoni tal-Bank id-Diretturi kollha jiġu appuntati jew eletti mit-tmiem tal-Laqqgħa Ġenerali Annwali sa tmiem tal-Laqqgħa Ġenerali Annwali ta' wara. Għalhekk ma hemmx żmien massimu ta' kemm wieħed jista jservi bħala Direttur fuq il-Bord tal-Bank.

Madanakollu ta' min jinnota li a termini tal-Capital Markets Rules, Direttur li jservi bħala Direttur għall-aktar minn tnaq il-sena konsekuttivi jista ma jibqax jitqies indipendenti. Barra minn hekk il-Group HSBC recentement beda japplika l-policy li d-Diretturi ma għandhomx iservu għall-aktar minn 6 snin, għajr meta jeżistu ċirkustanzi speċjali.

- 3) Jiena bħala azzjonist nixtieq nitlob lil-Bank jikkonsidra t-talba li jagħti konċessjoni lill-azzjonisti, li titneħħa l-Bank charge fuq il-kontijiet savings li jkollhom direct credit instruction fir-rigward tal-ħlas tad-dividend tal-Bank.

Biex nagħtu ffit kument, dan l-azzjonist qed jirreferi għat-tariffa tal-kont tal-klijent, li hija tariffa fix-xahar ta' €5, applikabbli għall-klijenti personali kollha li ma jilħqux ċerti limiti ta' tranżazzjoni. Hemm eżenzjonijiet mibnija fit-tariffa li ġew inklużi biex jiżguraw skambju ta' valur ġust, protezzjoni ta' klijenti vulnerabbli u biex il-klijenti tal-Bank jingħataw għażla, iżda dawn l-eċċezzjonijiet ma japplikawx direttament fir-rigward tal-ħlas tad-Dividend.

- 4) Azzjonist talab lill-Bank jikkonsidra li d-Dividend Advice jibda jinkludi ir-Record Date.

The Bank will include this suggestion in the next Dividend payment. The bank was unable to do so immediately because the Dividend Advices related to this dividend payment had already been printed.

- 5) In reply to my question at last year's AGM, specifically concerning the Bank's closed St. Julians and Hamrun branches, I was told that these were still up for sale. According to the 2021 financials (Note 28 'Other non-current assets held for sale' p.125) the value of 'assets held for sale attributable to closed branches' reduced by €1.35mn (from €4.15mn to €2.80mn) in 2021. Questions – (a) Does this reduction represent the sale of either, or both, of these branches? (b) Also, could some indication be given of the main constituents of the residual book value of €2.80mn as at 31.12.21?

The Bank sold the property in St Julians in 2021, which accounts for part of the revaluation reserve reduction you refer to in your question. The bank is still in the process of selling the property in Hamrun. The residual book value relates to 2 properties that the Bank used to operate as branches.

- 6) According to the same note, the book value of 'assets acquired in satisfaction of debt' reduced by €0.89mn (from €4.8mn to €3.9mn). Note 13 'Other operating income' (p.119) states that gains arising on re-possessed properties were €0.38mn. Thus one concludes that the bulk of the amount of €4.94mn (Note 46 'Reserves (a) Revaluation reserve' p.135) transferred in 2021 to 'retained earnings upon realisation through disposal' (of land and buildings) emanated from the disposal of assets held for sale attributable to closed branches. Question - Under what item in the Income Statement are these realised gains of nearly €5mn (28% of after-tax profits of €17.74mn) shown?

In line with the Bank's accounting policy, properties are measured at fair value through the revaluation reserve. Upon disposal of such property, the revaluation gains (net of tax) booked over the years, are transferred directly from the revaluation reserve to retained earnings, rather than being booked in the income statement. In 2021, the gains arising on disposal of owned properties amounted to €0.5m and are included in note 13 'Other operating income'. These gains represent the difference between the final proceeds and the revalued amount at the time of the classification of the property as an Asset held for sale.

- 7) What the Bank is doing to improve the overall ATM service, as on various occasions the shareholder experienced out of service ATMs at St. Julians. The

Il-Bank ser jilqa din il-proposta fl-ewwel okkazjoni li jkun hemm fl-as ta' dividend. Ma stajniex nagħmluha b'mod immedjat għax d-Dividend Advices marbuta ma' dan il-fl-as ta' dividend kienu diġà ġew stampati.

- 5) Bi twegiba għall-mistoqsija tiegħi fl-AGM tas-sena l-oħra, speċifikament dwar il-fergħat magħluqa tal-Bank f'San Ġiljan u l-Hamrun, qaluli li dawn kienu għadhom għall-bejgħ. Skont ir-rapport finanzjarju tal-2021 (Nota 28 'Other non-current assets held for sale' p.125) il-valur ta' assi miżmuma għall-bejgħ attribwibbli għal fergħat magħluqa' naqas b' €1.35mn (minn €4.15mn għal €2.80mn) fl-2021. Mistoqsijiet – (a) Dan it-tnaqqis jirrappreżenta l-bejgħ ta' waħda jew it-tnejn minn dawn il-fergħat? (b) Tista' wkoll tingħata xi indikazzjoni tal-kostitwenti ewlenin tal-valur tal-kotba residwu ta' €2.80mn fil-31.12.21?

Il-Bank biegh il-proprjeta' f'San Ġiljan fl-2021, li tirrapprezenta parti mit-tnaqqis tar-riżerva tar-rivalutazzjoni u li qiegħed tirreferi għalih fil-mistoqsija tiegħek. Għadna fil-proċess li nbiegħu l-proprjeta' fil-Hamrun. Il-valur tal-kotba residwu jirrigwarda 2 proprjetajiet li l-Bank kien jopera bħala fergħat.

- 6) Skont l-istess nota, il-valur kontabbli ta' 'assets acquired in satisfaction of debt' tnaqqas b'€0.89mn (minn €4.8mn għal €3.9mn). Nota 13 'Other operating income' (p.119) tiddikjara li l-qligħ min proprjetajiet meħuda lura, kien ta' €0.38mn. B'hekk wieħed jikkonkludi li l-biċċa l-kbira tal-ammont ta' €4.94mn (Nota 46 'Riżervi (a) Revaluation reserve' p.135) ittrasferiti fl-2021 għal 'retained earnings upon realisation through disposal' (ta' art u bini) ħareġ mid-disponiment ta' assi miżmuma għall-bejgħ attribwibbli għal fergħat magħluqa. Mistoqsija - Taħt liema parti tal-Income Statement hu muri dan il-qligħ realizat ta' kważi €5mn (28% tal-profitti wara t-taxxa ta' €17.74mn)?

Skont l-accounting policy tal-Bank, il-proprjetajiet huma mkejla bil-valur ġust permezz tal-revaluation reserve. Mal-bejgħ ta' tali proprjeta', il-qligħ mir-rivalutazzjoni (nett mit-taxxa) irreġistrat matul is-snin, jiġi ttrasferit direttament mir-revaluation reserve għal retained earnings, aktar milli jiġi rreġistrat fl-income statement. Fl-2021, il-qligħ li jirriżulta mil-bejgħ ta' proprjeta' ammonta għal €0.5m u huwa inkluz fin-nota 13 'Dħul operattiv ieħor'. Dan il-qligħ jirrapprezenta d-differenza bejn id-dħul finali u l-ammont rivalutat fiż-żmien tal-klassifikazzjoni tal-proprjeta' bħala Assi miżmum għall-bejgħ.

- 7) X'qed jagħmel il-Bank biex itejjeb is-servizz generali tal-ATM, hekk kif f'diversi okkazjonijiet azzjonist esperjenza ATMs li ma jaħdmux f'San

site's cleanliness due to discarded ATM chits was also questionable and he recommended a closer placing of the wall-mounted litter box to the ATM.

The Bank apologise for the inconvenience caused due to ATMs occasionally being out of service. The Bank acknowledges there are instances, when unfortunately the machines are out of service due to technical faults. However, via daily monitoring, the Bank is able to identify these faults to ensure that service is resumed as quickly as possible.

All self-service machines are cleaned on a daily basis, and the Bank regularly reviews the cleaning frequency. Thank you for your specific observations and recommendations regarding the St. Julians' ATM, which will be looked into immediately.

Ġiljan. L-indafa tas-sit minħabba ċ-ċits tal-ATM mormija kienet ukoll fi stat ħazin u huwa irrakkomanda li l-kaxxa tal-karti użati imwaħħala mal-ħajt titqiegħed aktar viċin tal-ATM.

Il-Bank jiskuża ruħu għall-inkonvenjent ikkawżat minħabba li l-ATMs kultant ma jkunux jaħdmu. Il-Bank jirikonoxxi li hemm każijiet, meta sfortunatament il-magni ma jaħdmux minħabba ħsarat tekniċi. Madankollu, permezz ta' monitoraġġ ta' kuljum, il-Bank jista' jidentifika dawn il-ħsarat biex niżguraw li s-servizz jerġa' jibda malajr kemm jista' jkun.

Il-magni kollha self-service jitnaddfu kuljum, u il-Bank jirrevedi regolarment il-frekwenza tat-tindif. Grazzi ta' l-osservazzjonijiet u r-rakkomandazzjonijiet speċifiċi tiegħek dwar l-ATM ta' San Ġiljan, olli ser jiġu ndirizzati immedjatament.