# HSBC Bank Malta p.l.c. Preliminary Statement of Annual Results for the year ended 31 December 2015

*The preliminary statement of annual results is published pursuant to Listing Rule 5.54 of the MFSA Listing Authority and Article 4 (2) (b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005. Figures have been extracted from HSBC Bank Malta p.l.c.'s Annual Report and Accounts which have been audited by PwC.*

*These financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU.*

*HSBC Bank Malta p.l.c. is a member of the HSBC Group, whose ultimate parent company is HSBC Holdings plc. which is headquartered in London. The Group serves customers worldwide from around 6,000 offices in 71 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,410bn at 31 December 2015, HSBC is one of the world's largest banking and financial services organisations.*

## Review of Performance

- Reported profit before tax of €47m for the year ended 31 December 2015, a decrease of €5m, or 10%, compared with the prior year.
- Adjusted profit before tax, excluding the effect of the non-recurring item, was €61.5m, or 18% up on 2014.
- Common equity tier 1 ratio increased to 12.4% at 31 December 2015 from 10.6% at 31 December 2014. The total capital ratio was 14.2% at 31 December 2015, compared with 13% at 31 December 2014.
- Dividend payout ratio increased to 65% from 55% in 2014.
- Cost efficiency ratio adjusted for the non-recurring early voluntary retirement provision was 59% compared with 57% in 2014.
- Adjusted return on equity for the year ended 31 December 2015 was 8.8% compared with 7.7% in 2014.
- Net operating income before loan impairment charges of €176m was up 2% on 2014.
- The advances to deposits liquidity ratio further strengthened to 66%.
- Net loans and advances to customers were €3,285m and remained in line with 2014.
- Customer deposits increased by 1.5% to €4,950m at 31 December 2015.

## Income Statements for the year ended 31 December 2015

| | Group | | Bank | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **€000** | €000 | **€000** | €000 |
| Interest and similar income | | | | |
| – on loans and advances, balances with Central Bank of Malta and Treasury Bills | **134,294** | 138,634 | **134,601** | 138,724 |
| – on debt and other fixed income instruments | **16,273** | 17,155 | **15,921** | 16,646 |
| Interest expense | **(23,531)** | (33,227) | **(23,634)** | (33,351) |
| **Net interest income** | **127,036** | 122,562 | **126,888** | 122,019 |
| Fee and commission income | **29,072** | 28,405 | **23,423** | 25,583 |
| Fee and commission expense | **(2,509)** | (2,354) | **(1,801)** | (1,688) |
| **Net fee and commission income** | **26,563** | 26,051 | **21,622** | 23,895 |
| Net trading income | **8,390** | 8,785 | **8,390** | 8,785 |
| Net income from financial instruments designated at fair value attributable to insurance operations | **31,999** | 48,642 | **–** | – |
| Net gains on sale of available-for-sale financial investments | **682** | 1,719 | **683** | 1,719 |
| Dividend income | **–** | – | **1,231** | 20,462 |
| Net insurance premium income | **55,243** | 57,729 | **–** | – |
| Movement in present value of in-force long-term insurance business | **(3,017)** | (11,486) | **–** | – |
| Net other operating income | **549** | 1,584 | **502** | 1,689 |
| **Total operating income** | **247,445** | 255,586 | **159,316** | 178,569 |
| Net insurance claims, benefits paid and movement in liabilities to policyholders | **(71,090)** | (82,326) | **–** | – |
| **Net operating income before loan impairment charges** | **176,355** | 173,260 | **159,316** | 178,569 |
| Loan impairment charges | **(10,826)** | (22,545) | **(10,826)** | (22,545) |
| **Net operating income** | **165,529** | 150,715 | **148,490** | 156,024 |
| Employee compensation and benefits | **(68,485)** | (51,744) | **(65,267)** | (49,123) |
| General and administrative expenses | **(43,554)** | (40,298) | **(39,115)** | (37,293) |
| Depreciation of property, plant and equipment | **(3,575)** | (3,460) | **(3,567)** | (3,449) |
| Amortisation of intangible assets | **(3,143)** | (3,092) | **(3,089)** | (3,036) |
| **Profit before tax** | **46,772** | 52,121 | **37,452** | 63,123 |
| Tax expense | **(17,292)** | (18,504) | **(13,991)** | (22,741) |
| **Profit for the year** | **29,480** | 33,617 | **23,461** | 40,382 |
| **Earnings per share** | **8.2c** | 9.3c | | |

## Statements of Comprehensive Income for the year ended 31 December 2015

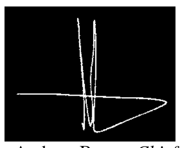
| | Group | | Bank | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **€000** | €000 | **€000** | €000 |
| **Profit for the year** | **29,480** | 33,617 | **23,461** | 40,382 |
| **Other comprehensive income** | | | | |
| **Items that will be reclassified subsequently to profit or loss when specified conditions are met:** | | | | |
| Available-for-sale investments: | | | | |
| – fair value gains | **4,938** | 13,656 | **5,187** | 13,810 |
| – fair value gains reclassified to profit or loss on disposal | **(682)** | (1,719) | **(683)** | (1,719) |
| – income taxes | **(1,489)** | (4,178) | **(1,576)** | (4,232) |
| | **2,767** | 7,759 | **2,928** | 7,859 |
| **Items that will not be reclassified subsequently to profit or loss:** | | | | |
| Properties: | | | | |
| – revaluation | **–** | (28) | **–** | (28) |
| – income taxes determined on the basis applicable to disposals | **1,199** | 3 | **1,201** | 3 |
| | **1,199** | (25) | **1,201** | (25) |
| Other comprehensive income for the year, net of tax | **3,966** | 7,734 | **4,129** | 7,834 |
| **Total comprehensive income for the year** | **33,446** | 41,351 | **27,590** | 48,216 |

## Statements of Financial Position at 31 December 2015

| | Group | | Bank | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **€000** | €000 | **€000** | €000 |
| **Assets** | | | | |
| Balances with Central Bank of Malta, Treasury Bills and cash | **187,563** | 118,033 | **187,563** | 118,033 |
| Items in the course of collection from other banks | **12,559** | 10,990 | **12,559** | 10,990 |
| Financial assets designated at fair value attributable to insurance operations | **1,372,484** | 1,421,580 | **–** | – |
| Held-for-trading derivatives | **11,492** | 13,170 | **10,897** | 13,098 |
| Loans and advances to banks | **841,411** | 875,095 | **728,918** | 796,257 |
| Loans and advances to customers | **3,284,615** | 3,273,381 | **3,292,815** | 3,284,881 |
| Available-for-sale financial investments | **1,203,638** | 1,153,884 | **1,198,792** | 1,137,697 |
| Prepayments and accrued income | **40,863** | 44,730 | **31,305** | 35,898 |
| Current tax assets | **11,792** | 8,833 | **2,356** | 3,258 |
| Reinsurance assets | **83,088** | 85,337 | **–** | – |
| Non-current assets held for sale | **11,347** | 9,297 | **11,347** | 9,297 |
| Investments in subsidiaries | **–** | – | **34,541** | 34,541 |
| Investment property | **15,458** | 16,326 | **10,876** | 11,667 |
| Property, plant and equipment | **58,559** | 59,481 | **58,659** | 59,573 |
| Intangible assets | **69,653** | 73,971 | **7,610** | 8,989 |
| Deferred tax assets | **18,343** | 13,612 | **18,291** | 13,602 |
| Other assets | **13,959** | 21,267 | **8,124** | 8,946 |
| **Total assets** | **7,236,824** | 7,198,987 | **5,614,653** | 5,546,727 |
| **Liabilities** | | | | |
| Deposits by banks | **14,286** | 59,848 | **14,286** | 59,848 |
| Customer accounts | **4,950,257** | 4,867,124 | **5,028,318** | 4,931,485 |
| Held-for-trading derivatives | **11,732** | 13,870 | **11,630** | 13,419 |
| Accruals and deferred income | **30,073** | 27,514 | **23,898** | 26,070 |
| Current tax liabilities | **3,508** | 172 | **–** | – |
| Liabilities under investment contracts | **987,008** | 1,030,928 | **–** | – |
| Liabilities under insurance contracts | **616,657** | 592,378 | **–** | – |
| Provisions for liabilities and other charges | **17,133** | 2,417 | **16,609** | 2,417 |
| Deferred tax liabilities | **27,950** | 28,244 | **–** | – |
| Subordinated liabilities | **87,363** | 87,284 | **88,146** | 88,093 |
| Other liabilities | **29,741** | 44,103 | **26,359** | 30,138 |
| **Total liabilities** | **6,775,708** | 6,753,882 | **5,209,246** | 5,151,470 |
| **Equity** | | | | |
| Called up share capital | **108,092** | 97,281 | **108,092** | 97,281 |
| Revaluation reserve | **46,476** | 42,510 | **46,268** | 42,139 |
| Retained earnings | **306,548** | 305,314 | **251,047** | 255,837 |
| **Total equity** | **461,116** | 445,105 | **405,407** | 395,257 |
| **Total liabilities and equity** | **7,236,824** | 7,198,987 | **5,614,653** | 5,546,727 |
| **Memorandum items** | | | | |
| Contingent liabilities | **133,771** | 133,448 | **133,771** | 135,151 |
| Commitments | **1,292,605** | 1,291,225 | **1,292,802** | 1,295,275 |

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2016 and signed on its behalf by:

Sonny Portelli, *Chairman*



Andrew Beane, *Chief Executive Officer*

## Statements of Cash Flows for the year ended 31 December 2015

| | Group | | Bank | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **€000** | €000 | **€000** | €000 |
| **Cash flows from operating activities** | | | | |
| Interest, commission and premium receipts | **243,524** | 241,480 | **171,969** | 172,609 |
| Interest, commission and claims payments | **(173,162)** | (87,678) | **(28,489)** | (37,839) |
| Payments to employees and suppliers | **(94,182)** | (89,873) | **(85,778)** | (85,113) |
| Cash flows (used in)/from operating activities before changes in operating assets/liabilities | **(23,820)** | 63,929 | **57,702** | 49,657 |
| Decrease/(increase) in operating assets: | | | | |
| Financial assets designated at fair value | **108,101** | 14,835 | **–** | – |
| Reserve deposit with Central Bank of Malta | **(1,594)** | (3,206) | **(1,594)** | (3,206) |
| Loans and advances to customers and banks | **(85,834)** | 1,262 | **(82,779)** | 3,870 |
| Treasury Bills | **(51,000)** | 44,227 | **(51,000)** | 44,227 |
| Other receivables | **6,625** | (40,824) | **(1,109)** | (576) |
| Increase/(decrease) in operating liabilities: | | | | |
| Customer accounts and deposits by banks | **40,730** | 354,261 | **55,303** | 382,507 |
| Other payables | **(24,699)** | 35,343 | **(5,468)** | (3,583) |
| Net cash (used in)/from operating activities before tax | **(31,491)** | 469,827 | **(28,945)** | 472,596 |
| Tax paid | **(22,196)** | (21,529) | **(18,179)** | (20,875) |
| Net cash (used in)/from operating activities | **(53,687)** | 448,298 | **(47,124)** | 452,021 |
| **Cash flows from investing activities** | | | | |
| Dividends received | **–** | – | **–** | 14,370 |
| Interest received from financial investments | **54,037** | 39,435 | **25,223** | 23,792 |
| Purchase of other available-for-sale financial investments | **(301,583)** | (413,566) | **(301,614)** | (413,566) |
| Proceeds on sale and maturity of financial investments | **312,413** | 217,133 | **300,985** | 212,926 |
| Purchase of property, plant and equipment, investment property and intangible assets | **(4,640)** | (5,264) | **(4,585)** | (3,546) |
| Proceeds on sale of property, plant and equipment and intangible assets | **3** | 81 | **2** | 56 |
| Net cash flows (used in)/from investing activities | **60,230** | (162,181) | **20,011** | (165,968) |
| **Cash flows from financing activities** | | | | |
| Dividends paid | **(17,455)** | (19,349) | **(17,455)** | (19,349) |
| **Net (decrease)/increase in cash and cash equivalents** | **(10,912)** | 266,768 | **(44,568)** | 266,704 |
| Cash and cash equivalents at beginning of year | **827,685** | 521,411 | **748,847** | 521,295 |
| Effect of exchange rate changes on cash and cash equivalents | **(23,104)** | (39,152) | **(23,104)** | (39,152) |
| | **793,669** | 749,027 | **681,175** | 748,847 |
| Cash balance on portfolio transfer by subsidiary company | **–** | 78,658 | **–** | – |
| **Cash and cash equivalents at end of year** | **793,669** | 827,685 | **681,175** | 748,847 |

## Statements of Changes in Equity for the year ended 31 December 2015

| | *Share capital* | *Revaluation reserve* | *Retained earnings* | *Total equity* |
|---|---|---|---|---|
| | **€000** | **€000** | **€000** | **€000** |
| *Group* | | | | |
| At 1 January 2015 | **97,281** | **42,510** | **305,314** | **445,105** |
| Profit for the year | **–** | **–** | **29,480** | **29,480** |
| **Other comprehensive income** | | | | |
| Available-for-sale investments: | | | | |
| – fair value gains, net of tax | **–** | **3,211** | **–** | **3,211** |
| – fair value gains reclassified to profit or loss on disposal, net of tax | **–** | **(444)** | **–** | **(444)** |
| Properties: | | | | |
| – deferred taxes on reduction determined on the basis applicable to disposals | **–** | **1,199** | **–** | **1,199** |
| **Total other comprehensive income** | **–** | **3,966** | **–** | **3,966** |
| **Total comprehensive income for the year** | **–** | **3,966** | **29,480** | **33,446** |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners: | | | | |
| – share-based payments | **–** | **–** | **20** | **20** |
| – dividends | **–** | **–** | **(17,455)** | **(17,455)** |
| – bonus issue | **10,811** | **–** | **(10,811)** | **–** |
| **Total contributions by and distributions to owners** | **10,811** | **–** | **(28,246)** | **(17,435)** |
| **At 31 December 2015** | **108,092** | **46,476** | **306,548** | **461,116** |
| At 1 January 2014 | 87,552 | 35,107 | 300,325 | 422,984 |
| Profit for the year | – | – | 33,617 | 33,617 |
| **Other comprehensive income** | | | | |
| Available-for-sale investments: | | | | |
| – fair value gains, net of tax | – | 8,877 | – | 8,877 |
| – fair value gains reclassified to profit or loss on disposal, net of tax | – | (1,118) | – | (1,118) |
| Properties: | | | | |
| – transfer of revaluation reserve on disposal, net of tax | – | (331) | 331 | – |
| – revaluation of properties, net of tax | – | (25) | – | (25) |
| **Total other comprehensive income** | – | 7,403 | 331 | 7,734 |
| **Total comprehensive income for the year** | – | 7,403 | 33,948 | 41,351 |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners: | | | | |
| – share-based payments | – | – | 119 | 119 |
| – dividends | – | – | (19,349) | (19,349) |
| – bonus issue | 9,729 | – | (9,729) | – |
| **Total contributions by and distributions to owners** | 9,729 | – | (28,959) | (19,230) |
| At 31 December 2014 | 97,281 | 42,510 | 305,314 | 445,105 |
| *Bank* | | | | |
| At 1 January 2015 | **97,281** | **42,139** | **255,837** | **395,257** |
| Profit for the year | **–** | **–** | **23,461** | **23,461** |
| **Other comprehensive income** | | | | |
| Available-for-sale investments: | | | | |
| – fair value gains, net of tax | **–** | **3,372** | **–** | **3,372** |
| – fair value gains reclassified to profit or loss on disposal, net of tax | **–** | **(444)** | **–** | **(444)** |
| Properties: | | | | |
| – deferred taxes on reduction determined on the basis applicable to disposals | **–** | **1,201** | **–** | **1,201** |
| **Total other comprehensive income** | **–** | **4,129** | **–** | **4,129** |
| **Total comprehensive income for the year** | **–** | **4,129** | **23,461** | **27,590** |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners: | | | | |
| – share-based payments | **–** | **–** | **15** | **15** |
| – dividends | **–** | **–** | **(17,455)** | **(17,455)** |
| – bonus issue | **10,811** | **–** | **(10,811)** | **–** |
| **Total contributions by and distributions to owners** | **10,811** | **–** | **(28,251)** | **(17,440)** |
| **At 31 December 2015** | **108,092** | **46,268** | **251,047** | **405,407** |
| At 1 January 2014 | 87,552 | 34,636 | 244,094 | 366,282 |
| Profit for the year | – | – | 40,382 | 40,382 |
| **Other comprehensive income** | | | | |
| Available-for-sale investments: | | | | |
| – fair value gains, net of tax | – | 8,977 | – | 8,977 |
| – fair value gains reclassified to profit or loss on disposal, net of tax | – | (1,118) | – | (1,118) |
| Properties: | | | | |
| – transfer of revaluation reserve on disposal, net of tax | – | (331) | 331 | – |
| – revaluation of properties, net of tax | – | (25) | – | (25) |
| **Total other comprehensive income** | – | 7,503 | 331 | 7,834 |
| **Total comprehensive income for the year** | – | 7,503 | 40,713 | 48,216 |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners: | | | | |
| – share-based payments | – | – | 108 | 108 |
| – dividends | – | – | (19,349) | (19,349) |
| – bonus issue | 9,729 | – | (9,729) | – |
| **Total contributions by and distributions to owners** | 9,729 | – | (28,970) | (19,241) |
| At 31 December 2014 | 97,281 | 42,139 | 255,837 | 395,257 |

## Commentary by Andrew Beane, Chief Executive Officer, HSBC Bank Malta p.l.c.

HSBC Bank Malta p.l.c. ('the bank') reported a profit before tax of €46.8m for the year ended 31 December 2015. This represents a decline of €5.3m or 10% on the previous year. Reflecting strong underlying profitability and capital strength, the bank announced an increase in the dividend payout ratio from 55% to 65%.

This result was achieved in an environment characterised by unprecedented low levels of interest rates, deflationary pressures and slow growth in the eurozone and expanded regulatory demands.

On an adjusted basis, excluding the effect of non-recurring expenses for the early voluntary retirement provision, profit before tax was up €9m or 18% on the previous year.

| | **2015** | 2014 |
|---|---|---|
| | **€000** | €000 |
| Reported profit before tax | **46,772** | 52,121 |
| Provision for early voluntary retirement | **14,668** | – |
| Adjusted profit before tax | **61,440** | 52,121 |

During the year the bank continued to build a sound regulatory capital base. Its common equity tier 1 capital increased to 12.4% from 10.6% at the end of 2014. At this level, the bank performed strongly against its regulatory capital requirements. This created a capacity for the bank to increase the dividend payout ratio to 65% of the profit after tax this year, up 10 percentage points from 55% in 2014. During the year, the bank set aside €1m to bring the General Banking risk provision stipulated by the Banking Rule 09 to a 100% of the requirement. Adjusted for this contribution, the effective dividend payout rate will be 62% compared to 45% in 2014.

Profit attributable to shareholders amounted to €29.5m resulting in earnings per share of 8.2 cent compared to 9.3 cent in 2014. The Board recommends a final gross dividend of 2.6 cent per share (1.7 cent per share net of tax). Together with the interim dividend paid in September 2015, the total gross dividend for the year will be 7.7 cent per share (5.0 cent per share net of tax), which represents a 20% increase compared to 2014 dividend adjusted for the bonus share issue in April 2015. The final dividend will be paid on 19 April 2016 to shareholders who are on the bank's register of shareholders at 16 March 2016.

All three main business lines – Retail Banking and Wealth Management, Commercial Banking and Global Banking and Markets – were profitable during the year under review.

Net interest income was up by 4% to €127m compared with €122.6m in 2014. The dynamics in the net interest income were largely impacted by the prevailing low interest rate environment: lending margins on both retail and commercial loan portfolios were under pressure, yields on the investment portfolio declined despite the growing portfolio balance as maturing higher yielding bonds could be replaced only at significantly lower rates. The drop in interest income was offset by the reduction in the cost of funding as deposit rates continued declining and more customers moved to shorter-dated deposits.

Net fee income increased by 2% compared with 2014. The Group earned higher asset management fees in the insurance subsidiary. This was offset by a decrease in the commission income from custody, fund administration and stock brokerage as a result of the bank's strategy to scale down in these areas.

HSBC Life Assurance (Malta) Limited reported a profit before tax of €8.8m, which is in line with the profit reported in 2014.

A lower gain of €0.7m on the sale of financial investments was reported in 2015 compared to €1.7m in 2014, reflecting limited re-investment opportunities in the environment characterised by low interest rates.

Operating expenses of €118.8m were €20.2m or 20% higher compared with previous year. The early voluntary retirement programme launched at the end of the year under review, as part of the bank's efforts to improve productivity and cost effectiveness, was the main driver for the increase in 2015 costs.

Excluding this one-off investment that is expected to yield sustainable savings in future years, operating expenses were up 6% compared with 2014. Underlying expenses increased due to additional compliance and regulatory costs associated with further strengthening of the compliance function and new regulatory obligations – contribution to the Single Resolution Fund and new supervisory fees of the Single Supervisory Mechanism established in the end of 2014. Furthermore, the increased cost of outsourced services as a result of currency fluctuations and new services related to the transferred insurance portfolio affected 2015 costs.

The adjusted cost efficiency ratio, that compares normalised operating expenses to net operating income, was at 59% compared with 57% in 2014.

Loan impairment charges were €10.8m compared to €22.5m in 2014. In line with last year, the Board maintained a cautious approach to provisioning for non-performing loans. In particular, in 2015 a decision was taken to set aside impairment provision for retail exposures which have been non-performing for a certain number of years. These exposures are well covered by collateral. The Board felt that it would be prudent to provide for these loans due to the long legal process to repossess collateral. The level of loan impairment charges was also affected by the technical change in the accounting methodology for suspended interest in 2015. Instead of reversing the accrued interest related to newly downgraded facilities from the income statement, the bank started recognising additional impairment charges. While the effect of the old and the new methodology on the profit is the same, the new approach results in a higher level of interest income but also higher impairment charges.

Despite the total drawdowns of nearly €550m during 2015, net loans and advances to customers at €3,285m were 0.5% up on 2014. The higher pace of early repayments observed in the last two years in both the commercial and retail loan books continued in 2015. Supported by government incentives for first time buyers, the mortgage book, the bank's largest lending portfolio, continued to perform well resulting in a net growth of over €60m in 2015. This, however, was offset by the reduction in corporate lending where repayments were higher as a result of the persistent low interest rate environment.

Asset quality improved during 2015 with non-performing exposures at 8% of gross loans compared to 8.9% in 2014. The percentage of tangible security held against the bank's loan portfolio remains high.

Customer accounts continued to grow in the year under review and reached €4,950m, an increase of 1.7% from 31 December 2014. Notably, deposits from retail customers, the most stable funding base, demonstrated robust growth and increased by 6.5%. During 2015, liquidity position of the bank remained solid with an advances-to-deposits ratio of 66.4%.

The financial investments portfolio increased 4.3% year on year. The bank maintains this portfolio of highly rated instruments well diversified and conservatively positioned.

Andrew Beane, Chief Executive Officer at HSBC Bank Malta p.l.c., said: "In 2015 the operating environment for eurozone banks remained difficult with record low interest rates and higher operating costs, principally driven by new regulation. HSBC Malta's underlying profitability was strong and our signature capital strength and conservative risk appetite enabled the bank to perform well in the European Central Bank's regulatory assessments.

Since I became Chief Executive in November my focus has been on reviewing the bank's strategy and re-focusing the business to restore growth. We have taken decisive action to reduce costs, resolved a long-running union dispute and made a number of key leadership appointments. And our strong balance sheet has enabled the bank, with the support of our regulator, to increase the dividend pay-out ratio from 55% to 65% so that a greater share of profits is returned to our owners.

While the global economy shows some signs of increased stress, the local outlook remains more favourable and HSBC is open for business. As CEO I am committed to ensure that HSBC facilitates growth in Malta's economy and creates value for our 10,000 local shareholders while continuing to operate to the highest regulatory standards. We will achieve this by investing in our team of banking professionals in order to raise customer service standards, by using HSBC's unique international network to connect Malta's economy to the global financial system and by sustaining strict cost discipline. Despite the challenges our industry faces, HSBC Malta is in a strong position to navigate these and I am confident about the future."

HSBC

Approved and issued by HSBC Bank Malta p.l.c., 116, Archbishop Street, Valletta VLT1444