HSBC

News Release

30 July 2025

HSBC Bank Malta p.l.c.: Strong Half Year Results, Underpinned By Robust Capital And Liquidity

HSBC Bank Malta p.l.c. and its subsidiaries ('the local group') reported strong results in the first half of the year, with profit before tax of €58.7m despite a lower interest rate environment. As a result of our continued strong profit generation, the directors are recommending a gross interim dividend of 10 cents per share, the same level as that paid in the same period last year. The local group remains highly profitable with a return on equity of 12.7% for the six months ended 30 June 2025. HSBC Bank Malta p.l.c. ('the bank') maintained its robust balance sheet and strong risk management with a Liquidity Coverage Ratio of 537% and Tier 1 Capital of 22.5% as at 30 June 2025, well above regulatory requirements. The bank continued investing in technology, people and customer service, including recent mortgage campaigns. The bank is positive on the Maltese economy despite global uncertainty.

Key Highlights

- Profit before tax ('PBT') for the period was €58.7m compared to €78.6m in the first half of 2024 reflecting lower revenue from declining interest rates and lower credit loss recoveries.
- Revenue decreased by €13.6m or 11% driven by lower net interest income. Growth was reported in all other sources of income, including insurance, trading, foreign exchange and trade.
- A release of €3.0m was reported in expected credit losses ('ECL') reflecting our continued adherence to prudent lending policies.
- Costs were €2.3m higher than the same period in 2024. This increase in costs was largely driven by investment in people, technology and the implementation of regulatory projects mainly delivered through intercompany services. Costs related to the strategic review were reimbursed by the HSBC Group.
- During the first six months, the local group grew customer deposits by €44.5m while loans to customers decreased by €82.3m when compared to 31 December 2024. New retail lending sales registered growth over the same period last year, mainly driven by secured lending.
- Profit attributable to shareholders of €38.3m for the six months ended 30 June 2025.
- Management recommends a gross interim dividend of 10 cents per share, unchanged from 1H 2024, supported by the bank's strong capital base.
- The local group remains highly profitable with a return on equity of 12.7% for the six months ended 30 June 2025.
- The bank maintained its robust balance sheet and strong risk management underpinned by robust liquidity and excess capital position as at 30 June 2025 with a Liquidity Coverage Ratio of 537% and Tier 1 Capital of 22.5%, well above regulatory requirements.

Financial Performance

Profit before tax for the six months ended 30 June 2025 was €58.7m, a decrease of €19.9m over the same period in 2024. Lower profits were driven by the lower interest rate environment and lower recovery of expected credit losses.

Net interest income decreased by €16.8m to €89.8m compared with €106.6m in the same period in 2024. The sustained rate cuts since June 2024 led to narrower interest spreads and lower yields on investment portfolios.

Non-funds income (fees and commissions and trading income) increased by €0.5m as we reported improvement in both transactional and trading income. We continue seeing growth in our key strength area of transactional banking within Commercial Banking and Retail Banking. Of particular note, we achieved another record performance in foreign exchange sales to customers as well as the issuance of both domestic and international guarantees, with totals up 9% on prior year. The Wealth business continued to see steady growth, with assets under distribution increasing by 4% in the first six months of the year despite the volatile global market environment.

Operating expenses increased by €2.3m to €58.4m, compared with €56.1m in the same period in 2024. The main drivers were higher staff related costs, increased amortisation and depreciation and higher costs to ensure compliance with new regulatory requirements. Thus, increased costs reflect our continued investment in people, technology and infrastructure.

During the six months, we reported a release of expected credit losses ('ECL') of €3.0m, compared to a release of €7.0m reported in the same period last year. The net release of €3.0m is made up of a release of €3.3m in the retail business partially offset by a charge of €0.3m in the commercial business. The release in the retail business is mainly driven by a re-assessment of the loss rate and loss given default parameters used to calculate ECL on mortgages. On the other hand, a higher weighting was given to the downside scenario of both retail and commercial models in view of the heightened uncertainty in the global macroeconomic environment driven by tariff concerns and geopolitical uncertainty. Other movements in ECL relate to changes in the credit quality of individual customers.

HSBC Life Assurance (Malta) Ltd reported a profit of €6.5m compared to €4.5m in the same period last year. The increase in profits was a result of an improvement in the yield curve partially offset by a non-recurring reversal of losses on onerous insurance contracts reported last year. New business generation on protection and long-term savings, tracked favourably in the first half of the year amid intense competition. The insurance company continued to maintain a very strong capital position with a Solvency ratio as at 30 June 2025 of 247%.

Our Asset Management subsidiary generated a PBT 31% higher than same period last year driven, by an increase in net revenue and lower costs. The growth in revenue is reflective of the higher Assets Under Management of the company.

The effective tax rate was 35% in both periods. This translated into an interim tax expense of €20.4m.

Financial Position and Capital

Net loans and advances to customers amounted to €2,791m, a decrease of €82m or 3% when compared to 31 December 2024. The loan portfolio showed stronger credit performance, with declining delinquency and default rates resulting in further releases of ECL.

The bank's investment portfolio increased by €197m to €2,488m as the bank continues to invest in the long term to mitigate interest rate risk inherent in the balance sheet. The investment portfolio is composed of highly rated securities and remains conservatively positioned with the lowest investment grade of A-.

Customer deposits stood at €6,203m as at 30 June 2025, an increase of €45m compared to 31 December 2024. While commercial customer balances decreased marginally when compared to 31 December 2024, average commercial deposits for 1H 2025 were higher than 1H 2024. Retail deposits increased by 2%.

The bank continued to maintain very strong capital ratios which exceed regulatory capital requirements. The bank's common equity tier 1 capital was 22.5% as at 30 June 2025, compared to 22.6% at the end of 2024. The total capital ratio was 25.4% compared to 25.6% as at 31 December 2024.

The bank maintained its commitment to rewarding shareholders with high dividends. We decided to maintain the same level of dividend as last year despite the lower profit in view of the bank's capital strength. The Board has thus recommended a gross interim dividend of 10 cents per share which amounts to a gross dividend of €36.0m. The interim dividend will be paid on 23 September 2025 to shareholders who are on the bank's register of shareholders on 20 August 2025.

Customer and Business Initiatives

Wealth and Personal Banking

The bank continued to welcome new customers while deepening its relationship with existing customers with continuous focus on improving how we serve our customers.

Retail deposit balances grew by 2% during the reporting period, and new lending values also improved for the first time in the last four years.

Our Wealth investment business continued to experience robust growth as we aim to support more customers on their protection, regular savings and investment needs, thanks to our personalised relationship-managed service for premium customers, in-house insurance and asset management manufacturing capabilities. Our insurance subsidiary continues to deliver on its commitment to policy holders, reporting a claims payout ratio in excess of 95% for last year.

Throughout the reporting period, we maintained ongoing marketing visibility across various channels promoting our unique customer propositions, credit cards and our various Wealth and Insurance product offers. More recently, we have launched our students' campaign with a record cashback incentive.

During July, we introduced two limited-time home loan offers with a guaranteed fixed rate of 1.5% until 30 September 2029, aimed at customers purchasing high-value residential properties and/or those investing in energy-efficient homes. The campaign forms part of the bank's strategy to provide more attractive lending options while encouraging eco-friendly purchases.

We continued to maintain rapid response times for credit applications and for customer servicing queries received through customer calls and secure electronic messaging. Furthermore, work is ongoing to identify and implement process efficiency improvements enabling our front-line teams to serve customers better and in less time.

We continued with the rollout of our new ATM fleet, with 82% of our ATM locations installed with new machines and ongoing work to replace the rest of the fleet by the end of the year. This has reflected well in machine reliability, improving availability and convenience for our customers. Furthermore, we continued to invest in our cards platform and in upgrading customer journeys on SEPA payments. In December 2024, our customers were able to start receiving SEPA payments instantly. We are now aiming to enable customers to originate instant payments through our digital channels in the coming months.

Corporate and Institutional Banking

In a period characterised by international market volatility, the bank continued to successfully deliver on its strategy to offer best in class services to our local and international customers by offering a comprehensive range of award-winning transaction banking services, including foreign exchange and other hedging products, underpinned by expert relationship management.

During the first half of the year, we welcomed customers and key stakeholders to two exclusive economic presentations led by HSBC Global Economist, James Pomeroy. These events provided attendees with valuable insights into the global economic outlook amid uncertain times, reinforcing the bank's commitment to informed financial decision-making.

We were delighted to celebrate with TradeMalta, which helps Maltese businesses with their internationalisation plans, on its 10-year anniversary in May. We have been supporting it through our sponsorship since its inception, enabling Maltese businesses to grow beyond our shores.

Through our partnership with the Malta Development Bank, we provide access to loans under the SME Guarantee Scheme and the Guaranteed Co Lending Scheme with favourable terms which include longer tenor and reduced collateral requirements. Through these schemes we finance new business investments, particularly in support of a more digitally oriented and sustainable economy. Both schemes were extended until the end of 2027.

We hosted numerous events with top customers to thank them for their trust and collaboration.

Geoffrey Fichte, Chief Executive Officer of HSBC Malta, said:

“We achieved strong results with profit before tax of €58.7m reflecting the strength of our business despite lower interest rates. As a result of our continued strong profit generation in the first half of the year, the directors are recommending a gross interim dividend of 10 cents per share. I would like to thank our customers for their business and my colleagues for their unwavering support to our customers.

We continue to invest in technology, people and customer service while promoting our services through ongoing marketing efforts. We remain committed to helping our customers achieve their aspirations and have recently launched competitive new mortgage campaigns designed to support our customers, both current and future. We renewed important commercial agreements with the Malta Development Bank, Trade Malta, Chamber of Commerce and others in order to grow our commercial banking business.

We are positive on the Maltese economy despite global uncertainty. Malta’s robust and diversified economic growth is well positioned for future success given global trends.

The local group remains highly profitable with a return on equity of 12.7% for the six months ended 30 June 2025. The bank maintained its solid balance sheet and strong risk management underpinned by robust liquidity and excess capital position as at 30 June 2025 with a Liquidity Coverage Ratio of 537% and Tier 1 Capital of 22.5%, well above regulatory requirements.

Our main shareholder continues its strategic review of their shareholding. We are committed to informing the market of any developments aligned to capital market listing rules.’’

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HSBC Bank Malta p.l.c.
HSBC Bank Malta p.l.c. is listed on the Malta stock exchange and is 70% owned by HSBC Continental Europe as well as over 8,800 local shareholders. The ultimate parent company of the majority shareholder is HSBC Holdings plc. HSBC Malta provides a comprehensive range of financial services which are all designed to meet the expanding requirements of its large client base of personal and corporate customers. These include Wealth and Personal Banking and Corporate and Institutional Banking. Registered in Malta number C3177. Registered Office: 116, Archbishop Street, Valletta VLT 1444, Malta. HSBC Bank Malta p.l.c. is regulated and licensed to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta) by the Malta Financial Services Authority.

HSBC Holdings plc
HSBC Holdings plc, the parent company of HSBC, is headquartered in London. With assets of US$3.2tn at 30 June 2025, HSBC is one of the world’s largest banking and financial services organisations.