

25 February 2026

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by HSBC Bank Malta p.l.c. ('the bank') pursuant to the Capital Market Rules of the Malta Financial Services Authority.

Quote:

During a meeting held on 25 February 2026, the Board of Directors of HSBC Bank Malta p.l.c. approved the attached Annual Report and Accounts as at 31 December 2025.

Pre-Tax Profit exceeding €100m for the 3rd consecutive year – strong momentum and positive outlook

2025 Results

HSBC Bank Malta p.l.c. and its subsidiaries ('the local group') has reported robust financial results for 2025, marking its third consecutive year of pre-tax profits exceeding €100million.

In 2025, the local group achieved a profit before tax of €109.0million demonstrating resilience and consistent performance across all business units despite operating in a lower interest rate environment.

HSBC Bank Malta p.l.c. ('the bank') confirms its commitment to delivering sustainable shareholder returns, recommending a final gross dividend of 8.4 cents per share, following another period of resilient financial performance and disciplined capital management. This, together with the interim dividend paid in September 2025, represent a 60% dividend payout ratio.

Key Highlights

- The outlook on Malta's economy remains positive. Malta's high GDP growth, diversification and low unemployment provide economic resilience despite global uncertainties. Property sector remains strong.
- Reported profit before tax of €109.0million for the year ended 31 December 2025, a decrease of €45.4million or 29% over 2024. The decrease in profit reflects the impact of lower interest rates and lower releases of expected credit losses. The bank achieved solid underlying revenue growth, driven by increased customer activity. Operating costs increased reflecting continued strategic investment in talent and accelerated amortisation of software.
- Reported profit after tax attributable to shareholders amounted to €71.6million for the year ended 31 December 2025, resulting in earnings per share of 19.9 cents, compared with 27.8 cents in the same period in 2024.
- The Board has recommended a final gross dividend of 8.4 cents per share (5.46 cents per share net of tax), bringing the total dividend for 2025 to 18.4 cents (11.96 cents net of tax). This represents a payout ratio of 60%.
- The bank's market share for deposits grew by over 1%, as customer deposits increased by €370million during the year, reaching a record high of €6,528million at 31 December 2025, this along with growth of 28% in Assets under Management and Distribution.
- The bank maintained strong capital and liquidity positions, with ratios well in excess of regulatory requirements.

Geoffrey Fichte, Chief Executive Officer at HSBC Bank Malta p.l.c., said:

"I am proud to report another year of successful results, marking our third consecutive year of pre-tax profit exceeding €100million - a first in the history of HSBC in Malta. This performance, delivered despite lower interest rates and reduced recoveries, underscores the strength and resilience of our diversified business model, disciplined execution and the continued trust of our customers.

"We continued to grow our business, increasing deposit market share with a record €6.5billion in customer deposits while also growing wealth management, insurance and investments for our customers to record levels.

"We continue to serve our customers with the same high standards of service and banking, insurance and investment products. Throughout the year, we continued to invest in the future of the bank - enhancing our digital capabilities through the implementation of SEPA Instant payments, upgrading our IT infrastructure, and completing the replacement of our ATM fleet across Malta and Gozo.

"Testament to this is the bank's recognition as 2025 Bank of the Year Malta by The Banker, the Financial Times, an internationally renowned publication covering global banking and financial affairs. HSBC Bank Malta's recognition reflects the bank's significant progress across key performance metrics, including earnings growth, capital strength, operational efficiency, and continued investment in digital and technological capabilities.

"The Board has proposed a gross dividend distribution of €30.3million, supported by our strong capital position and robust liquidity ratios.

"We have started 2026 from a position of strength and momentum with a strong balance sheet, successful and profitable business, highly engaged team and a clear focus on ensuring stability, continuity and long-term value for our customers, colleagues and shareholders. Subject to regulator's approval of the proposed transaction, HSBC and CrediaBank are committed to ensure a smooth and orderly changeover.

"I would like to thank our customers for their business, trust and confidence, and I would like to recognise my colleagues for their contribution to the company's success."

Directors' Report

Financial Performance

The local group delivered solid financial results despite the lower interest rate environment. The reported profit before tax for the year ended 31 December 2025 amounted to €109.0million, representing a decrease of 29% compared to prior year. Credit quality across the loan portfolio continued to improve, leading to a further release of expected credit losses.

Reported profit attributable to shareholders was €71.6million, resulting in earnings per share of 19.9 cents compared with 27.8 cents in the same period in 2024.

Net interest income amounted to €175.4million, representing a decrease of 15% compared to the prior year, reflecting the lower interest rate environment. The ECB began reducing interest rates in June 2024. The average prevailing rates in 2025 were lower than those recorded in 2024. As a result, net interest income was primarily influenced by lower returns on the placement of excess liquidity. This impact was partially mitigated by higher average deposit balances maintained consistently throughout the year.

Net fee income increased by 2% to €21.3million when compared to prior year, driven by higher level of customer activity across both business lines. The asset management business reported a strong growth of 28% in the Assets under Management and Distribution, exceeding the €1billion mark. Continued momentum was also evident within the commercial business, with a growth in new customers of approximately 13% year-on-year. Growth was particularly strong in its key target segments, i.e. Mid-Market Enterprises and Large Corporates, including International Subsidiary Banking.

Net trading income decreased by 5% to €9.2million, reflecting the exceptionally strong performance recorded in 2024, during which trading income increased by 27% compared to 2023. As the leading international bank in the market, the bank remained focused on supporting its customers in managing foreign exchange and interest rate risk through a comprehensive range of solutions.

Operating costs for the year increased by 6% to €119.9million. These costs include a notable item of €3.1million relating to the accelerated amortisation of software, following a revision to estimated useful lives in anticipation of the prospective transfer to CrediaBank. Excluding this notable item, operating expenses increased by 3.6%, primarily reflecting continued investment in people, IT infrastructure and real estate to support sustainable growth and service excellence. The bank remains committed to investing in talent and rewarding employees for their continued dedication.

During the year, the bank reported a release of expected credit losses ('ECLs') of €9.5million, compared to €14.6million in 2024. In 2025, we saw releases in both business lines. The release in the retail portfolio was primarily driven by a re-assessment of the loss rate and loss given default parameters applied to the mortgages exposures. The release in the commercial business mainly reflected recoveries on non-performing exposures.

The effective tax rate was 34.3%. This translated into a tax expense of €37.5million, €16.9million lower than the expense for 2024.

HSBC Life Assurance (Malta) Ltd contributed to a profit before tax of €8.1million compared to a profit of €14.4million in 2024. The 2024 reported profits included notable income of €6.1million relating to the re-assessment of the tax estimate of the with-profits portfolio. The life insurance business delivered strong commercial results, achieving a 21% increase in Annual Premium Equivalent compared to 2024.

Financial Position and Capital

Customer deposits increased by €370million to €6,528million, driven predominantly by growth in corporate deposits. Average corporate deposits were 10% higher than 2024. The bank gained over 1% market share when compared to the prior year. This performance reflects the bank's continued focus on delivering a high standard of service to its customer base and customer confidence.

Net loans and advances to customers decreased by €111million to €2,762million. Despite the decrease in loan balances, retail lending originations increased by 10% compared to the prior year. Average funded balances in Trade Finance grew 7% year-on-year, supported by higher working capital requirements across key economic sectors.

The financial investments portfolio grew by 11% to €2,537million, financed mainly through higher customer deposits. In 2025, the bank continued to enter into structural hedges to manage the sensitivity of its economic value of equity and its banking book earnings sensitivity.

The bank's common equity tier 1 capital stood at 24.1% at 31 December 2025, up from 22.6% at the end of 2024. The total capital ratio increased to 27.1%, compared to 25.6% at 31 December 2024. This strengthening of capital ratios was primarily driven by increased profits, higher revaluation reserves on the Hold-to-Collect and Sell investment portfolio and lower capital deductions relating to intangible assets. The bank continues to maintain a strong capital position, comfortably exceeding all regulatory capital requirements.

The bank remains committed to preserving a strong capital base, while recognising the importance of delivering sustainable returns to shareholders. In light of the strong results, the Board has recommended a dividend pay-out ratio of 60% on reported profits. The final proposed gross dividend will be 8.4 cents per share (5.46 cents per share net of tax) which brings the total dividend for 2025 to 18.4 cents (11.96 cents net of tax). The final proposed dividend will be paid on 6 May 2026 to shareholders who are on the bank's register of shareholders on 30 March 2026, subject to approval at the Annual General Meeting scheduled for 29 April 2026.

Strategy and business update

On 23 December 2025, HSBC Continental Europe ('HBCE') and Credia Bank S.A. ('CrediaBank') entered into a definitive agreement for the sale and purchase of HBCE's shareholding in the bank, which transaction is subject to the attainment of the necessary regulatory approvals.

International Wealth and Premier Banking ('IWPB')

In 2025, the retail business has continued to focus on deepening customer relationships and retention by delivering outstanding customer service and driving customer acquisition through its leading premium propositions.

IWPB has re-introduced competitive offers on both secured and unsecured lending, including preferential rates. Retail lending origination grew by 10% compared to prior year.

Additionally, IWPB has also completed the replacement of all ATMs across Malta and Gozo, offering enhanced accessibility features and more reliability to its customers. Refurbishment works have also started on certain branches to upgrade customer facilities and replace aged equipment with more energy efficient solutions in an effort to reduce energy consumption.

The deployment of Instant SEPA inward and outward payments brought additional functionality for customers through the online and mobile banking platform aimed at simplifying journeys and giving customers increased peace of mind through the Verification of Payee feature on outward payments. These important upgrades came at no additional cost to customers.

The Wealth business continued to deliver a strong performance, supporting more customers in their protection, savings and investment needs, complemented by best-in-class Wealth product manufacturing capabilities in Asset Management and Insurance. HSBC Global Asset Management (Malta) Limited surpassed the €1billion mark in Assets under Management and Distribution as at end of 2025, registering a strong growth of 28% when compared to the same period last year. HSBC Life Assurance (Malta) Ltd delivered outstanding results, achieving a strong 21% growth in Annual Premium Equivalent compared to 2024.

Corporate and Institutional Banking ('CIB')

Throughout 2025, the Corporate and Institutional Banking business remained focused on providing the right products, services and solutions to meet its commercial customers' needs. Its strategy remains focused on a relationship management model. New clients coupled with enhanced cross-sell to existing clients, particularly in target segments, and focus on provision of a high standard of customer service contributed to a material growth in deposits. Efforts to deepen customer relationships resulted in robust new lending approved for customers operating across various sectors of the economy. Additionally, the bank grew contingent liabilities as it supported customers with guarantees and other requirements related to capital infrastructure projects, merger and acquisition activity and business expansion.

The bank also continued to upgrade and simplify its offering - the primary upgrade involved enhancing the corporate internet banking platform by introducing a beneficiary check (Verification of Payee) feature, aimed at strengthening fraud prevention and protecting the bank's customers.



Dr Paula Mamo LL.D.
Company Secretary

Unquote

HSBC Bank Malta p.l.c. informs the general public that the Annual Report and Accounts for the year ending 31 December 2025 can be viewed on the bank's website – <https://www.about.hsbc.com.mt/investor-relations>.

This Company Announcement is issued by
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HSBC Bank Malta p.l.c.
Registered in Malta number C3177
Registered Office: 116, Archbishop Street, Valletta VLT 1444, Malta.
HSBC Bank Malta p.l.c. authorised by the Malta Financial Services Authority
to provide investment services under the Investment Services Act 1994.
HSBC Bank Malta p.l.c. is enrolled as a tied insurance intermediary for
HSBC Life Assurance (Malta) Ltd under the Insurance Distribution Act
(Cap.487 of the Laws of Malta).