



LOMBARD

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Lombard Bank Malta p.l.c. pursuant to the Malta Financial Services Authority Listing Rules.

QUOTE

Interim Directors' Statement

Lombard Bank Malta p.l.c. announces that during the period commencing 1 January 2014 up to the date of this Announcement, no material events and/or transactions have taken place, other than those mentioned in this and other announcements, that would have an impact on the financial position of the Bank or the Group and that would require special mention, disclosure or announcement pursuant to the applicable Listing Rules.

World real GDP growth is projected to pick up gradually over the next few years, with moderate growth in 2014 gaining pace in 2015. Malta's GDP growth is expected to continue to outpace that of the euro area in the period ahead. However, the "one size fits all" regulatory regime being imposed on the local banking sector by the European regulators is giving rise to uncertainty as to how its implementation will affect the local financial sector and the economy in general. Though Lombard Bank remains committed to ensuring a robust balance sheet and healthy liquidity, the cost of complying with additional regulation may dampen the pace of growth in the short term. More stringent interpretations of 'forbearance' and 'delayed repayments' by borrowing customers may well put pressure on profits.

The Bank is expecting to maintain the same levels of its Loans and Advances portfolio and Amounts Owed to Customers as at the previous year-end. Also, no deterioration of credit quality of its loan book was experienced. Some pressure on interest margins was registered following increased competition in the domestic banking sector both with regard to loans as well as deposits. Results from MaltaPost p.l.c. provide encouraging signs of steady development.

The Bank maintained high Liquidity and Capital Adequacy Ratios that comfortably exceeded regulatory and prudential requirements. Business was predominantly based in Malta with no exposure to any overseas sovereign debt. Going forward, the Directors are satisfied that the Group remains well-positioned to reach the targets set for the first half of this year.

UNQUOTE

Dr Helena Said LL.D
Company Secretary

19 May 2014

Lombard Bank Malta p.l.c.

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