



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 2015 up to the date of this Announcement, no material events and/or transactions have taken place, other than mentioned in this and other Announcements, that would have an impact on the financial position of the Bank or the Group, such that would require special mention, disclosure or announcement pursuant to the applicable Listing Rules.

Despite encouraging first quarter GDP data, Eurozone economies remain vulnerable with high unemployment and the possibility of shocks from the peripheral economies. Economic activity in Malta is reported to have expanded robustly, driven by domestic demand, while unemployment remains at historically low levels. On the other hand, persisting fears that the Eurozone might fall into deflation induced further monetary easing, resulting in higher liquidity and continuing record low interest rates. Subdued demand for good lending business, coupled with substantial increases in the cost of regulation, exerted pressure on bank profitability.

During the first four months of this financial year the Bank reported a decline in profit after tax compared to the same period in 2014. In line with traditionally cautious provisioning policy, Impairment Allowances were increased to provide for lending situations that, by the nature of the underlying business, require extended time to mature.

Loans and Advances to Customers were down as replacement of early repayments proved to be sluggish and difficult in a more restrictive lending environment.

Interest margins were maintained at the same level of the previous year as lower interest income was offset by a decrease in interest expense consequent upon the lower interest cost of customer deposits.

Fee and Commission Income increased as the Bank continued to develop its transaction-based business. Customer Deposits increased further, leading to higher liquidity levels and balance sheet growth.

Operating expenses increased as the Bank was burdened with more compliance and regulatory requirements. Investment in technology products and human resources also contributed to the increase.

The Bank's Liquidity and Capital Ratios remained high during the period and exceeded regulatory thresholds.

Lombard Bank Malta p.l.c.

Office of the Company Secretary: 67 Republic Street Valletta VLT 1117 Malta • PO Box 584 Valletta VLT 1000 Malta
Tel: +356 25581117 • Fax: +356 25581151 • e-mail: mail@lombardmalta.com • www.lombardmalta.com • SWIFT Code: LBMAMTMT
*Licensed to conduct Investment Services Business by the Malta Financial Services Authority • Regulated by the Malta Financial Services Authority & listed on the Malta Stock Exchange
Registered Office: 67 Republic Street Valletta Malta • Company Registration Number: C 1607*



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MaltaPost p.l.c. reported an improved performance in line with expectations.

The Directors are confident that the Bank will provide a satisfactory half-year result within the context of the challenging environment that is currently being faced by the banking sector.

UNQUOTE

Dr Helena Said LL.D.
Company Secretary

18.05.2015