



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 July 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.

While systemic risks in the eurozone lessened in the second quarter of 2015 on the back of lower energy prices and firmer consumer demand, economic activity remained generally weak and inflation negligible, prompting the ECB to leave its accommodative monetary policy stance unchanged. In Malta, real Gross Domestic Product expanded strongly, driven by domestic demand, while average deposit and lending interest rates remained below year-ago levels.

As already indicated in previous Announcements, the Bank continued to experience pressure on its after-tax profits during the first three quarters of 2015. Core business remained healthy with some areas showing noticeable improvement. In line with the Bank's 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.

Customer deposits were at a lower cost even though volumes increased while the lending portfolio remained lower than it was at the start of the year following loan repayments. This, together with at times negative money market rates, gave rise to lower Interest Income and consequently reduced Net Interest Income.

Fee and Commission Income maintained an upward trend as the Bank continued to grow its transaction-based business.

Compliance and regulatory expenses remained a significant component of the increase in Other Operating Costs as the volume and complexity of additional regulatory requirements comes into force. Higher investment in potential new lines of business and human resources also contributed.



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The Bank's Liquidity and Capital Ratios remained well in excess of regulatory thresholds during the period.

The Bank's subsidiary, MaltaPost p.l.c., reported an improved performance in line with expectations.

The Bank remains on track to meet its full year performance objectives, supported by a prudent risk profile and a solid financial position.

UNQUOTE

A handwritten signature in black ink, appearing to read 'Dr Helena Said', written over a horizontal line.

Dr Helena Said LL.D.
Company Secretary

19 November 2015