



LOMBARD

COMPANY ANNOUNCEMENT

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

QUOTE

Interim Directors' Statement

Lombard Bank Malta plc announces that during the Financial Period commencing 1 January 2012 up to the date of this Announcement, no material events and/or transactions have taken place 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.

The major international economic and financial events, which took place during the period under review, were the ones associated with the Greek bailout together with the responses, which these elicited. The most commonly held belief is that while time may have been bought, the structural imbalances that are characteristic of a number of euro zone economies, will take considerable time to correct. While austerity measures are necessary to address economic woes, other measures need to be taken so as to generate growth. Even more recently, the shifts experienced in the political landscape of various euro zone countries, particularly those most adversely hit by the austerity measures, have heightened the degree of uncertainty and instability.

On the local front, the slowdown in Malta's trading partners cannot but affect our exports and this is anticipated to reduce real GDP growth down to 1.7% during the current year. For the foreseeable term, therefore, the general business sentiment is likely to remain subdued.

Against this environment the Bank has continued to uphold prudent practices in the management of its Balance Sheet as reflected in its sound financial fundamentals, not least the Liquidity and Capital Adequacy Ratios both of which remain well above regulatory requirements. While loans and advances to customers have increased marginally over the corresponding period last year, the deposit base has stayed at the same level with profitability levels also corresponding to those of the same period in 2011. In this respect however, the results posted for H1-2012 by MaltaPost plc, the Bank's subsidiary, as well as a one-off trading gain registered by the Bank in H1-2011 are likely to impact the Group's consolidated comparative profit figures for the half-year ending June 2012.

Lombard Bank continues to follow a prudent and cautious policy with regard to its Treasury management in that it holds no exposure whatsoever to financial instruments of non-Maltese sovereign or corporate entities.

The directors remain confident that the Bank is on course towards achieving a positive result for the full financial year.

UNQUOTE

G A Fairclough
Company Secretary

18 May 2012

Lombard Bank Malta p.l.c.

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