



LOMBARD

Company Announcement

The following is a Company Announcement by Lombard Bank Malta p.l.c. (the 'Bank') pursuant to the Listing Rules of the Listing Authority:

Quote

INTERIM DIRECTORS' STATEMENT & COVID-19 UPDATE

Reference is made to previous Company Announcements, particularly LOM 239, LOM 240, LOM 241, LOM 242 and LOM 244.

The latest financial data available to the Bank's Board of Directors indicate that the ongoing COVID-19 pandemic negatively impacted some lines of business also during the third quarter of 2020. Consequently, profit before tax was lower than that registered for the same period in the previous year and it is expected that the financial results for the year will be subdued compared to the original targets. Pressure on interest rates, including negative interest on prime quality assets, is expected to continue giving rise to a smaller interest margin. Commission income, too, was negatively impacted by reduced volumes as business sentiment and activity continued to be affected by the economic slowdown. On the other hand, while operating costs remained under control, the Bank incurred additional expenditure in ensuring that its customers and staff remained safe and always fully protected during this challenging time.

The overall financial position remains strong and there are no indications of significant deterioration in the Bank's assets. Total assets were slightly higher when compared to the previous year while both the capital and liquidity ratios remained well in excess of the regulatory requirements.

As pointed out in previous Company Announcements the Bank's Loans and Advances to Customers portfolio includes facilities in respect of medium-term projects which should not be unduly impacted by the short-term economic environment. Moreover, the majority of the lending exposures are well secured by high quality collateral. Nonetheless, the Bank continues to review the levels of its impairment allowances in line with the economic situation and regulatory requirements. It is anticipated that worsening economic forecasts factored into the calculation of Expected Credit Losses may well give rise to an increase in these allowances for 2020. The Loan to Deposit ratio meanwhile hovered around a prudent 65%, with customer deposits tending to grow faster than loans and advances. The Bank has also participated in the COVID-19 Guarantee Scheme introduced by the Malta Development Bank.

MaltaPost p.l.c., the Bank's main subsidiary, continued its operations uninterrupted, with only minor disruptions mainly in deference to health and safety precautions. After significant logistical difficulties during the second quarter of 2020 due to unavailability of international transport facilities, delivery of postal items picked up in earnest in the third quarter so that activity, although not at full capacity, then reached an acceptable level.



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As stated in previous Company Announcements, the Bank will continue to closely monitor developments and remains committed to ensuring that the best interests of its stakeholders are given priority and safeguarded at all times. The Bank will continue to keep the market updated with any material developments.

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Helena Said
Company Secretary

19 November 2020