



LOMBARD

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Lombard Bank Malta p.l.c. pursuant to Malta Financial Services Authority Listing Rules Chapters 8 and 9:

Quote

The Board of Directors of Lombard Bank Malta p.l.c. has approved the audited financial statements for the financial year ended 31 December 2009 and resolved that these financial statements be submitted for approval at the forthcoming Annual General Meeting to be held 22 April 2010. The attached Preliminary Statement of annual results is being published in terms of the Listing Rules.

The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final ordinary gross dividend of €0.10 per nominal €0.25 share. This will be paid on 30 April 2010 to shareholders who are on the company's register of shareholders as at 22 March 2010.

The Board of Directors further resolved to recommend that the aforesaid Annual General Meeting will also approve that shareholders be given the option of receiving the dividend either in cash or by the issue of new shares. The attribution price (at which the new shares to be issued will be determined) has been established at €3.04 per nominal €0.25 share.

Unquote

Graham A Fairclough
Company Secretary

11th March 2010



Preliminary Profit Statement

This report is published in terms of Malta Financial Services Authority Listing Rule 9.35 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial statements have been extracted from the Annual Report of Lombard Bank Malta p.l.c. for the financial year ended 31 December 2009. These were prepared in accordance with the provisions of the Banking Act, 1994 and the Companies Act, 1995, audited by KPMG and approved by the Board of Directors on 11 March 2010. The following is a review of the performance of the Lombard Group which consists of Lombard Bank Malta p.l.c., Redbox Limited, Lombard Asset Managers Limited and Lombard Funds SICAV p.l.c. and MaltaPost p.l.c., a subsidiary of Redbox Limited.

Review of Performance

Lombard Bank announced a profit before tax of €11.61 million, an increase of 3.5% over 2008.

On a Group consolidation basis profit before tax was €12.93 million for the year ended 31 December 2009, 8.6% down from €14.14 million of the previous year.

Net Interest Income remained stable at €14.59 million even though interest margin was under pressure from record low interest rates and aggressive competition following the turbulence in world financial markets witnessed in 2008.

Postal sales revenue remained at the same level of 2008 and benefited from growth in the volume of parcel business which offset the expected contraction in letter post volumes.

Group Operating Income was marginally lower at €36.44 million compared to €36.93 million in 2008.

Cost containment continued to be well managed within the Group resulting in marginally lower operating costs at €22.40 million (2008: €22.76 million) as economies of scale within the Group start to take effect. The Bank's Cost to Income ratio stood at 35.5% (2008: 39.1%) compared to that of the Group at 64.4% (2008: 64.7%).



Loans and advances to customers at €327.80 million (2008: €325.03 million) were retained at the same level of the previous year. The Bank remained selective in its choice of financing of projects more so in the light of exposure of the local market to the international economic meltdown.

The Bank met competitive challenges for customer deposits throughout 2009 and offered competitive interest rates. Amounts owed to customers at 31 December 2009 stood at €446.21 million (2008: €439.86 million).

Shareholders' Funds increased by 11.4% and reached €64.29 million. Earnings per Share stood at 20.8 cents, down from 24.1 cents in 2008. Total Assets increased by 3.5% to €543 million from €525 million in the previous year.

The Board of Directors is proposing a final Gross Dividend of €0.10 per nominal €0.25 share for approval by the General Meeting. The Board will also be recommending that shareholders be given the option of receiving their dividend either in cash or by the issue of new shares. The attribution price (at which the new shares to be issued will be determined) has been established as the lower of closing market price as at 10 March 2010 and the Trade Weighted Average Price of the Bank's shares for the three months up to and including the 10 March 2010. Once approved by the Annual General Meeting, the dividend will be paid to all shareholders who are registered members on 22 March 2010.

The results for the financial year 2009 attest to the resilience of the Group. We shall continue to be prudent with the management of assets entrusted to us. Prevailing economic conditions remain volatile; nevertheless, we look to the year ahead with cautious optimism as we firmly believe that our strategy and focus on our customers' needs are the key elements necessary for continued growth.

The Board of Directors considers the Group to be sufficiently robust and suitably resourced to continue to perform and add value to its stakeholders.

11th March 2010



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Lombard Bank Malta p.l.c.

Statement of financial position as at 31 December 2009

	Group		Bank	
	2009 € 000	2008 € 000	2009 € 000	2008 € 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	116,357	68,576	115,993	68,457
Cheques in course of collection	811	2,748	811	2,748
Investments	45,025	51,627	39,357	47,099
Loans and advances to banks	22,383	49,214	18,460	44,315
Loans and advances to customers	327,802	325,025	327,956	325,025
Investment in subsidiaries	-	-	7,634	6,920
Intangible assets	1,238	1,302	3	13
Current tax assets	1,171	234	1,731	1,077
Property and equipment	13,878	13,009	11,654	10,539
Investment property	745	745	745	745
Assets held for sale	109	-	109	-
Deferred tax assets	1,993	1,973	1,551	1,634
Inventories	671	821	247	338
Trade and other receivables	6,545	4,438	31	61
Prepayments and accrued income	4,113	5,022	4,622	3,518
Total assets	542,841	524,734	530,904	512,489
Liabilities				
Amounts owed to banks	3,675	130	3,675	130
Amounts owed to customers	446,209	439,860	449,436	443,379
Provisions for liabilities and other charges	2,520	2,413	577	566
Other liabilities	12,586	12,416	8,594	6,471
Accruals and deferred income	9,649	8,786	4,975	5,075
Total liabilities	474,639	463,605	467,257	455,621



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Lombard Bank Malta p.l.c.

Statement of financial position as at 31 December 2009 (continued)

	Group		Bank	
	2009 € 000	2008 € 000	2009 € 000	2008 € 000
Equity				
Called up share capital	8,903	8,762	8,903	8,762
Share premium	16,409	15,137	16,409	15,137
Property revaluation reserve	2,288	2,288	2,288	2,288
Investment revaluation reserve	290	23	186	23
Retained earnings	36,395	31,518	35,861	30,658
Equity attributable to equity holders of the Bank	64,285	57,728	63,647	56,868
Non-controlling interest	3,917	3,401	-	-
Total equity	68,202	61,129	63,647	56,868
Total liabilities and equity	542,841	524,734	530,904	512,489
Memorandum items				
Contingent liabilities	10,484	6,624	10,484	6,624
Commitments	98,611	79,948	98,611	79,948



Lombard Bank Malta p.l.c.

Income statement for the year ended 31 December 2009

	Group		Bank	
	2009 € 000	2008 € 000	2009 € 000	2008 € 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	25,404	25,912	25,347	25,815
- on debt and other fixed income instruments	2,746	3,149	2,553	2,962
Interest expense	(13,560)	(14,493)	(13,632)	(14,559)
Net interest income	14,590	14,568	14,268	14,218
Fee and commission income	2,157	2,398	1,220	1,364
Fee and commission expense	(67)	(82)	(66)	(81)
Net fee and commission income	2,090	2,316	1,154	1,283
Postal sales and other revenues	19,393	19,516	122	130
Dividend income	122	65	1,941	65
Net trading income	266	345	262	355
Net (losses) / gains on disposal of non-trading financial instruments	(53)	73	(53)	4
Other operating income	33	44	37	44
Operating income	36,441	36,927	17,731	16,099
Employee compensation and benefits	(13,643)	(13,885)	(4,039)	(3,760)
Other operating costs	(8,758)	(8,873)	(2,025)	(2,278)
Depreciation and amortisation	(1,065)	(1,119)	(227)	(250)
Provision for liabilities and other charges	(173)	(297)	(20)	(21)
Net impairment gains	125	1,387	190	1,429
Profit before income tax	12,927	14,140	11,610	11,219
Income tax expense	(4,863)	(5,057)	(4,129)	(4,041)
Profit for the year	8,064	9,083	7,481	7,178
Attributable to:				
Equity holders of the Bank	7,377	8,402	7,481	7,178
Non-controlling interest	687	681	-	-
Profit for the year	8,064	9,083	7,481	7,178
Earnings per share	20c8	24c1	21c1	20c6



Lombard Bank Malta p.l.c.

Statement of comprehensive income for the year ended 31 December 2009

Group	2009 € 000	2008 € 000
Profit for the year	8,064	9,083
Other comprehensive income, net of income tax		
Investment revaluation reserve (available-for-sale financial assets):		
Net change in fair value	366	(732)
Net amount transferred to profit and loss	44	(61)
Income tax on other comprehensive income	(88)	258
Other comprehensive income for the year, net of income tax	322	(535)
Total comprehensive income for the year, net of income tax	8,386	8,548
Attributable to:		
Equity holders of the Bank	7,644	7,874
Non-controlling interest	742	674
Total recognised income and expense for the year	8,386	8,548
 Bank		
Profit for the year	7,481	7,178
Other comprehensive income, net of income tax		
Investment revaluation reserve (available-for-sale financial assets):		
Net change in fair value	207	(737)
Net amount transferred to profit and loss	44	-
Income tax on other comprehensive income	(88)	258
Other comprehensive income for the year, net of income tax	163	(479)
Total comprehensive income for the year, net of income tax	7,644	6,699



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the year ended 31 December 2009

Group	Attributable to equity holders of the Bank							Total equity € 000
	Called up issued share capital	Share premium	Property revaluation reserve	Investment revaluation reserve	Retained earnings	Total	Non- controlling interest	
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	
At 1 January 2008	5,024	13,590	2,288	571	29,550	51,023	3,460	54,483
Total comprehensive income for the year								
Profit for the year	-	-	-	-	8,402	8,402	681	9,083
Other comprehensive income								
Investment revaluation reserve (available-for-sale financial assets):								
Net change in fair value	-	-	-	(476)	-	(476)	1	(475)
Net amount transferred to profit and loss, net of tax	-	-	-	(72)	20	(52)	(8)	(60)
Total other comprehensive income for the year	-	-	-	(548)	20	(528)	(7)	(535)
Total comprehensive income for the year	-	-	-	(548)	8,422	7,874	674	8,548
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(2,243)	(2,243)	(559)	(2,802)
Increase in nominal value of paid-up share capital	3,604	-	-	-	(3,604)	-	-	-
Rights issue of ordinary shares	134	1,547	-	-	-	1,681	-	1,681
Total contributions by and distributions to owners	3,738	1,547	-	-	(5,847)	(562)	(559)	(1,121)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Change in non-controlling interest in shareholding in subsidiary	-	-	-	-	(607)	(607)	(174)	(781)
At 31 December 2008	8,762	15,137	2,288	23	31,518	57,728	3,401	61,129



Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the year ended 31 December 2009 (continued)

Attributable to equity holders of the Bank

Group	Called up issued share capital € 000	Share premium € 000	Property revaluation reserve € 000	Investment revaluation reserve € 000	Retained earnings € 000	Total € 000	Non-controlling interest € 000	Total equity € 000
At 1 January 2009	8,762	15,137	2,288	23	31,518	57,728	3,401	61,129
Total comprehensive income for the year								
Profit for the year	-	-	-	-	7,377	7,377	687	8,064
Other comprehensive income								
Investment revaluation reserve (available-for-sale financial assets):								
Net change in fair value	-	-	-	238	-	238	55	293
Net amount transferred to profit and loss, net of tax	-	-	-	29	-	29	-	29
Total other comprehensive income for the year	-	-	-	267	-	267	55	322
Total comprehensive income for the year	-	-	-	267	7,377	7,644	742	8,386
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(2,278)	(2,278)	(405)	(2,683)
Rights issue of ordinary shares	141	1,272	-	-	-	1,413	-	1,413
Total contributions by and distributions to owner	141	1,272	-	-	(2,278)	(865)	(405)	(1,270)
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Change in non-controlling interest in shareholding in subsidiary	-	-	-	-	(222)	(222)	179	(43)
At 31 December 2009	8,903	16,409	2,288	290	36,395	64,285	3,917	68,202



Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the year ended 31 December 2009

Bank	Called up issued share capital € 000	Share premium € 000	Property revaluation reserve € 000	Investment revaluation reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2008	5,024	13,590	2,288	502	29,327	50,731
Total comprehensive income for the year						
Profit for the year	-	-	-	-	7,178	7,178
Other comprehensive income						
Investment revaluation reserve (available-for-sale financial assets):						
Net change in fair value	-	-	-	(479)	-	(479)
Net amount transferred to profit and loss, net of tax	-	-	-	-	-	-
Total other comprehensive income for the year	-	-	-	(479)	-	(479)
Total comprehensive income for the year	-	-	-	(479)	7,178	6,699
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends to equity holders	-	-	-	-	(2,243)	(2,243)
Increase in nominal value of paid-up share capital	3,604	-	-	-	(3,604)	-
Rights issue of ordinary shares	134	1,547	-	-	-	1,681
Total contributions by and distributions to owners	3,738	1,547	-	-	(5,847)	(562)
At 31 December 2008	8,762	15,137	2,288	23	30,658	56,868



Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the year ended 31 December 2009 (continued)

Bank	Called up issued share capital € 000	Share premium € 000	Property revaluation reserve € 000	Investment revaluation reserve € 000	Retained earnings € 000	Total € 000
At 1 January 2009	8,762	15,137	2,288	23	30,658	56,868
Total comprehensive income for the year						
Profit for the year	-	-	-	-	7,481	7,481
Other comprehensive income						
Investment revaluation reserve (available-for-sale financial assets):						
Net change in fair value	-	-	-	134	-	134
Net amount transferred to profit and loss, net of tax	-	-	-	29	-	29
Total other comprehensive income for the year	-	-	-	163	-	163
Total comprehensive income for the year	-	-	-	163	7,481	7,644
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends to equity holders	-	-	-	-	(2,278)	(2,278)
Rights issue of ordinary shares	141	1,272	-	-	-	1,413
Total contribution by and distributions to owners	141	1,272	-	-	(2,278)	(865)
At 31 December 2009	8,903	16,409	2,288	186	35,861	63,647



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Lombard Bank Malta p.l.c.

Statement of cash flows for the year ended 31 December 2009

	Group		Bank	
	2009	2008	2009	2008
	€ 000	€ 000	€ 000	€ 000
Cash flows from operating activities				
Interest and commission receipts	24,685	24,917	24,739	24,959
Cash receipts from customers	85,005	84,567	122	1,138
Interest and commission payments	(13,585)	(14,336)	(13,656)	(14,400)
Payments to employees and suppliers	(89,009)	(86,387)	(6,150)	(5,952)
Operating profit before changes in operating assets and liabilities	7,096	8,761	5,055	5,745
(Increase)/decrease in operating assets:				
Treasury bills	(16,671)	(43,889)	(16,671)	(43,889)
Deposits with Central Bank of Malta	365	15,696	365	15,696
Loans and advances to banks and customers	(2,892)	(60,643)	(3,046)	(61,179)
Other receivables	1,940	(680)	1,949	(675)
Increase/(decrease) in operating liabilities:				
Amount owed to banks and to customers	9,907	21,655	9,615	23,702
Other payables	2,123	(7,275)	2,123	(7,275)
Net cash from / (used in) operations	1,868	(66,375)	(610)	(67,875)
Income tax paid	(5,892)	(6,634)	(4,294)	(5,822)
Net cash used in operating activities	(4,024)	(73,009)	(4,904)	(73,697)
Cash flows from investing activities				
Dividends received	122	65	122	65
Interest received from investments	4,867	4,683	4,524	4,360
Proceeds on maturity/sale of investments	8,632	4,238	8,625	4,004
Purchase of investments	(1,779)	(1,673)	(784)	(1,607)
Investment in subsidiary	-	-	-	(291)
Purchase of property and equipment	(1,892)	(3,554)	(1,331)	(3,072)
Acquisition of non-controlling interest	(156)	(916)	-	-
Net cash flows from investing activities	9,794	2,843	11,156	3,459
Cash flows from financing activities				
Dividend by subsidiary to non-controlling interest	(249)	(559)	-	-
Dividends paid	(865)	(564)	(865)	(564)
Cash used in financing activities	(1,114)	(1,123)	(865)	(564)
Net increase/(decrease) in cash and cash equivalents	4,656	(71,289)	5,387	(70,802)
Cash and cash equivalents at beginning of year	64,770	136,059	59,752	130,554
Cash and cash equivalents at end of year	69,426	64,770	65,139	59,752