



**LOMBARD**

9<sup>th</sup> August, 2005

**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 8.6.19.

**G. A. Fairclough**  
**Company Secretary**

**Lombard Bank Malta p.l.c.**

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*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



## Review of Performance

This report is published in terms of Chapters 8 and 9 of the Listing Rules of The Listing Authority, Malta Financial Services Authority. Figures in the report have been prepared in accordance with the requirements of International Financial Reporting Standards, and the underlying accounting policies are the same as those adopted in Lombard Bank Malta p.l.c.'s (the "Bank") last published annual accounts. The published figures, which are in compliance with International Accounting Standard 34: Interim Financial Reporting, have been extracted from the Bank's unaudited accounts for the six months ended 30 June 2005, as approved by the Board of Directors on 9 August 2005.

Lombard Bank Malta p.l.c. and its subsidiaries registered a pre-tax profit of Lm1.56 million for the six months ended 30 June 2005, an improvement of 43 per cent on 2004's Lm1.09 million. Earnings per share rose from 17.5 cents in 2004 to 24.3 cents, with an annualised pre-tax return on average shareholders' funds increasing from 18.1 per cent in 2004 to 22.6 per cent.

- Profit attributable to shareholders was Lm1.01 million, an increase of 43 per cent over Lm0.71 million earned during the corresponding 2004 period.
- Net interest income grew by 27 per cent over same period last year and contributed Lm2.09 million to total operating income.
- Operating income increased by 15 per cent over prior year, to reach Lm2.48 million.
- Administrative expenses were up by 3 per cent to Lm1.01 million from last year's Lm0.98 million. The Group's Cost-to-Income ratio improved to 40.7 per cent from last year's 45.6 per cent.
- During the period, there was a net release in impairment provision of Lm136,000.
- Customer Deposits amounted to Lm164.17 million at 30 June 2005.
- Loans and Advances to customers at Lm74.56 million were up 8 per cent over 31 December 2004.
- Total assets stood at Lm185.20 million as at 30 June 2005 compared with Lm182.99 million at 31 December 2004.
- Shareholders' Funds rose by Lm1.01 million to Lm14.37 million through the six month period.



**LOMBARD**

The Board of Directors is satisfied that despite market challenges characterised by stiff competition and a low interest rate environment, the Bank's robust operating fundamentals, prudent management and high quality customer base continued to produce strong results. The Bank's investment in the development of systems, processes and human resources has contributed to this performance and the Board is optimistic that this will continue to underpin further business expansion. The Board of Directors is committed to continue looking for opportunities that will secure benefits for all stakeholders. These half-yearly results are encouraging and for the remainder of the current financial year, the Board is confident that the emphasis on a selective business approach will support further growth while at the same time generate sustainable earnings contributing to increased shareholder value.

# Lombard Bank Malta p.l.c.

## Profit and Loss Account

For the Period 1 January 2005 to 30 June 2005

	Group		Bank	
	01.01.05 to 30.06.05	01.01.04 to 30.06.04	01.01.05 to 30.06.05	01.01.04 to 30.06.04
	Lm 000	Lm 000	Lm 000	Lm 000
Interest receivable and similar income				
- on loans, advances and balances with Central Bank of Malta	3,161	3,137	3,161	3,137
- on debt securities	1,175	981	1,175	981
Interest payable	(2,243)	(2,470)	(2,243)	(2,470)
	-----	-----	-----	-----
<b>Net interest income</b>	2,093	1,648	2,093	1,648
Fees and commissions receivable	233	236	227	225
Fees and commissions payable	(7)	(8)	(6)	(4)
Dividend income	10	23	10	23
Trading profits	144	237	144	237
Other operating income	8	20	8	20
	-----	-----	-----	-----
<b>Operating income</b>	2,481	2,156	2,476	2,149
Administrative expenses	(1,011)	(983)	(992)	(972)
Depreciation	(48)	(35)	(47)	(34)
Net impairment releases/(charges)	136	(43)	136	(43)
Release of provision for liabilities and other charges	6	-	6	-
Amortisation of goodwill	-	(1)	-	-
	-----	-----	-----	-----
<b>Profit before tax</b>	1,564	1,094	1,579	1,100
Taxation	(558)	(387)	(558)	(387)
	-----	-----	-----	-----
<b>Profit after tax</b>	1,006	707	1,021	713
	=====	=====	=====	=====
<b>Attributable to:</b>				
Equity holders of the parent	1,010	708	1,021	713
Minority interest	(4)	(1)	-	-
	-----	-----	-----	-----
	1,006	707	1,021	713
	=====	=====	=====	=====
<b>Earnings per share</b>	24.3c	17.5c	24.6c	17.6c
	=====	=====	=====	=====

# Lombard Bank Malta p.l.c.

## Balance Sheet

At 30 June 2005

	Group		Bank	
	30.06.05	31.12.04	30.06.05	31.12.04
	Lm 000	Lm 000	Lm 000	Lm 000
<b>ASSETS</b>				
Balances with Central Bank of Malta,				
Treasury Bills and cash	34,180	40,312	34,180	40,312
Cheques in course of collection	474	334	474	334
Financial assets at fair value through profit or loss	3	16	3	16
Investments	23,616	26,794	23,434	26,639
Loans and advances to banks	46,592	41,045	46,586	41,045
Loans and advances to customers	74,555	69,067	74,592	69,079
Shares in subsidiary companies	-	-	154	154
Tangible assets	2,028	1,899	2,027	1,898
Deferred tax asset	575	602	575	602
Other assets	198	187	196	181
Prepayments and accrued income	2,980	2,737	2,980	2,737
<b>Total Assets</b>	<b>185,201</b>	<b>182,993</b>	<b>185,201</b>	<b>182,997</b>
<b>LIABILITIES</b>				
Financial liabilities at fair value through profit or loss	3	15	3	15
Amounts owed to banks	75	102	75	102
Amounts owed to customers	164,171	164,578	164,205	164,636
Other liabilities	4,704	3,216	4,695	3,194
Accruals and deferred income	1,874	1,720	1,874	1,720
	<b>170,827</b>	<b>169,631</b>	<b>170,852</b>	<b>169,667</b>

# Lombard Bank Malta p.l.c.

## Balance Sheet

At 30 June 2005

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	<b>Group</b>		<b>Bank</b>	
	<b>30.06.05</b>	<b>31.12.04</b>	<b>30.06.05</b>	<b>31.12.04</b>
	Lm 000	Lm 000	Lm 000	Lm 000
<b>Equity</b>				
Called up issued share capital	2,103	2,057	2,103	2,057
Share premium	4,877	4,537	4,877	4,537
Other reserve	111	111	111	111
Property revaluation reserve	126	126	126	126
Investment revaluation reserve	167	148	142	129
Profit and loss account	6,930	6,321	6,990	6,370
	-----	-----	-----	-----
<b>Total equity attributable to equity holders of the parent</b>	14,314	13,300	14,349	13,330
Minority interests	60	62	-	-
	-----	-----	-----	-----
<b>Total Equity</b>	14,374	13,362	14,349	13,330
	-----	-----	-----	-----
	-----	-----	-----	-----
<b>Total Liabilities and Equity</b>	185,201	182,993	185,201	182,997
	=====	=====	=====	=====
<b>MEMORANDUM ITEMS</b>				
Contingent liabilities	2,085	2,999	2,085	2,999
	=====	=====	=====	=====
Commitments	25,360	22,673	25,360	22,673
	=====	=====	=====	=====

# Lombard Bank Malta p.l.c.

## Cash Flow Statement

For the Period 1 January 2005 to 30 June 2005

	Group		Bank	
	01.01.05 to 30.06.05	01.01.04 to 30.06.04	01.01.05 to 30.06.05	01.01.04 to 30.06.04
	Lm 000	Lm 000	Lm 000	Lm 000
<b>Cash flows from operating activities</b>				
Interest and commission receipts	3,330	3,489	3,323	3,476
Interest and commission payments	(2,075)	(2,551)	(2,072)	(2,544)
Payments to employees and suppliers	(1,066)	(948)	(1,046)	(938)
	-----	-----	-----	-----
Operating profit/(loss) before changes in operating assets/liabilities	189	(10)	205	(6)
(Increase)/decrease in operating assets:				
Deposits with Central Bank of Malta	3,427	(1,252)	3,427	(1,252)
Loans and advances to banks and customers	(5,937)	(4,674)	(5,962)	(4,677)
Treasury Bills with contractual maturity of over three months	15,755	(11,009)	15,755	(11,009)
Other receivables	(12)	5	(15)	5
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	(407)	(5,044)	(431)	(5,073)
Other payables	1,117	615	1,131	614
	-----	-----	-----	-----
Net cash from/(used in) operating activities before income tax	14,132	(21,369)	14,110	(21,398)
Tax paid	(168)	(148)	(168)	(148)
	-----	-----	-----	-----
Net cash from/(used in) operating activities	13,964	(21,517)	13,942	(21,546)
	-----	-----	-----	-----
<b>Cash flows from investing activities</b>				
Dividends received	10	15	10	15
Interest received from investments	1,161	963	1,161	963
Proceeds on maturity/disposal of investments	3,250	1,232	3,250	1,232
Purchase of investments	(17)	(548)	-	(522)
Purchase of property, plant and equipment	(176)	(303)	(176)	(303)
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Net cash flows from investing activities	4,228	1,359	4,245	1,385
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# Lombard Bank Malta p.l.c.

## Cash Flow Statement

*For the Period 1 January 2005 to 30 June 2005*

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	<b>Group</b>		<b>Bank</b>	
	<b>01.01.05 to 30.06.05</b>	<b>01.01.04 to 30.06.04</b>	<b>01.01.05 to 30.06.05</b>	<b>01.01.04 to 30.06.04</b>
	Lm 000	Lm 000	Lm 000	Lm 000
<b>Cash flows from financing activities</b>				
Dividends paid	(13)	(10)	(13)	(10)
	----	----	----	----
Cash used in financing activities	(13)	(10)	(13)	(10)
	----	----	----	----
<b>Net increase/(decrease) in cash and cash equivalents</b>	18,179	(20,168)	18,174	(20,171)
Cash and cash equivalents at beginning of period	54,172	79,084	54,172	79,084
	-----	-----	-----	-----
<b>Cash and cash equivalents at end of period</b>	<u>72,351</u>	<u>58,916</u>	<u>72,346</u>	<u>58,913</u>



# Lombard Bank Malta p.l.c.

## Statement of Changes in Equity

For the Period 1 January to 30 June 2005

### Group

#### Attributable to equity holders of the parent

	Called up Issued Share Capital Lm 000	Share Premium Lm 000	Other Reserve Lm 000	Property Revaluation Reserve Lm 000	Investment Revaluation Reserve Lm 000	Profit and Loss Account Lm 000	Total Lm 000	Minority Interest Lm 000	Total Equity Lm 000
At 1 January 2004	2,026	4,341	111	126	41	5,000	11,645	61	11,706
Dividends payable	-	-	-	-	-	(237)	(237)	-	(237)
Rights issue of ordinary shares	31	196	-	-	-	-	227	-	227
Net profit on available-for-sale assets recognised in									
Investment Revaluation Reserve	-	-	-	-	89	-	89	1	90
Profit for the period	-	-	-	-	-	708	708	(1)	707
<b>At 30 June 2004</b>	<b>2,057</b>	<b>4,537</b>	<b>111</b>	<b>126</b>	<b>130</b>	<b>5,471</b>	<b>12,432</b>	<b>61</b>	<b>12,493</b>
At 1 January 2005	2,057	4,537	111	126	148	6,321	13,300	62	13,362
Dividends payable	-	-	-	-	-	(401)	(401)	-	(401)
Rights issue of ordinary shares	46	340	-	-	-	-	386	-	386
Net profit on available-for-sale assets recognised in									
Investment Revaluation Reserve	-	-	-	-	19	-	19	2	21
Profit for the period	-	-	-	-	-	1,010	1,010	(4)	1,006
<b>At 30 June 2005</b>	<b>2,103</b>	<b>4,877</b>	<b>111</b>	<b>126</b>	<b>167</b>	<b>6,930</b>	<b>14,314</b>	<b>60</b>	<b>14,374</b>

# Lombard Bank Malta p.l.c.

## Statement of Changes in Equity

For the Period 1 January 2005 to 30 June 2005

<b>Bank</b>	<b>Called Up Issued Share Capital</b>	<b>Share Premium</b>	<b>Other Reserve</b>	<b>Property Revaluation Reserve</b>	<b>Investment Revaluation Reserve</b>	<b>Profit and Loss Account</b>	<b>Total</b>
	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000
At 1 January 2004	2,026	4,341	111	126	36	5,016	11,656
Dividends payable	-	-	-	-	-	(237)	(237)
Rights issue of ordinary shares	31	196	-	-	-	-	227
Net profit on available-for-sale assets recognised in Investment Revaluation Reserve	-	-	-	-	84	-	84
Profit for the period	-	-	-	-	-	713	713
<b>At 30 June 2004</b>	<u>2,057</u>	<u>4,537</u>	<u>111</u>	<u>126</u>	<u>120</u>	<u>5,492</u>	<u>12,443</u>
At 1 January 2005	2,057	4,537	111	126	129	6,370	13,330
Dividends payable	-	-	-	-	-	(401)	(401)
Rights issue of ordinary shares	46	340	-	-	-	-	386
Net profit on available-for-sale assets recognised in Investment Revaluation Reserve	-	-	-	-	13	-	13
Profit for the period	-	-	-	-	-	1,021	1,021
<b>At 30 June 2005</b>	<u>2,103</u>	<u>4,877</u>	<u>111</u>	<u>126</u>	<u>142</u>	<u>6,990</u>	<u>14,349</u>