



LOMBARD

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Lombard Bank Malta p.l.c. pursuant to Malta Financial Services Authority Listing Rules 8.7.4, 8.7.21 and 9.35.2:

Quote

The Board of Directors of Lombard Bank Malta p.l.c. has approved the attached Preliminary Statement of annual results for the financial year ended 31 December 2008 as certified by the Bank's auditors, KPMG.

The Board of Directors further resolved to recommend that the Annual General Meeting to be held on 23 April 2009 approves the payment of a final ordinary gross dividend of €0.10 per nominal €0.25 share. This will be paid on 28 April 2009 to shareholders who are on the Company's register of shareholders as at 20 March 2009.

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 €2.50 per nominal €0.25 share.

Unquote

Joseph Said
Director

12th March 2009

Lombard Bank Malta p.l.c.

Office of the Company Secretary: 67 Republic Street Valletta Malta • PO Box 584 Valletta CMR 01 Malta

Tel: +356 25581117 • Fax: +356 25581151 • e-mail: mail@lombardmalta.com • www.lombardmalta.com • SWIFT Code: LBMAMTMT

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



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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 2008. 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 12 March 2009. The following is a review of the performance of the Lombard Group which consists of Lombard Bank Malta p.l.c., Redbox Limited (the company holding shares in MaltaPost plc), Lombard Asset Managers Limited and Lombard Funds SICAV p.l.c. A full financial year's consolidation of MaltaPost p.l.c. as a subsidiary was made for the first time in 2008 and evaluation with 2007 comparative figures should be interpreted accordingly.

Review of Performance

A profit before tax of €14.14 million was registered for the year ended 31 December 2008 resulting in an increase of 32.9% over the previous year.

Net Interest Income dropped by 6.2% as interest margins came under pressure in a scenario of lower interest rates and convergence of same following euro adoption.

Administrative Expenses at €23.88 million were in line with projections reflecting growth of the Group.

While the Bank remains prudent in its provisioning policy Impairment Allowances resulted in a net release of €1.43 million for the year.

Shareholders' Funds increased by 13.0% based on a post-tax profit of €9.08 million for the year. Earnings per Share rose from €0.206 cents in 2007 to €0.241 cents. Total Assets increased by 4.0% to €525 million from €505 million in the previous year.



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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 at the lower of closing market price as at 11 March 2009 and the Trade Weighted Average Price of the Bank's shares for the three months up to and including the 11 March 2009. Once approved by the Annual General Meeting, the dividend will be paid to all shareholders who are registered members on 20 March 2009.

Notwithstanding the adverse economic turmoil in world markets the Lombard Group has again registered record profits for 2008. The investment in MaltaPost p.l.c. has also contributed towards this positive set of results. The Bank places importance on maintaining robust financial ratios which reflect the strength and efficiency of the organisation. During these challenging times financial strength is of essence: the Bank maintained a liquidity ratio of 71% - against the statutory minimum of 30%; a Loan to Deposit ratio of under 74%; a Capital Adequacy Ratio, (computed in line with the Banking Rules) of 15.2% (well above the statutory 8%) and a Cost to Income Ratio of 39.1%. The Board of Directors is well satisfied with this performance which reflects prudent practices in terms of Treasury management, lending policy and cost containment.

This record performance will not lead us into believing that we are immune to the adverse economic climate that is prevailing throughout the world. We shall continue to be cautious, vigilant and sensitive to developments in world markets ensuring that we act and react accordingly and always within the policies and practices that we have embraced over the years. The Lombard Group is well placed to meet the challenges of the coming financial year.

12th March 2009



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Lombard Bank Malta p.l.c.

Income Statement

For the Year Ended 31 December 2008

	Group		Bank	
	2008	2007	2008	2007
	€ 000	€ 000	€ 000	€ 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	25,912	26,208	25,815	26,201
- on debt and other fixed income instruments	3,149	3,196	2,962	3,196
Interest expense	(14,493)	(13,871)	(14,559)	(13,876)
Net interest income	14,568	15,533	14,218	15,521
Fee and commission receivable	2,398	1,200	1,364	1,179
Fee and commission payable	(82)	(40)	(81)	(40)
Net fee and commission income	2,316	1,160	1,283	1,139
Postal sales and other revenues	19,516	1,214	130	-
Dividend income	65	93	65	93
Net trading income	345	710	355	710
Net gains on disposal of non-trading financial instruments	73	7	4	7
Other operating income	44	515	44	515
Total operating income	36,927	19,232	16,099	17,985
Employee compensation and benefits	(13,885)	(4,088)	(3,760)	(3,443)
Other operating costs	(8,873)	(2,643)	(2,278)	(2,173)
Depreciation and amortisation	(1,119)	(335)	(250)	(277)
Provision for liabilities and other charges	(297)	(33)	(21)	(21)
Net impairment losses	1,387	(1,863)	1,429	(1,863)
Operating profit	14,140	10,270	11,219	10,208
Share of profit of equity accounted investee (net of tax)	-	366	-	-
Profit before taxation	14,140	10,636	11,219	10,208
Taxation	(5,057)	(3,552)	(4,041)	(3,515)
Profit for the year	9,083	7,084	7,178	6,693
Attributable to:				
Equity holders of the Bank	8,402	7,065	7,178	6,693
Minority interest	681	19	-	-
	9,083	7,084	7,178	6,693
Earnings per share	24c1	20c6	20c6	19c5



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Lombard Bank Malta p.l.c.

Balance Sheet

As at 31 December 2008

	Group		Bank	
	2008	2007	2008	2007
	€ 000	€ 000	€ 000	€ 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	68,576	75,181	68,457	75,183
Cheques in course of collection	2,748	2,229	2,748	2,229
Investments	51,627	54,894	48,024	51,081
Loans and advances to banks	49,214	88,975	44,315	82,933
Loans and advances to customers	325,025	260,284	325,025	260,284
Investment in subsidiaries	-	-	5,934	5,884
Intangible assets	1,302	1,400	13	55
Current tax assets	234	-	1,077	-
Property and equipment	13,009	10,352	10,539	7,676
Investment property	745	745	745	745
Deferred tax assets	1,994	2,055	1,655	1,857
Inventories	821	804	338	235
Trade and other receivables	4,438	3,937	61	7
Prepayments and accrued income	4,962	3,606	3,518	3,242
Total assets	524,695	504,462	512,449	491,411
Liabilities				
Amounts owed to banks	130	736	130	736
Amounts owed to customers	439,860	418,206	443,379	419,676
Current tax payable	-	1,640	-	1,193
Provisions for liabilities and other charges	2,413	2,262	566	526
Other liabilities	12,416	20,431	6,471	13,748
Accruals and deferred income	8,786	6,688	5,075	4,786
Total liabilities	463,605	449,963	455,621	440,665



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Lombard Bank Malta p.l.c.

Balance Sheet

As at 31 December 2008

	Group		Bank	
	2008 € 000	2007 € 000	2008 € 000	2007 € 000
Equity				
Called up share capital	8,762	5,024	8,762	5,024
Share premium	15,137	13,590	15,137	13,590
Property revaluation reserve	2,288	2,288	2,288	2,288
Investment revaluation reserve	(16)	587	(17)	517
Retained earnings	31,518	29,550	30,658	29,327
Equity attributable to equity holders of the Bank	57,689	51,039	56,828	50,746
Minority interest	3,401	3,460	-	-
Total equity	61,090	54,499	56,828	50,746
Total liabilities and equity	524,695	504,462	512,449	491,411
Memorandum items				
Contingent liabilities	6,624	6,508	6,624	6,508
Commitments	79,948	60,592	79,948	60,592

The financial statements were approved by the Board of Directors on 12 March 2009 and signed on its behalf by:

Christian Lemmerich
Chairman

Joseph Said
Chief Executive Officer



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2008

Group

	Attributable to equity holders of the Bank						Minority Interest € 000	Total Equity € 000
	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 2007	4,969	12,495	2,288	620	24,093	44,465	68	44,533
Consolidation Adjustment	-	-	-	(5)	7	2	-	2
Acquisition of subsidiary	-	-	-	-	-	-	3,375	3,375
Net losses on available-for-sale assets	-	-	-	(23)	-	(23)	(2)	(25)
Release of net gains on disposal of available-for-sale assets	-	-	-	(5)	-	(5)	-	(5)
Income and expenses recognised directly in equity	-	-	-	(33)	7	(26)	3,373	3,347
Profit for the year	-	-	-	-	7,065	7,065	19	7,084
Dividends	-	-	-	-	(1,615)	(1,615)	-	(1,615)
Rights issue of ordinary shares	55	1,095	-	-	-	1,150	-	1,150
At 31 December 2007	5,024	13,590	2,288	587	29,550	51,039	3,460	54,499



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2008

Group

	Attributable to equity holders of the Bank							Total Equity € 000
	Called up Issued Share Capital € 000	Share Premium € 000	Property Revaluation Reserve € 000	Investment Revaluation Reserve € 000	Retained earnings € 000	Total € 000	Minority Interest € 000	
At 1 January 2008	5,024	13,590	2,288	587	29,550	51,039	3,460	54,499
Net losses on available-for-sale assets	-	-	-	(531)	-	(531)	1	(530)
Release of net gains on disposal of available-for-sale assets	-	-	-	(72)	20	(52)	(8)	(60)
Income and expenses recognised directly in equity	-	-	-	(603)	20	(583)	(7)	(590)
Profit for the year	-	-	-	-	8,402	8,402	681	9,083
Dividends	-	-	-	-	(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
Change in minority interest in shareholding of subsidiary	-	-	-	-	(607)	(607)	(174)	(781)
At 31 December 2008	8,762	15,137	2,288	(16)	31,518	57,689	3,401	61,090



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2008

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 2007	4,969	12,495	2,288	547	24,249	44,548
Net losses on available-for-sale assets	-	-	-	(25)	-	(25)
Release of net gains on disposal of available-for-sale assets	-	-	-	(5)	-	(5)
Income and expenses recognised directly in equity	-	-	-	(30)	-	(30)
Profit for the year	-	-	-	-	6,693	6,693
Dividends	-	-	-	-	(1,615)	(1,615)
Rights issue of ordinary shares	55	1,095	-	-	-	1,150
At 31 December 2007	5,024	13,590	2,288	517	29,327	50,746



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2008

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	517	29,327	50,746
Net losses on available-for-sale assets	-	-	-	(534)	-	(534)
Income and expenses recognised directly in equity	-	-	-	(534)	-	(534)
Profit for the year	-	-	-	-	7,178	7,178
Dividends	-	-	-	-	(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
At 31 December 2008	8,762	15,137	2,288	(17)	30,658	56,828



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Lombard Bank Malta p.l.c.

Cash Flow Statement

For the Year Ended 31 December 2008

	Group		Bank	
	2008	2007	2008	2007
	€ 000	€ 000	€ 000	€ 000
Cash flows from operating activities				
Interest and commission receipts	24,917	21,651	24,959	21,641
Cash receipts from customers	84,567	3,630	1,138	3,639
Interest and commission payments	(14,336)	(13,420)	(14,400)	(13,420)
Payments to employees and suppliers	(86,387)	(5,425)	(5,952)	(5,378)
Operating profit before changes in operating assets and liabilities	8,761	6,436	5,745	6,482
(Increase)/decrease in operating assets:				
Treasury bills	(43,889)	(2,276)	(43,889)	(2,276)
Deposits with Central Bank of Malta	15,696	(4,435)	15,696	(4,435)
Loans and advances to Banks and customers	(60,643)	(45,973)	(61,179)	(45,973)
Other receivables	(680)	(738)	(675)	(738)
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	21,655	(1,076)	23,702	(1,085)
Other payables	(7,275)	5,770	(7,275)	5,770
Net cash used in operations	(66,375)	(42,292)	(67,875)	(42,255)
Tax paid	(6,634)	(4,375)	(5,822)	(4,375)
Net cash used in operating activities	(73,009)	(46,667)	(73,697)	(46,630)
Cash flows from investing activities				
Dividends received	65	93	65	93
Interest received from investments	4,683	4,461	4,360	4,463
Proceeds on maturity/disposal of investments	4,238	4,635	4,004	4,635
Purchase of investments	(1,673)	(1,479)	(1,847)	(1,479)
Investment in subsidiary	-	-	-	(2,912)
Purchase of property and equipment	(3,554)	(943)	(3,072)	(943)
Acquisition of interest in subsidiary (net of cash acquired)	-	2,632	-	-
Acquisition of minority interest	(916)	-	(51)	-
Net cash inflows from investing activities	2,843	9,399	3,459	3,857
Cash flows from financing activities				
Dividend and capital return by subsidiaries to minority holders	(559)	-	-	-
Dividends paid	(564)	(464)	(564)	(464)
Cash used in financing activities	(1,123)	(464)	(564)	(464)
Net decrease in cash and cash equivalents	(71,289)	(37,732)	(70,802)	(43,237)
Cash and cash equivalents at beginning of year	136,059	173,791	130,554	173,791
Cash and cash equivalents at end of year	64,770	136,059	59,752	130,554