



LOMBARD

Company Announcement

The following is a Company Announcement issued by Lombard Bank Malta p.l.c. pursuant to the Listing Rules of the Authority – Malta Financial Services Authority.

Quote:

In a meeting of the Board of Directors of Lombard Bank Malta p.l.c. held on 27 August 2009, the attached Group and Bank unaudited Condensed Interim Financial Statements for the six-month period ended 30 June 2009 were approved.

The Condensed Interim Financial Statements for the period ended 30 June 2009 are available for viewing and download on the Bank's website at www.lombardmalta.com.

Unquote

Graham Fairclough
Company Secretary

27 August 2009



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27 August 2009

This report is published in terms of Chapters 8 and 9 of the Listing Rules of The Listing Authority, Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Lombard Bank Malta p.l.c. (the Bank) in its last published annual accounts. The published figures have been extracted from the Bank's unaudited Group accounts for the six months ended 30 June 2009, as approved by the Board of Directors on 27 August 2009, and are in compliance with International Accounting Standards including International Accounting Standard 34: 'Interim Financial Reporting', as well as relevant EU legislation.

Review of Performance & Commentary

For the six months ended 30th June 2009 pre-tax profit by Lombard Bank Malta p.l.c. reached €5.41 million, an increase of 5.7% over the same period last year. On a Group basis the pre-tax profit figure is down by 17.0% when compared to the record profits registered for the same period in 2008. This is due to one-time transactions at MaltaPost in 2008 which were not repeated in 2009. The pre-tax profit of Lombard Bank Group for the first half of 2009 amounted to €6.44 million.

Highlights of the **Bank's** results:

- Profit after Tax of €3.69 million increased by 11.6% compared to €3.31 million in the previous year.
- Net Interest Income rose by 2.0% to €6.73 million over 2008.
- Total Operating Income increased by 9.0% to €8.45 million.
- The Bank's Cost-to-Income ratio improved to 37.1% from 41.0% as a result of higher income streams and effective cost containment.
- A net release of €104,000 in Impairment Allowances was made in respect of the Bank's loan assets.
- Loans and Advances to customers stood at €325.57 million.
- Customer Deposits increased by 9.0% to reach €483.46 million.

Highlights of the **Group's** results:

- Profit after Tax of €4.09 million decreased by 18.9% compared to €5.04 million in the previous year.
- Total Operating Income decreased by 2.7% to €18.38 million mainly due to lower turnover at MaltaPost p.l.c.
- Increased Group Cost-to-Income ratio of 65.3% from 62.5% was mainly from lower turnover and higher costs experienced by MaltaPost p.l.c.
- Total Assets under management stood at €570.44 million, an increase of 8.8%.
- Total Equity increased by 4.7% to €63.93 million.



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Notwithstanding subdued business sentiment amid global recession the Bank's Loans and Advances remained stable, Customer Deposits grew satisfactorily despite record low interest rates in financial markets. Results for the Bank include for the first time a dividend distribution from its subsidiary Redbox Limited, which holds the Group's shareholding in MaltaPost p.l.c. Balance Sheet fundamentals remained robust with the quality of asset portfolios continuing to be high. The Group remains well aware of its obligations in respect of related party transactions and in this regard any such transactions are conducted at arm's length. The Bank focuses on developing stable business relationships that provide mutual benefits over time. Branch network was increased by the addition of a full service outlet in Qormi, thus strengthening further the Bank's ability to better service its customers.

MaltaPost p.l.c. remains a significant contributor to Group performance and continues to perform well, even though profits were lower when compared to the record levels registered in 2008. Since becoming a subsidiary in September 2007, synergies within the Group were identified and stand to be maximised to the benefit of the Group. MaltaPost p.l.c. retained its position as the major postal operator in Malta.

Outlook

The Board of Directors considers the Group to be well positioned to continue to provide stakeholders with added value even in the present challenging times. Customer loyalty, shareholder confidence and staff commitment encourages the Board of Directors to look to the future with continued cautious optimism.



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Lombard Bank Malta p.l.c.

Income Statement for the period 1 January 2009 to 30 June 2009

	Group		Bank	
	01.01.09	01.01.08	01.01.09	01.01.08
	to	to	to	to
	30.06.09	30.06.08	30.06.09	30.06.08
	€ 000	€ 000	€ 000	€ 000
Interest receivable and similar income				
- on loans and advances, balances with				
Central Bank of Malta and treasury bills	12,890	11,794	12,828	11,735
- on debt and other fixed income instruments	1,400	2,140	1,343	2,091
Interest expense	(7,399)	(7,179)	(7,446)	(7,234)
Net interest income	6,891	6,755	6,725	6,592
Fee and commission receivable	710	800	700	789
Fee and commission payable	(34)	(43)	(34)	(42)
Net fee and commission income	676	757	666	747
Postal sales and other revenues	10,005	10,413	-	-
Dividend income	68	44	926	44
Net trading income	262	143	127	179
Net gains/(losses) on disposal of non-trading				
financial instruments	(53)	69	(53)	-
Other operating income	526	709	54	184
Total operating income	18,375	18,890	8,445	7,746
Employee compensation and benefits	(6,938)	(7,186)	(2,038)	(2,000)
Other operating costs	(4,547)	(4,020)	(982)	(1,030)
Depreciation and amortisation	(520)	(606)	(113)	(145)
Provision for liabilities and other charges	(34)	131	(10)	(9)
Net impairment gains	104	551	104	551
Profit before taxation	6,440	7,760	5,406	5,113
Taxation	(2,354)	(2,722)	(1,718)	(1,808)
Profit for the period	4,086	5,038	3,688	3,305
Attributable to:				
Equity holders of the Bank	3,690	4,351	3,688	3,305
Non-controlling interest	396	687	-	-
	4,086	5,038	3,688	3,305
Earnings per share	10.4c	12.6c	10.4c	9.5c



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Lombard Bank Malta p.l.c.

Statement of Comprehensive Income for the period 1 January 2009 to 30 June 2009

	Group		Bank	
	01.01.09 to 30.06.09 € 000	01.01.08 to 30.06.08 € 000	01.01.09 to 30.06.09 € 000	01.01.08 to 30.06.08 € 000
Profit for the period	4,086	5,038	3,688	3,305
Other comprehensive income				
Net gains/(losses) on available-for-sale investments	30	(272)	(56)	(322)
Net change in fair value of available-for-sale financial assets transferred to profit and loss, net of tax	85	(69)	45	-
Income tax on other comprehensive income	3	113	3	113
Total comprehensive income for the period, net of tax	4,204	4,810	3,680	3,096
Attributable to:				
Equity holders of the Bank	3,764	4,120		
Non-controlling interest	440	690		
Total comprehensive income for the period, net of tax	4,204	4,810		



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Lombard Bank Malta p.l.c. Statement of Financial Position at 30 June 2009

	Group		Bank	
	30.06.09	31.12.08	30.06.09	31.12.08
	€ 000	€ 000	€ 000	€ 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	138,411	68,576	138,128	68,457
Cheques in course of collection	1,182	2,748	1,182	2,748
Derivative financial instruments	5	-	5	-
Investments	46,910	51,627	42,027	48,024
Loans and advances to banks	29,664	49,214	24,873	44,315
Loans and advances to customers	325,421	325,025	325,566	325,025
Shares in subsidiary companies	-	-	7,634	5,934
Intangible assets	1,241	1,302	4	13
Current tax assets	-	234	405	1,077
Property and equipment	13,224	13,009	10,889	10,539
Investment property	745	745	745	745
Deferred tax assets	2,004	1,994	1,633	1,655
Inventories	817	821	260	338
Trade receivables and other assets	6,621	4,438	114	61
Prepayments and accrued income	4,190	4,962	4,068	3,518
Total assets	570,435	524,695	557,533	512,449
Liabilities				
Derivative financial instruments	28	-	28	-
Amounts owed to banks	653	130	653	130
Amounts owed to customers	479,381	439,860	483,458	443,379
Current tax payable	1,097	-	-	-
Provisions for liabilities and other charges	2,612	2,413	577	566
Other liabilities	12,547	12,416	7,443	6,471
Accruals and deferred income	10,189	8,786	5,732	5,075
Total liabilities	506,507	463,605	497,891	455,621



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Lombard Bank Malta p.l.c.

Statement of Financial Position at 30 June 2009

	Group		Bank	
	30.06.09	31.12.08	30.06.09	31.12.08
	€ 000	€ 000	€ 000	€ 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	58	(16)	(24)	(17)
Retained earnings	32,663	31,518	32,066	30,658
Equity attributable to equity holders of the Bank	60,321	57,689	59,642	56,828
Non-controlling interest	3,607	3,401	-	-
Total equity	63,928	61,090	59,642	56,828
Total liabilities and equity	570,435	524,695	557,533	512,449
Memorandum items				
Contingent liabilities	11,639	6,624	11,639	6,624
Commitments	77,989	79,948	77,989	79,948



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the period 1 January 2009 to 30 June 2009

Group

Attributable to equity holders of the Bank

	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 2008	5,024	13,590	2,288	587	29,550	51,039	3,460	54,499
Profit for the period	-	-	-	-	4,351	4,351	687	5,038
Other comprehensive income								
Net gains/(losses) on available-for-sale investments, net of tax	-	-	-	(180)	-	(180)	21	(159)
Net change in fair value of available-for-sale financial assets transferred to profit and loss, net of tax	-	-	-	(51)	-	(51)	(18)	(69)
Total comprehensive income for the period	-	-	-	(231)	4,351	4,120	690	4,810
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
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of non-controlling interest	-	-	-	-	(100)	(100)	(62)	(162)
At 30 June 2008	8,762	15,137	2,288	356	27,954	54,497	3,529	58,026



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the period 1 January 2009 to 30 June 2009

Group

Attributable to equity holders of the Bank

	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	(16)	31,518	57,689	3,401	61,090
Profit for the period	-	-	-	-	3,690	3,690	396	4,086
Other comprehensive income								
Net gains on available-for-sale investments, net of tax	-	-	-	6	-	6	44	50
Net change in fair value of available-for-sale financial assets transferred to profit and loss, net of tax	-	-	-	68	-	68	-	68
Total comprehensive income for the period	-	-	-	74	3,690	3,764	440	4,204
Transactions with owners, recorded directly in equity:								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	(2,277)	(2,277)	(406)	(2,683)
Increase in nominal value of paid-up share capital	-	-	-	-	-	-	-	-
Rights issue of ordinary shares	141	1,272	-	-	-	1,413	-	1,413
Changes in ownership interests in subsidiaries that do not result in a loss of control								
Acquisition of non-controlling interest	-	-	-	-	(268)	(268)	172	(96)
At 30 June 2009	8,903	16,409	2,288	58	32,663	60,321	3,607	63,928



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the period 1 January 2009 to 30 June 2009

Bank

	Called Up Issued Share Capital € 000	Share Premium € 000	Property Revaluation Reserve € 000	Investment Revaluation Reserve € 000	Retained Earnings € 000	Total Equity € 000
At 1 January 2008	5,024	13,590	2,288	517	29,327	50,746
Profit for the period	-	-	-	-	3,305	3,305
Other comprehensive income						
Net losses on available-for-sale investments, net of tax	-	-	-	(210)	-	(210)
Net change in fair value of available-for-sale financial assets transferred to profit and loss, net of tax	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(210)	3,305	3,095
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
At 30 June 2008	8,762	15,137	2,288	307	26,785	53,279



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity for the period 1 January 2009 to 30 June 2009

Bank

	Called Up Issued Share Capital € 000	Share Premium € 000	Property Revaluation Reserve € 000	Investment Revaluation Reserve € 000	Retained Earnings € 000	Total Equity € 000
At 1 January 2009	8,762	15,137	2,288	(17)	30,658	56,828
Profit for the period	-	-	-	-	3,688	3,688
Other comprehensive income						
Net losses on available-for-sale investments, net of tax	-	-	-	(36)	-	(36)
Net change in fair value of available-for-sale financial assets transferred to profit and loss, net of tax	-	-	-	29	-	29
Total comprehensive income for the period	-	-	-	(7)	3,688	3,681
Transactions with owners, recorded directly in equity:						
Contributions by and distributions to owners						
Dividends to equity holders	-	-	-	-	(2,280)	(2,280)
Increase in nominal value of paid-up share capital	-	-	-	-	-	-
Rights issue of ordinary shares	141	1,272	-	-	-	1,413
At 30 June 2009	8,903	16,409	2,288	(24)	32,066	59,642



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Lombard Bank Malta p.l.c.

Cash Flow Statement for the period 1 January 2009 to 30 June 2009

	Group		Bank	
	01.01.09	01.01.08	01.01.09	01.01.08
	to	to	to	to
	30.06.09	30.06.08	30.06.09	30.06.08
	€ 000	€ 000	€ 000	€ 000
Cash flows from operating activities				
Interest and commission receipts	11,634	12,257	11,681	12,306
Cash receipts from customers	36,297	41,728	140	1,053
Interest and commission payments	(6,506)	(6,381)	(6,552)	(6,434)
Payments to employees and suppliers	(38,284)	(43,499)	(3,493)	(3,238)
Operating profit before changes in operating assets and liabilities	3,141	4,105	1,776	3,687
(Increase)/decrease in operating assets:				
Treasury bills	(19,001)	(10,424)	(19,001)	(10,424)
Deposits with Central Bank of Malta	(992)	12,713	(992)	12,713
Loans and advances to banks and customers	287	(21,423)	141	(21,959)
Other receivables	1,615	401	1,615	401
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	39,521	(13,984)	40,079	(11,664)
Other payables	971	(3,878)	971	(3,878)
Net cash from/(used in) operations	25,542	(32,490)	24,589	(31,124)
Tax paid	(1,012)	(706)	(1,006)	(639)
Net cash from/(used in) operating activities	24,530	(33,196)	23,583	(31,763)
Cash flows from investing activities				
Dividends received	69	44	926	44
Interest received from investments	2,536	2,186	2,340	2,016
Proceeds on maturity/disposal of investments	5,168	351	5,168	116
Purchase of investments	(557)	(1,053)	(271)	(1,050)
Investment in subsidiary	-	-	(715)	-
Purchase of property and equipment	(707)	(732)	(453)	(450)
Acquisition of non-controlling interest	(156)	(163)	-	-
Net cash flows from investing activities	6,353	633	6,995	676
Cash flows from financing activities				
Dividend and capital return by subsidiaries 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	29,769	(33,686)	29,713	(31,651)
Cash and cash equivalents at beginning of period	64,770	136,058	59,752	130,554
Cash and cash equivalents at end of period	94,539	102,372	89,465	98,903



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Lombard Bank Malta p.l.c.

Segment analysis for the period 1 January 2009 to 30 June 2009

	Banking services		Postal services		Total	
	01.01.09	01.01.08	01.01.09	01.01.08	01.01.09	01.01.08
	to	to	to	to	to	to
	30.06.09	30.06.08	30.06.09	30.06.08	30.06.09	30.06.08
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Net operating income	<u>7,578</u>	<u>7,826</u>	<u>10,797</u>	<u>11,064</u>	<u>18,375</u>	<u>18,890</u>
Profit before taxation	<u>4,522</u>	<u>5,188</u>	<u>1,918</u>	<u>2,572</u>	<u>6,440</u>	<u>7,760</u>
	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Total assets	<u>547,318</u>	<u>505,722</u>	<u>23,117</u>	<u>18,973</u>	<u>570,435</u>	<u>524,695</u>



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Statement pursuant to Listing Rule 9.44k.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- the condensed Interim Financial Statements, prepared in accordance with IAS 34 give a true and fair view of the financial position as at 30 June 2009, financial performance and cash flows for the period then ended, and conform with the requirements of the accounting standards adopted for use in the EU for interim financial statements, including adopted IAS 34: *Interim Financial Reporting* for the Group; and,
- the commentary includes a fair review of the information required in terms of Listing Rule 9.44k.2.

Joseph Said
Chief Executive Officer

27 August 2009