



LOMBARD

28th February 2006

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Lombard Bank Malta p.l.c. pursuant to the MFSA Listing Rules 8.6.2, 8.6.19 and 9.39.2.

**G A Fairclough
Company Secretary**



LOMBARD

General

This report is published in terms of Malta Financial Services Authority Listing Rule 9.39 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The Profit and Loss Account and Balance Sheet figures have been extracted from the Annual Report of Lombard Bank Malta p.l.c. for the financial year ended 31 December 2005, audited by KPMG and approved by the Board of Directors on 28 February 2006.

Review of Performance

A profit before tax of Lm3.67 million was registered for the year ended 31 December 2005 resulting in an increase of 44.2% over 2004.

Net interest income increased by 30.2 % to Lm4.78 million, indicating a market-driven interest rate policy and effective Asset/Liability management. The Bank's core operations continued to enhance the Net Interest Margin which reached 51.2%.

Administrative Expenses at Lm2.06 million reflect the Bank's awareness to contain overheads. A Cost/Income ratio of 38.2% was realised and this despite that the Bank does not benefit from economies of scale.

Customer loans and advances increased by 14%. Continued high regard to credit quality resulted in a net release of Lm0.29 million from impairment allowances.

Based on a post-tax profit of Lm2.37 million for the year Earnings per Share reached 56.6 cents. Shareholders' Funds are up by 25% to Lm16.6 million and include an increase to Property Revaluation Reserve of Lm0.81 million following a revaluation of the Bank's property as required by International Accounting Standards. Total assets stood at Lm188 million.

Return on Equity (pre-tax) increased to 24.4%.

The Board of Directors is proposing a final gross dividend of 20 cents per share for the approval of the Annual General Meeting. The Board will also be recommending that shareholders be given the option of receiving the dividend either in cash or by the issue of new shares. Consistent with the Bank's policy, the attribution price (at which the new shares to be issued will be determined) has been established as the Trade Weighted Average Price of the Bank's shares for the three months up to and including the 28 February, 2006. If approved by the Annual General Meeting, the dividend will be paid to all shareholders who are registered members on the 13 March, 2006.

The performance of Lombard Bank during 2005 was again a very positive one that was made possible through the commitment of the staff, customer loyalty and shareholder support. The Board of Directors is well satisfied with this set of results which augurs well for the future of the Bank and its stakeholders.



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Income Statement

For the Year Ended 31 December 2005

	The Group		The Bank	
	2005	2004	2005	2004
	Lm 000	Lm 000	Lm 000	Lm 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	7,801	6,844	7,803	6,844
- on debt and other fixed income instruments	1,530	1,639	1,530	1,638
Interest expense	(4,554)	(4,814)	(4,554)	(4,815)
Net interest income	4,777	3,669	4,779	3,667
Fees and commissions receivable	444	443	434	416
Fees and commissions payable	(16)	(23)	(14)	(12)
Net fees and commission income	428	420	420	404
Dividend income	27	40	27	40
Net trading income	352	414	352	414
Net gains on disposal of non-trading financial instruments	12	86	11	86
Other operating income	32	16	30	16
Operating income	5,628	4,645	5,619	4,627
Administrative expenses	(2,056)	(1,928)	(2,021)	(1,896)
Depreciation	(93)	(78)	(94)	(76)
Provision for liabilities and other charges	(103)	(6)	(103)	(6)
Net impairment reversals/(losses)	290	(73)	290	(73)
Amortisation of goodwill	-	(18)	-	-
Profit before taxation	3,666	2,542	3,691	2,576
Taxation	(1,303)	(987)	(1,303)	(985)
Profit for the year	2,363	1,555	2,388	1,591
Attributable to:				
Equity holders of the bank	2,369	1,558	2,388	1,591
Minority interest	(6)	(3)	-	-
	2,363	1,555	2,388	1,591
Earnings per share	56c6	38c0	57c0	38c8



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Balance Sheet

At 31 December 2005

	The Group		The Bank	
	2005	2004	2005	2004
	Lm 000	Lm 000	Lm 000	Lm 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	29,511	40,312	29,511	40,312
Cheques in course of collection	550	334	550	334
Derivative financial instruments	-	16	-	16
Investments	23,599	26,794	23,414	26,639
Loans and advances to banks	48,839	41,045	48,839	41,045
Loans and advances to customers	78,738	69,067	78,785	69,079
Shares in subsidiary companies	-	-	125	154
Property, plant and equipment	3,057	1,899	3,057	1,898
Investment property	151	151	151	151
Deferred tax asset	291	602	291	602
Other assets	23	36	21	30
Prepayments and accrued income	3,275	2,737	3,275	2,737
Total assets	188,034	182,993	188,019	182,997
Liabilities				
Derivative financial instruments	-	15	-	15
Amounts owed to banks	65	102	65	102
Amounts owed to customers	165,752	164,578	165,752	164,636
Current taxation payable	195	59	195	58
Provisions for liabilities and charges	248	134	248	134
Other liabilities	3,441	3,023	3,431	3,002
Accruals and deferred income	1,680	1,720	1,680	1,720
Total liabilities	171,381	169,631	171,371	169,667



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Balance Sheet

At 31 December 2005

	The Group		The Bank	
	2005	2004	2005	2004
	Lm 000	Lm 000	Lm 000	Lm 000
Equity				
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	932	126	932	126
Investment revaluation reserve	314	148	268	129
Retained earnings	8,283	6,321	8,357	6,370
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Equity attributable to shareholders of the bank	16,620	13,300	16,648	13,330
Minority interests	33	62	-	-
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Total equity	16,653	13,362	16,648	13,330
	-----	-----	-----	-----
Total liabilities and equity	188,034	182,993	188,019	182,997
	=====	=====	=====	=====
Memorandum items				
Contingent liabilities	3,261	2,999	3,261	2,999
	=====	=====	=====	=====
Commitments	24,023	22,673	24,023	22,673
	=====	=====	=====	=====



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Cash Flow Statement

For the Year Ended 31 December 2005

	The Group		The Bank	
	2005	2004	2005	2004
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from operating activities				
Interest and commission receipts	6,888	6,657	6,885	6,635
Interest and commission payments	(4,626)	(5,139)	(4,625)	(5,129)
Payments to employees and suppliers	(2,036)	(1,896)	(2,007)	(1,875)
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Operating profit/(loss) before changes in operating assets and liabilities	226	(378)	253	(369)
<u>(Increase)/decrease in operating assets:</u>				
Treasury bills	7,928	(12,831)	7,928	(12,831)
Deposits with Central Bank of Malta	6,417	(3,716)	6,417	(3,716)
Loans and advances to banks and customers	(9,412)	(4,212)	(9,416)	(4,235)
Other receivables	(236)	356	(236)	356
<u>Increase/(decrease) in operating liabilities:</u>				
Amounts owed to customers	1,139	(3,026)	1,116	(3,019)
Other payables	439	(736)	439	(736)
	-----	-----	-----	-----
Net cash from/(used in) operations	6,501	(24,543)	6,501	(24,550)
Tax paid	(1,141)	(1,090)	(1,141)	(1,089)
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Net cash from/(used in) operating activities	5,360	(25,633)	5,360	(25,639)
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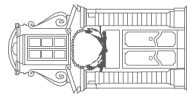


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Cash Flow Statement

For the Year Ended 31 December 2005

	The Group		The Bank	
	2005	2004	2005	2004
	Lm 000	Lm 000	Lm 000	Lm 000
Net cash from/(used in) operating activities	5,360	(25,633)	5,360	(25,639)
Cash flows from investing activities				
Dividends received	27	40	27	40
Interest received from investments	2,710	2,208	2,710	2,207
Proceeds on maturity/disposal of investments	3,468	383	3,468	363
Purchase of investments	-	(1,456)	-	(1,429)
Proceeds from disposal of property, plant and equipment	-	1	-	1
Purchase of property, plant and equipment	(237)	(445)	(237)	(445)
Proceeds from disposal of subsidiary	31	-	31	-
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Net cash flows from investing activities	5,999	731	5,999	737
	-----	-----	-----	-----
Cash flows from financing activities				
Dividends paid	(15)	(10)	(15)	(10)
	-----	-----	-----	-----
Cash used in financing activities	(15)	(10)	(15)	(10)
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Net increase/(decrease) in cash and cash equivalents	11,344	(24,912)	11,344	(24,912)
Cash and cash equivalents at beginning of year	54,172	79,084	54,172	79,084
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Cash and cash equivalents at end of year	65,516	54,172	65,516	54,172
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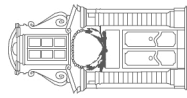


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Statement of Changes in Equity

For the Year Ended 31 December 2005

Group	Attributable to equity holders of the parent							Total Equity Lm 000	
	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	Retained Earnings Lm 000	Total Lm 000		
At 1 January 2004	2,026	4,341	111	126	41	5,000	11,645	61	11,706
Net gains on available-for-sale assets	-	-	-	-	162	-	162	-	166
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(55)	-	(55)	-	(55)
Net gains not recognised in the income statement	-	-	-	-	107	-	107	-	111
Profit for the year	-	-	-	-	-	1,558	1,558	4	1,555
Dividends payable	-	-	-	-	-	(237)	(237)	(3)	(237)
Rights issue of ordinary shares	31	196	-	-	-	-	227	-	227
At 31 December 2004	2,057	4,537	111	126	148	6,321	13,300	62	13,362
At 1 January 2005	2,057	4,537	111	126	148	6,321	13,300	62	13,362
Net gains on available-for-sale assets	-	-	-	-	175	-	175	9	184
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(9)	-	(9)	-	(9)
Revaluation of property	-	-	-	1,017	-	-	1,017	-	1,017
Deferred tax on revalued property	-	-	-	(211)	-	-	(211)	-	(211)
Net gains not recognised in the income statement	-	-	-	806	166	-	972	9	981
Profit for the year	-	-	-	-	2,369	-	2,369	(6)	2,363
Disposal of subsidiary	-	-	-	-	(6)	-	(6)	(32)	(38)
Dividends payable	-	-	-	-	(401)	-	(401)	-	(401)
Rights issue of ordinary shares	46	340	-	-	-	-	386	-	386
At 31 December 2005	2,103	4,877	111	932	314	8,283	16,620	33	16,653



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Statement of Changes in Equity

For the Year Ended 31 December 2005

Bank	Called Up Issued Share Capital	Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Retained Earnings	Total
	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
Net gains on available-for-sale assets	-	-	-	-	148	-	148
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(55)	-	(55)
Net gains not recognised in the income statement	-	-	-	-	93	-	93
Profit for the year	-	-	-	-	-	1,591	1,591
Dividends payable	-	-	-	-	-	(237)	(237)
Rights issue of ordinary shares	31	196	-	-	-	-	227
At 31 December 2004	2,057	4,537	111	126	129	6,370	13,330
At 1 January 2005	2,057	4,537	111	126	129	6,370	13,330
Net gains on available-for-sale assets	-	-	-	-	148	-	148
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(9)	-	(9)
Revaluation of property	-	-	-	1,017	-	-	1,017
Deferred tax on revalued property	-	-	-	(211)	-	-	(211)
Net gains not recognised in income statement	-	-	-	806	139	-	945
Profit for the year	-	-	-	-	-	2,388	2,388
Dividends payable	-	-	-	-	-	(401)	(401)
Rights issue of ordinary shares	46	340	-	-	-	-	386
At 31 December 2005	2,103	4,877	111	932	268	8,357	16,648