



LOMBARD

8th March 2007

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Lombard Bank Malta p.l.c. pursuant to Malta Financial Services Authority Listing Rules 8.5.5, 8.5.20 and 9.39.2:

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 2006 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 25 April 2007 approves the payment of a final ordinary gross dividend of 12.5 cents per share (8.125 cents per share net of tax).

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) will be established as the trade weighted average price of the Bank's shares for the three months up to and including the date of approval of the Accounts, i.e. 8 March 2007.

Unquote

Graham 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



LOMBARD

Preliminary Profit Announcement

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 financial statements have been extracted from the Annual Report of Lombard Bank Malta p.l.c. for the financial year ended 31 December 2006. 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 8 March 2007.

Review of Performance

A profit before tax of Lm3.87 million was registered for the year ended 31 December 2006, an improvement of 5.5% over Lm3.67 million of the previous year.

Net interest income rose by 10% driven largely by growth of 14.4% in credit activity as well as continued effective Treasury management. Higher Customer Deposits and increases in the Central Bank Intervention Rate brought about a higher interest expense.

Net Fees and Commission income increased by 10.5% as a result of the growth in general volumes of business during the year.

Administrative expenses at Lm2.05 million continue to emphasise the Bank's efforts to contain costs. Even though the Bank does not benefit from economies of scale it still registered a very satisfactory Cost to Income Ratio of 35.1%.

The net increase in Impairment Allowances of Lm122,000 reflects the Bank's determination to apply a prudent policy with regard to the management of its credit portfolio.

Shareholders' Funds increased by 14.9 % based on a post-tax profit of Lm2.50 million for the year. This provided Earnings per Share of 29.5 cents (2005: 28.3 cents). Total Assets increased by 9.5% to Lm206 million (2005: Lm188 million).

The Board of Directors is proposing a final Gross Dividend of 12c5 per share for approval by the General Meeting. This represents a 25% increase over last year's dividend, when taking into account the share split in May 2006. 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. 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 8 March, 2007. Once approved by the Annual General Meeting, the dividend will be paid to all shareholders who are registered members on 23 March, 2007.

The Board of Directors is satisfied that another record profit was achieved for 2006. The robust fundamentals of Lombard Bank together with the loyalty of its customers and the commitment of its staff continue to present favourable prospects for growth.

8th March 2007

Lombard Bank Malta p.l.c.

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Lombard Bank Malta p.l.c.

Income Statement

For the Year Ended 31 December 2006

	The Group		The Bank	
	2006	2005	2006	2005
	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	8,642	7,801	8,645	7,803
- on debt and other fixed income instruments	1,392	1,530	1,392	1,530
Interest expense	(4,770)	(4,554)	(4,770)	(4,554)
Net interest income	5,264	4,777	5,267	4,779
Fees and commissions income	487	444	480	434
Fees and commissions expenses	(14)	(16)	(13)	(14)
Net fees and commission income	473	428	467	420
Dividend income	34	27	34	27
Net trading income	326	352	326	352
Net gains on disposal of non-trading financial instruments	36	12	10	11
Other operating income	22	32	22	30
Operating income	6,155	5,628	6,126	5,619
Administrative expenses	(2,053)	(2,056)	(2,027)	(2,021)
Depreciation	(108)	(93)	(108)	(94)
Provision for liabilities and other charges	(10)	(103)	(10)	(103)
Net impairment (losses)/reversals	(122)	290	(122)	290
Operating profit	3,862	3,666	3,859	3,691
Share of profit of associate	5	-	-	-
Profit before taxation	3,867	3,666	3,859	3,691
Taxation	(1,362)	(1,303)	(1,362)	(1,303)
Profit for the year	2,505	2,363	2,497	2,388
Attributable to:				
Shareholders of the bank	2,504	2,369	2,497	2,388
Minority interest	1	(6)	-	-
	2,505	2,363	2,497	2,388
Earnings per share	29c5	28c3	29c4	28c5



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Lombard Bank Malta p.l.c.

Balance Sheet

As at 31 December 2006

	The Group		The Bank	
	2006	2005	2006	2005
	Lm 000	Lm 000	Lm 000	Lm 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	44,223	29,511	44,223	29,511
Cheques in course of collection	592	550	592	550
Derivative financial instruments	2	-	2	-
Investments	23,473	23,599	23,375	23,414
Loans and advances to banks	41,206	48,839	41,206	48,839
Loans and advances to customers	90,214	78,738	90,214	78,785
Investment in associate	1,143	-	-	-
Shares in subsidiary companies	-	-	1,275	125
Property and equipment	3,032	3,057	3,032	3,057
Investment property	151	151	151	151
Assets held for sale	106	-	106	-
Deferred tax assets	398	291	398	291
Other assets	24	23	22	21
Prepayments and accrued income	1,256	3,275	1,256	3,275
Total assets	205,820	188,034	205,852	188,019
Liabilities				
Amounts owed to banks	218	65	218	65
Amounts owed to customers	180,598	165,752	180,633	165,752
Current tax payable	489	195	489	195
Provisions for liabilities and other charges	238	248	238	248
Other liabilities	3,434	3,441	3,424	3,431
Accruals and deferred income	1,726	1,680	1,726	1,680
Total liabilities	186,703	171,381	186,728	171,371



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Lombard Bank Malta p.l.c.

Balance Sheet

As at 31 December 2006

	The Group		The Bank	
	2006	2005	2006	2005
	Lm 000	Lm 000	Lm 000	Lm 000
Equity				
Called up share capital	2,133	2,103	2,133	2,103
Share premium	5,364	4,877	5,364	4,877
Other reserve	-	111	-	111
Property revaluation reserve	982	932	982	932
Investment revaluation reserve	266	314	235	268
Retained earnings	10,343	8,283	10,410	8,357
	-----	-----	-----	-----
Equity attributable to shareholders	19,088	16,620	19,124	16,648
Minority interest	29	33	-	-
	-----	-----	-----	-----
Total equity	19,117	16,653	19,124	16,648
	-----	-----	-----	-----
Total liabilities and equity	205,820	188,034	205,852	188,019
	=====	=====	=====	=====
Memorandum items				
Contingent liabilities	3,229	3,261	3,229	3,261
	=====	=====	=====	=====
Commitments	34,557	24,023	34,557	24,023
	=====	=====	=====	=====

The financial statements were approved by the Board of Directors on 8 March 2007 and signed on its behalf by:

Christian Lemmerich
Chairman

Joseph Said
Chief Executive Officer

Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2006

Group

	Attributable to equity holders of the bank								
	Called up Share Capital	Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000
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)
Income and expenses recognised directly in equity	-	-	-	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



Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2006

Group

	Attributable to equity holders of the bank								
	Called up Share Capital	Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Retained Earnings	Total	Minority Interest	Total Equity
	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000
At 1 January 2006	2,103	4,877	111	932	314	8,283	16,620	33	16,653
Net losses on available-for-sale assets	-	-	-	-	(21)	-	(21)	1	(20)
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(27)	-	(27)	(6)	(33)
Adjustment to deferred tax on revaluation reserve	-	-	-	50	-	-	50	-	50
Income and expenses recognised directly in equity	-	-	-	50	(48)	-	2	(5)	(3)
Profit for the year	-	-	-	-	-	2,504	2,504	1	2,505
Transfer of other reserve to retained earnings	-	-	(111)	-	-	111	-	-	-
Dividends payable	-	-	-	-	-	(555)	(555)	-	(555)
Rights issue of ordinary shares	30	487	-	-	-	-	517	-	517
At 31 December 2006	2,133	5,364	-	982	266	10,343	19,088	29	19,117



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Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2006

Bank	Called Up 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 2006	2,103	4,877	111	932	268	8,357	16,648
Net losses on available-for-sale assets	-	-	-	-	(23)	-	(23)
Release of net gains on disposal of available-for-sale assets	-	-	-	-	(10)	-	(10)
Adjustment to deferred tax on revaluation reserve	-	-	-	50	-	-	50
Income and expenses recognised directly in equity	-	-	-	50	(33)	-	17
Profit for the year	-	-	-	-	-	2,497	2,497
Transfer of other reserve to retained earnings	-	-	(111)	-	-	111	-
Dividends payable	-	-	-	-	-	(555)	(555)
Rights issue of ordinary shares	30	487	-	-	-	-	517
At 31 December 2006	2,133	5,364	-	982	235	10,410	19,124



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Cash Flow Statement

For the Year Ended 31 December 2006

	The Group		The Bank	
	2006	2005	2006	2005
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from operating activities				
Interest and commission receipts	10,975	6,888	10,971	6,885
Interest and commission payments	(4,722)	(4,626)	(4,722)	(4,625)
Payments to employees and suppliers	(2,074)	(2,036)	(2,047)	(2,007)
	-----	-----	-----	-----
Operating profit before changes in operating assets and liabilities	4,179	226	4,202	253
(Increase)/decrease in operating assets:				
Treasury bills	7,826	7,928	7,826	7,928
Deposits with Central Bank of Malta	(3,591)	6,417	(3,591)	6,417
Loans and advances to banks and customers	(13,747)	(9,412)	(13,700)	(9,416)
Other receivables	(150)	(236)	(150)	(236)
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	14,846	1,139	14,881	1,116
Other payables	(6)	439	(6)	439
	-----	-----	-----	-----
Net cash from operations	9,357	6,501	9,462	6,501
Tax paid	(1,097)	(1,141)	(1,097)	(1,141)
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Net cash from operating activities	8,260	5,360	8,365	5,360
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Cash Flow Statement

For the Year Ended 31 December 2006

		The Group		The Bank	
		2006	2005	2006	2005
		Lm 000	Lm 000	Lm 000	Lm 000
Net cash from operating activities	b/f	8,260	5,360	8,365	5,360
Cash flows from investing activities					
Dividends received		22	27	22	27
Interest received from investments		2,067	2,710	2,067	2,710
Proceeds on maturity/disposal of investments		1,827	3,468	1,734	3,468
Purchase of investments		(1,800)	-	(1,800)	-
Investment in associate		(1,138)	-	-	-
Investment in subsidiary		-	-	(1,150)	-
Purchase of property, plant and equipment		(84)	(237)	(84)	(237)
Proceeds from disposal of subsidiary		-	31	-	31
Net cash flows from investing activities		894	5,999	789	5,999
Cash flows from financing activities					
Dividends paid		(38)	(15)	(38)	(15)
Net cash used in financing activities		(38)	(15)	(38)	(15)
Net increase in cash and cash equivalents		9,116	11,344	9,116	11,344
Cash and cash equivalents at beginning of year		65,516	54,172	65,516	54,172
Cash and cash equivalents at end of year		74,632	65,516	74,632	65,516