



LOMBARD BANK

Lombard Bank Malta p.l.c.

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17th February 2005

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 9.53.

G A Fairclough
Company Secretary



LOMBARD BANK

General

This report is published in terms of Malta Financial Services Authority Listing Rules 8.6.2, 8.6.19 and 9.53.

The Profit and Loss Account and Balance Sheet figures have been extracted from the audited accounts of Lombard Bank Malta p.l.c. and its subsidiaries ("Lombard Bank" or the "Bank") for the financial year ended 31 December 2004, as approved by the Board of Directors on 17 February 2005. In 2002, the Bank opted to change its financial year from the end of September to December.

The previous financial year covered a 15 month period and therefore comparative figures and percentages should be interpreted accordingly.

Review of Performance

Lombard Bank registered a profit before tax of Lm2.54 million for the financial year ended 31 December 2004, an increase of 18% over 2003.

The Bank increased its Net Interest Income to Lm3.67 million while Administration Expenses at Lm1.93 million were mainly due to anticipated Staff Costs. The Cost/Income ratio at an efficient level of 43.2% compares very favourably with last year's 49.3% and this, despite challenges of economies of scale faced by the Bank.

Loans and Advances to Customers are up by 20% at Lm69.1 million denoting an appreciable increase in credit activity. Continual monitoring of the quality of our lending led to an improvement in net impairment losses on loans and advances.

Based on a post-tax profit of Lm1.56 million for the financial year (2003: Lm1.39 million), earnings per share (EPS) work out at 38 cents (2003: 34.7 cents). Shareholders' Funds increased by 14% to Lm13.3 million. Return on average shareholders funds (ROE) pre-tax, increased from 19.8% to 20.4%. Total Assets stood at Lm183 million.

The Board of Directors is proposing a final gross dividend of 15 cents per share for approval by the Annual General Meeting. As in previous years, the Board will recommend 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 17th February, 2005. If approved by the Annual General Meeting, the dividend will be paid to all shareholders who are registered members on the 28th February, 2005.

The Board of Directors notes that the strong performance of 2004, which is the most successful so far, continues to prove the solid foundations of the Bank's business. With the commitment of its staff, the loyalty of its customers and continued support of its shareholders the Bank is well positioned to meet future challenges.



LOMBARD BANK

Profit and Loss Account for the year ended 31 December 2004

	Group		Bank	
	01.01.04 to 31.12.04 Lm000	01.10.02 to 31.12.03 Lm000	01.01.04 to 31.12.04 Lm000	01.10.02 to 31.12.03 Lm000
Interest receivable and similar income				
- on loans, advances and balances with Central Bank of Malta	6,844	8,582	6,844	8,583
- on debt securities	1,639	2,110	1,638	2,110
Interest payable	(4,814)	(7,070)	(4,815)	(7,072)
Net interest income	3,669	3,622	3,667	3,621
Fees and commissions receivable	443	502	416	472
Fees and commissions payable	(23)	(36)	(12)	(18)
Dividend income	40	37	40	37
Trading profits	414	573	414	573
Net gains on disposal of non-trading financial instruments	86	15	86	15
Other operating income	16	24	16	23
Operating income	4,645	4,737	4,627	4,723
Administrative expenses	(1,929)	(2,243)	(1,896)	(2,211)
Depreciation	(77)	(94)	(76)	(93)
Provision for potential losses	(6)	(134)	(6)	(134)
Net impairment losses	(73)	(102)	(73)	(102)
Amortisation of goodwill	(18)	(2)	-	-
Profit on ordinary activities before tax	2,542	2,162	2,576	2,183
Tax on profit on ordinary activities	(987)	(773)	(985)	(773)
Profit on ordinary activities after tax	1,555	1,389	1,591	1,410
Loss attributable to minority interests	3	4	-	-
Profit for the Financial Year/Period attributable to shareholders	1,558	1,393	1,591	1,410
Earnings per share	38c0	34c7	38c8	35c2



LOMBARD BANK

Balance Sheet as at 31 December 2004

	Group		Bank	
	31.12.04 Lm000	31.12.03 Lm000	31.12.04 Lm000	31.12.03 Lm000
ASSETS				
Balances with Central Bank of Malta,				
Treasury Bills and cash	40,312	60,711	40,312	60,711
Cheques in course of collection	334	699	334	699
Financial assets held for trading	16	44	16	44
Investments	26,794	25,530	26,639	25,399
Loans and advances to banks	41,045	36,628	41,045	36,628
Loans and advances to customers	69,067	57,344	69,079	57,347
Shares in subsidiary companies	-	-	154	154
Intangible assets	-	18	-	-
Tangible assets	1,899	1,532	1,898	1,529
Deferred tax asset	602	714	602	714
Other assets	187	178	181	172
Prepayments and accrued income	2,737	2,238	2,737	2,238
Total Assets	182,993	185,636	182,997	185,635
LIABILITIES				
Financial liabilities held for trading	15	85	15	85
Amounts owed to banks	102	150	102	150
Amounts owed to customers	164,578	167,595	164,636	167,654
Other liabilities	3,216	4,100	3,194	4,090
Accruals and deferred income	1,720	2,000	1,720	2,000
Minority interests	62	61	-	-
	169,693	173,991	169,667	173,979
SHAREHOLDERS' FUNDS				
Called up issued share capital	2,057	2,026	2,057	2,026
Share premium	4,537	4,341	4,537	4,341
Other reserve	111	111	111	111
Property revaluation reserve	126	126	126	126
Investment revaluation reserve	148	41	129	36
Profit and loss account	5,920	4,763	5,969	4,779
Dividend reserve	401	237	401	237
	13,300	11,645	13,330	11,656
Total Liabilities and Equity	182,993	185,636	182,997	185,635
MEMORANDUM ITEMS				
Contingent liabilities	2,999	3,524	2,999	3,524
Commitments	22,673	17,201	22,673	17,201



LOMBARD BANK

Statement of Changes in Equity for the Year Ended 31 December 2004

The Group	Total Issued Share Capital		Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Profit and Loss Account	Dividend Reserve
	Lm000	Lm000						
At 1 October 2002	10,233	1,980	4,055	111	126	(59)	3,763	257
Dividends payable	(413)	-	-	-	-	-	(156)	(257)
Rights issue of ordinary shares	332	46	286	-	-	-	-	-
Net profit on available-for-sale assets recognised in Investment Revaluation Reserve	100	-	-	-	-	100	-	-
Profit for the period	1,393	-	-	-	-	-	1,393	-
Dividends proposed, net of income tax	-	-	-	-	-	-	(237)	237
At 31 December 2003	11,645	2,026	4,341	111	126	41	4,763	237
Dividends payable	(237)	-	-	-	-	-	-	(237)
Rights issue of ordinary shares	227	31	196	-	-	-	-	-
Net profit on available-for-sale assets recognised in Investment Revaluation Reserve	162	-	-	-	-	162	-	-
Net gains released on disposal of available-for-sale assets	(55)	-	-	-	-	(55)	-	-
Profit for the year	1,558	-	-	-	-	-	1,558	-
Dividends proposed, net of income tax	-	-	-	-	-	-	(401)	401
At 31 December 2004	13,300	2,057	4,537	111	126	148	5,920	401



LOMBARD BANK

Statement of Changes in Equity for the Year Ended 31 December 2004

The Bank	Total Issued Share Capital		Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Profit and Loss Account	Dividend Reserve
	Lm000	Lm000						
At 1 October 2002	10,234	1,980	4,055	111	126	(57)	3,762	257
Dividends payable	(413)	-	-	-	-	-	(156)	(257)
Rights issue of ordinary shares	332	46	286	-	-	-	-	-
Net profit on available-for-sale assets recognised in								
Investment Revaluation Reserve	93	-	-	-	-	93	-	-
Profit for the period	1,410	-	-	-	-	-	1,410	-
Dividends proposed, net of income tax	-	-	-	-	-	-	(237)	237
At 31 December 2003	11,656	2,026	4,341	111	126	36	4,779	237
Dividends payable	(237)	-	-	-	-	-	-	(237)
Rights issue of ordinary shares	227	31	196	-	-	-	-	-
Net profit on available-for-sale assets recognised in								
Investment Revaluation Reserve	148	-	-	-	-	148	-	-
Net gains released on disposal of available-for-sale assets	(55)	-	-	-	-	(55)	-	-
Profit for the year	1,591	-	-	-	-	-	1,591	-
Dividends proposed, net of income tax	-	-	-	-	-	-	(401)	401
At 31 December 2004	13,330	2,057	4,537	111	126	129	5,969	401



LOMBARD BANK

Cash Flow Statement for the Year Ended 31 December 2004

	Group		Bank	
	01.01.04 to 31.12.04 Lm000	01.10.02 to 31.12.03 Lm000	01.01.04 to 31.12.04 Lm000	01.10.02 to 31.12.03 Lm000
Cash flows from operating activities				
Interest and commission receipts	6,657	9,286	6,635	9,239
Interest and commission payments	(5,139)	(7,396)	(5,129)	(7,378)
Payments to employees and suppliers	(1,896)	(2,135)	(1,875)	(2,091)
Operating Loss before changes in Operating Assets and Liabilities	(378)	(245)	(369)	(230)
Decrease/(Increase) in operating assets:				
Treasury bills	(12,831)	16	(12,831)	16
Deposits with Central Bank of Malta	(3,716)	(1,721)	(3,716)	(1,721)
Loans and advances to banks and customers	(4,212)	(1,510)	(4,235)	(1,519)
Other receivables	356	177	356	177
Increase in operating liabilities:				
Amounts owed to customers	(3,026)	22,553	(3,019)	22,585
Other payables	(736)	1,156	(736)	1,156
Net cash (used in)/from operations	(24,543)	20,426	(24,550)	20,464
Tax paid	(1,090)	(759)	(1,089)	(756)
Net cash (used in)/from operating activities	(25,633)	19,667	(25,639)	19,708
Cash flows from investing activities				
Dividends received	40	37	40	37
Interest received from investments	2,208	2,384	2,207	2,384
Proceeds on maturity/disposal of investments	383	2,046	363	2,034
Purchase of investments	(1,456)	(383)	(1,429)	(383)
Proceeds on disposal of fixed assets	1	3	1	3
Purchase of property, plant and equipment	(445)	(191)	(445)	(190)
Purchase of shares issued by subsidiary company	-	-	-	(15)
Net cash flows from investing activities	731	3,896	737	3,870
Cash flows from financing activities				
Dividends paid	(10)	(81)	(10)	(81)
Minority interest in newly formed subsidiary	-	15	-	-
Net cash used in financing activities	(10)	(66)	(10)	(81)
Net (decrease)/increase in cash and cash equivalents	(24,912)	23,497	(24,912)	23,497
Cash and cash equivalents at beginning of year/period	79,084	55,587	79,084	55,587
Cash and cash equivalents at end of Year/Period	54,172	79,084	54,172	79,084