

## **LOMBARD BANK ANNOUNCES STRONG INTERIM PERFORMANCE**

Lombard Bank Malta p.l.c. registered a pre-tax profit of Lm674,000 for the six months ended 31 March 2003, an increase of 12% on 2002's Lm604,000. These figures were announced by the Bank after its Board of Directors met in Valetta today to approve the unaudited financial statements for the six months ended 31 March, 2003.

Net Interest Income for the period increased by 6% to Lm1.48 million and, in spite of strong competitive pressures and generally declining interest rates, the Bank managed to maintain a Net Interest Margin of 35%. A drop in fee and commission income for the period was more than compensated for by a 56% increase in foreign exchange trading profits. As a result, Operating Income is up from Lm1.79 million in 2002 to Lm1.93 million, an increase of 8%. Administrative expenses are up 13%, in large part due to increases in staff costs as well as overheads necessitated by upgrading of systems and operations. The charge for Net Impairment Losses of Lm211,000 is down from 2002's Lm276,000. Based on a post-tax profit of Lm434,000 for the period (2002 - Lm392,000), earnings per share work out at 10.9 cents (2002 - 10.0 cents).

Customer Deposits are up on September 2002 by just over 4% to Lm151 million. Loans and Advances to Customers are slightly up at Lm58.3 million; this, however, belies an appreciable level of credit activity which was partly shrouded by generally high levels of business liquidity during the period under review. The Bank's own liquidity holdings continue to remain high, with positions increasing by 10% to Lm55.4 million. On the other hand, debt securities and bank balances are fairly unchanged, at Lm25.6 million and Lm22.6 million respectively. Shareholders' Funds amount to Lm10.6 million, resulting in a solvency (risk-asset) ratio of about 18%, comfortably above the regulatory minimum of 8%. Aggregate Memorandum Items of Lm18 million reflect the Bank's diversity of business as represented by forward exchange contracts, fiduciary deposits and guarantees on behalf of third parties. Total Assets are up by 4% on September 2002, to Lm167 million. On a Group basis, the results reflect the first-time impact of the Bank's subsidiary companies for the full six months under review. The performance of Lombard Stockbrokers Limited and Lombard Asset Managers Limited, which are active in stockbroking and fund management business respectively, reflects the generally prevailing investment market sentiment for the period.

The Board of Directors notes that the Bank's strong performance continues to be driven by robust operating fundamentals, prudent management and a high quality customer base. For the second part of the current financial year, which is being changed from 30 September to 31 December, the Board is confident that the momentum of business growth and emphasis on a selective business approach will sustain the delivery of a strong earnings performance and increased shareholder value.

15 May, 2003