

LOMBARD BANK ANNOUNCES INCREASE IN INTERIM PROFITS

Lombard Bank Malta p.l.c. registered a pre-tax profit of Lm1,268,000 for the nine months ended 30 June 2003, an increase of 8% on the same period for 2002. These figures were announced by the Bank after its Board of Directors met in Valletta today to approve the financial statements for the nine months ended 30 June, 2003.

Net Interest Income for the period increased by 2% to Lm2.17 million and, in spite of strong competitive pressures and declining interest rates, the Bank maintained a Net Interest Margin of 34%. Moreover profits from foreign exchange trading increased whereas fees and commission income decreased, resulting in Operating Income of Lm2.83 million - which is practically unchanged from that for the same period in 2002. Administrative Expenses are up by 10%, 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 Lm86,000 is down from 2002's Lm276,000, whilst provisions for contingent liabilities and other charges amount to Lm93,000. Based on a post-tax profit for the period of Lm833,000 (2002 - Lm808,000), earnings per share result at 20.9 cents (2002 20.5 cents).

Customer Deposits are up on September 2002 by over 10% to Lm160.3 million, while Loans and Advances to Customers at Lm56.6 million are slightly down by 3%. The Bank's own liquidity holdings continue to remain high, with positions increasing by 26% to Lm63.7 million. At Lm25.6 million, the Bank's portfolio of Investments remained unchanged other than for redemptions of maturing debt securities which were not replaced. Loans and Advances to Banks are up by 29% to Lm25.3 million. Shareholders' Funds are up by 8% on September 2002, to over Lm11 million, resulting in a solvency (risk-asset) ratio of about 20%, comfortably in excess of the regulatory minimum of 8%. Total Assets are up by 10% on September 2002, for total balance-sheet footings of Lm176.6 million. Aggregate memorandum items of Lm18 million reflect the diversity of business of the Bank, as represented by forward exchange contracts, fiduciary deposits and guarantees on behalf of customers.

In view that the Bank's financial year is being changed to 31 December with effect from the current year, the Board of Directors has approved the payment of an interim dividend of 6c0 per share. The Board notes that the period under review continued to be characterised by an uncertain market climate and challenging economic conditions. Notwithstanding, the Bank posted strong operating and profit results and continues to run an asset book of high quality. For the remainder of the financial period, the Board is confident that as the economic and commercial momentum increases, the Bank's selective business approach as well as its capacity to take on more business will continue to sustain the delivery of a strong earnings performance leading to increased shareholder value.

18 September, 2003

