



LOMBARD BANK

Lombard Bank Malta p.l.c.

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18 September 2003

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Lombard Bank Malta p.l.c. pursuant to the Malta Stock Exchange Bye-Law 6.05.06(I).

G A Fairclough
Company Secretary



LOMBARD BANK

Introduction

This report is published in terms of section 6.05.06 (I) of the Malta Stock Exchange Bye-Laws. Figures in the report have been prepared in accordance with the requirements of International Financial Reporting Standards, and the underlying accounting policies and methods of computation are the same as those adopted in Lombard Bank Malta p.l.c.'s (the "Bank") last published annual accounts. The published figures, which are in compliance with International Accounting Standard 34: Interim Financial Reporting, have been extracted from the Bank's unaudited accounts for the nine months ended 30 June 2003, as approved by the Board of Directors on 18 September, 2003. In view that the Bank's financial year is being changed to 31 December with effect from the current year, KPMG have carried out a review of these accounts, while a full statutory audit will take place at the year-end.

Review of Performance

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 2002's Lm1,177,000.

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%, 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 connection with the change in year-end, 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.

Lombard Bank Malta p.l.c.

Profit and Loss Account

For the Period 1 October 2002 to 30 June 2003

	Group		Bank	
	9 months to 30.06.03	9 months to 30.06.02	9 months to 30.06.03	9 months to 30.06.02
	Lm 000	Lm 000	Lm 000	Lm 000
Interest receivable and similar income				
- on loans, advances and balances with Central Bank of Malta	5,081	4,132	5,080	4,132
- on debt securities	1,277	1,368	1,277	1,368
Interest payable	(4,191)	(3,369)	(4,191)	(3,369)
Net interest income	2,167	2,131	2,166	2,131
Fees and commissions receivable	284	328	264	311
Fees and commissions payable	(21)	(16)	(11)	(11)
Dividend income	25	32	25	32
Trading profits	368	348	369	348
Other operating income	12	11	12	11
Operating income	2,835	2,834	2,825	2,822
Administrative expenses	(1,343)	(1,209)	(1,318)	(1,202)
Depreciation	(61)	(167)	(60)	(167)
Net impairment losses	(86)	(276)	(86)	(276)
Provisions for contingent liabilities and other charges	(93)	-	(93)	-
Amortisation of goodwill	(2)	-	-	-
Profit on ordinary activities before tax	1,250	1,182	1,268	1,177
Tax on profit on ordinary activities	(436)	(371)	(435)	(369)
Profit on ordinary activities after tax	814	811	833	808
Loss/(Profit) attributable to minority interests	4	(1)	-	-
Profit for the financial period attributable to shareholders	818	810	833	808
Earnings per share	20c5	20c6	20c9	20c5

Lombard Bank Malta p.l.c.

Balance Sheet

At 30 June 2003

	Group		Bank	
	30.06.03	30.09.02	30.06.03	30.09.02
	Lm 000	Lm 000	Lm 000	Lm 000
ASSETS				
Balances with Central Bank of Malta,				
Treasury Bills and cash	63,724	50,430	63,724	50,430
Cheques in course of collection	585	831	585	831
Financial assets held for trading	83	73	83	73
Investments	25,718	27,133	25,591	26,997
Loans and advances to banks	25,269	19,643	25,269	19,641
Loans and advances to customers	56,520	58,076	56,527	58,076
Shares in subsidiary companies	-	-	138	138
Intangible assets	18	20	-	-
Tangible assets	1,535	1,436	1,531	1,432
Deferred tax asset	727	703	727	703
Other assets	176	222	169	217
Prepayments and accrued income	2,297	1,981	2,296	1,981
Total Assets	176,652	160,548	176,640	160,519
LIABILITIES				
Financial liabilities held for trading	82	90	82	90
Amounts owed to banks	139	229	139	229
Amounts owed to customers	160,246	145,039	160,276	145,070
Other liabilities	2,818	2,734	2,809	2,722
Accruals and deferred income	2,184	2,174	2,182	2,174
Provision for liabilities and charges	93	-	93	-
Minority interests	45	49	-	-
	165,607	150,315	165,581	150,285

Lombard Bank Malta p.l.c.

Balance Sheet

At 30 June 2003

	Group		Bank	
	30.06.03	30.09.02	30.06.03	30.09.02
	Lm 000	Lm 000	Lm 000	Lm000
SHAREHOLDERS' FUNDS				
Called up issued share capital	2,008	1,980	2,008	1,980
Share premium	4,227	4,055	4,227	4,055
Other reserve	111	111	111	111
Property revaluation reserve	126	126	126	126
Investment revaluation reserve	(8)	(59)	(8)	(57)
Profit and loss account	4,581	3,763	4,595	3,762
Dividend reserve	-	257	-	257
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	11,045	10,233	11,059	10,234
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Total Liabilities	<u>176,652</u>	<u>160,548</u>	<u>176,640</u>	<u>160,519</u>
MEMORANDUM ITEMS				
Contingent liabilities	<u>3,417</u>	<u>3,416</u>	<u>3,417</u>	<u>3,416</u>
Commitments	<u>15,437</u>	<u>21,542</u>	<u>15,437</u>	<u>21,542</u>

Lombard Bank Malta p.l.c.

Cash Flow Statement

For the Period 1 October 2002 to 30 June 2003

	Group		Bank	
	9 months to 30.06.03	9 months to 30.06.02	9 months to 30.06.03	9 months to 30.06.02
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from operating activities				
Interest and commission receipts	5,730	5,859	5,710	5,844
Interest and commission payments	(4,253)	(3,421)	(4,243)	(3,417)
Payments to employees and suppliers	(1,310)	(1,196)	(1,285)	(1,189)
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Operating (loss) /profit before changes in operating assets/liabilities	167	1,242	182	1,238
(Increase)/decrease in operating assets:				
Non-investment securities	-	-	-	-
Deposits with Central Bank of Malta	2,179	(1,610)	2,179	(1,610)
Loans and advances to banks and customers	(1,082)	(12,934)	(1,091)	(12,934)
Other receivables	46	6	48	6
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	15,207	15,219	15,206	15,247
Other payables	62	85	67	85
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Net cash from operating activities before income tax	16,579	2,008	16,591	2,032
Tax paid	(466)	(447)	(466)	(447)
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Net cash from operating activities	16,113	1,561	16,125	1,585
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Cash flows from investing activities				
Dividends received	41	37	41	37
Interest received from investments	1,007	1,024	1,007	1,024
Proceeds on maturity/disposal of investments	1,829	796	1,817	796
Purchase of investments	(383)	(1,577)	(383)	(1,577)
Purchase of property, plant and equipment	(160)	(17)	(160)	(16)
Shares in newly formed subsidiary	-	-	-	(13)
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Net cash flows from investing activities	2,334	263	2,322	251
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Lombard Bank Malta p.l.c.

Cash Flow Statement

For the Period 1 October 2002 to 30 June 2003

	Group		Bank	
	9 months to 30.06.03	9 months to 30.06.02	9 months to 30.06.03	9 months to 30.06.02
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from financing activities				
Dividends paid	(57)	(27)	(57)	(27)
Minority interest in newly formed subsidiary	-	12	-	-
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Net cash used in financing activities	(57)	(15)	(57)	(27)
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Net increase in cash and cash equivalents	18,390	1,809	18,390	1,809
Cash and cash equivalents at beginning of period	55,587	28,195	55,587	28,195
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Cash and cash equivalents at end of period	<u>73,977</u>	<u>30,004</u>	<u>73,977</u>	<u>30,004</u>

Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Period 1 October 2002 to 30 June 2003

Group	Total	Called Up Issued Share Capital	Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Profit and Loss Account	Dividend Reserve
	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000
At 30 September 2001	9,518	1,953	3,880	111	126	-	3,220	228
Impact of adopting IAS 39	(112)	-	-	-	-	-	(112)	-
At 1 October 2001 as restated	9,406	1,953	3,880	111	126	-	3,108	228
Dividends payable	(228)	-	-	-	-	-	-	(228)
Ordinary shares issued in lieu of dividends payable	202	27	175	-	-	-	-	-
Profit for the period	810	-	-	-	-	-	810	-
At 30 June 2002	10,190	1,980	4,055	111	126	-	3,918	-
At 1 October 2002	10,233	1,980	4,055	111	126	(59)	3,763	257
Dividends payable	(257)	-	-	-	-	-	-	(257)
Ordinary shares issued in lieu of dividends payable	200	28	172	-	-	-	-	-
Net profit on available-for-sale assets not recognised in the profit and loss account	61	-	-	-	-	61	-	-
Net profit on available-for-sale assets transferred to the profit and loss account on disposal	(10)	-	-	-	-	(10)	-	-
Profit for the period	818	-	-	-	-	-	818	-
At 30 June 2003	11,045	2,008	4,227	111	126	(8)	4,581	-

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Statement of Changes in Equity

For the Period 1 October 2002 to 30 June 2003

Bank

	Total	Called Up Issued Share Capital	Share Premium	Other Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Profit and Loss Account	Dividend Reserve
	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000	Lm 000
At 30 September 2001	9,518	1,953	3,880	111	126	-	3,220	228
Impact of adopting IAS 39	(112)	-	-	-	-	-	(112)	-
At 1 October 2001 as restated	9,406	1,953	3,880	111	126	-	3,108	228
Dividends payable	(228)	-	-	-	-	-	-	(228)
Ordinary shares issued in lieu of dividends payable	202	27	175	-	-	-	-	-
Profit for the period	808	-	-	-	-	-	808	-
At 30 June 2002	10,188	1,980	4,055	111	126	-	3,916	-
At 1 October 2002	10,234	1,980	4,055	111	126	(57)	3,762	257
Dividends payable	(257)	-	-	-	-	-	-	(257)
Ordinary shares issued in lieu of dividends payable	200	28	172	-	-	-	-	-
Net profit on available-for-sale assets not recognised in the profit and loss account	59	-	-	-	-	59	-	-
Net profit on available-for-sale assets transferred to the profit and loss account on disposal	(10)	-	-	-	-	(10)	-	-
Profit for the period	833	-	-	-	-	-	833	-
At 30 June 2003	11,059	2,008	4,227	111	126	(8)	4,595	-