

## **LOMBARD BANK REGISTERS Lm 1.1 MILLION PRE-TAX PROFIT FOR THE SIX MONTHS ENDED 30th JUNE, 2004**

Lombard Bank Malta p.l.c. recorded a profit before tax of Lm 1.094 million for the financial period ended 30th June, 2004, an increase of 54% over 2003. These results emerge from the unaudited accounts of Lombard Bank and its subsidiaries ("Lombard Bank" or the "Bank") for the six months ended 30th June, 2004 as approved by the Board of Directors meeting in Valletta on 27th July, 2004.

Net Interest Income for the period increased by 14% to Lm1.65 million and, in spite of strong competitive pressures and generally prevailing low interest rates, the Bank increased its Net Interest Margin from 34% in 2003 to 40%. An increase in fee and commission income of 22% for the period was complemented by a 34% increase in foreign exchange trading profits. As a result, Operating Income is up from Lm1.82 million in 2003 to Lm2.15 million, an increase of 18%. Administrative expenses are up 9%, 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 Lm43,000 is down from 2003's Lm86,000. Based on a post-tax profit of Lm708,000 for the period (2003 – Lm468,000), earnings per share work out at 17.5 cents (2003 – 11.7 cents).

Customer Deposits are marginally down on December 2003 to Lm162 million. Loans and Advances to Customers are up by 7% at Lm61.3 million denoting an appreciable increase in credit activity for the period under review. The Bank's own liquidity holdings continue to remain high. Shareholders' Funds increased to Lm12.4 million, resulting in a solvency (risk-asset) ratio of about 20%, comfortably above the regulatory minimum of 8%. Aggregate Memorandum Items of Lm25.6 million reflect the Bank's diversity of business, which includes forward exchange contracts, fiduciary transactions and guarantees on behalf of third parties. As at 30 June 2004 Total Assets stood at Lm182 million.

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. The Bank is in the course of a significant upgrade in its technology and the Board is optimistic that this will feature as a main business driver in the coming years. For the second part of the current financial year the Board is confident that the emphasis on a selective business approach will sustain the delivery of a strong earnings performance and increased shareholder value.