



LOMBARD BANK

Lombard Bank Malta p.l.c.

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15th May, 2003

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Lombard Bank Malta plc pursuant to the Malta Stock Exchange Bye-Law 6.05.06(i).

A handwritten signature in black ink, appearing to be 'G A Fairclough', written over a horizontal line.

G A Fairclough
Company Secretary



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PRELIMINARY PROFIT STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2003

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 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 six months ended 31 March 2003, as approved by the Board of Directors on 15 May, 2003.

Review of Performance

Lombard Bank Malta p.l.c. registered a pre-tax profit of Lm674,000 for the six months ended 31 March 2003, an improvement of 12% on 2002's Lm604,000.

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.

Lombard Bank Malta p.l.c.

Profit and Loss Account

For the Period 1 October 2002 to 31 March 2003

	Group		Bank	
	6 mths to 31.03.03	6 mths to 31.03.02	6 mths to 31.03.03	6 mths to 31.03.02
	Lm 000	Lm 000	Lm 000	Lm 000
Interest receivable and similar income				
- on loans, advances and balances with Central Bank of Malta	2,993	2,552	2,993	2,552
- on debt securities	1,220	1,038	1,220	1,038
Interest payable	(2,736)	(2,195)	(2,736)	(2,195)
Net interest income	<u>1,477</u>	<u>1,395</u>	<u>1,477</u>	<u>1,395</u>
Fees and commissions receivable	181	206	165	204
Fees and commissions payable	(16)	(8)	(7)	(7)
Dividend income	11	8	11	8
Trading profits	276	178	277	178
Other operating income	8	8	8	8
Operating income	<u>1,937</u>	<u>1,787</u>	<u>1,931</u>	<u>1,786</u>
Administrative expenses	(924)	(801)	(903)	(794)
Depreciation	(44)	(112)	(44)	(112)
Net impairment losses	(211)	(276)	(211)	(276)
Provisions for contingent liabilities and other charges	(99)	-	(99)	-
Amortisation of goodwill	(1)	-	-	-
Profit on ordinary activities before tax	<u>658</u>	<u>598</u>	<u>674</u>	<u>604</u>
Tax on profit on ordinary activities	(240)	(212)	(240)	(212)
Profit on ordinary activities after tax	<u>418</u>	<u>386</u>	<u>434</u>	<u>392</u>
Loss attributable to minority interests	4	3	-	-
Profit for the financial period attributable to shareholders	<u><u>422</u></u>	<u><u>389</u></u>	<u><u>434</u></u>	<u><u>392</u></u>

Earnings per share	10c6	9c9	10c9	10c0
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Lombard Bank Malta p.l.c.

Balance Sheet

At 31 March 2003

	Group		Bank	
	31.03.03	30.09.02	31.03.03	30.09.02
	Lm 000	Lm 000	Lm 000	Lm 000
ASSETS				
Balances with Central Bank of Malta,				
Treasury Bills and cash	55,386	50,430	55,386	50,430
Cheques in course of collection	713	831	713	831
Financial assets held for trading	93	73	93	73
Investments	25,730	27,133	25,603	26,997
Loans and advances to banks	22,608	19,643	22,608	19,641
Loans and advances to customers	58,295	58,076	58,295	58,076
Shares in subsidiary companies	-	-	138	138
Intangible assets	19	20	-	-
Tangible assets	1,415	1,436	1,411	1,432
Deferred tax asset	784	703	784	703
Other assets	175	222	170	217
Prepayments and accrued income	2,040	1,981	2,037	1,981
	-----	-----	-----	-----
Total assets	167,258	160,548	167,238	160,519
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
LIABILITIES				
Financial liabilities held for trading	101	90	101	90
Amounts owed to banks	683	229	683	229
Amounts owed to customers	151,048	145,039	151,086	145,070
Other liabilities	2,700	2,734	2,691	2,722
Accruals and deferred income	1,947	2,174	1,932	2,174
Provision for liabilities and charges	99	-	99	-
Minority interests	45	49	-	-
	-----	-----	-----	-----
	156,623	150,315	156,592	150,285
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Lombard Bank Malta p.l.c.

Balance Sheet

At 31 March 2003

	Group		Bank	
	31.03.03	30.09.02	31.03.03	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	(22)	(59)	(22)	(57)
Profit and loss account	4,185	3,763	4,196	3,762
Dividend reserve	-	257	-	257
	-----	-----	-----	-----
	10,635	10,233	10,646	10,234
	-----	-----	-----	-----
Total liabilities	<u>167,258</u>	<u>160,548</u>	<u>167,238</u>	<u>160,519</u>
MEMORANDUM ITEMS				
Contingent liabilities	<u>3,702</u>	<u>3,416</u>	<u>3,702</u>	<u>3,416</u>
Commitments	<u>14,165</u>	<u>21,542</u>	<u>14,165</u>	<u>21,542</u>

Lombard Bank Malta p.l.c.

Cash Flow Statement

For the Period 1 October 2002 to 31 March 2003

	Group		Bank	
	6 mths to 31.03.03	6 mths to 31.03.02	6 mths to 31.03.03	6 mths to 31.03.02
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from operating activities				
Interest and commission receipts	3,303	4,252	3,286	4,251
Interest and commission payments	(3,016)	(2,517)	(3,016)	(2,517)
Payments to employees and suppliers	(887)	(793)	(868)	(785)
	-----	-----	-----	-----
Operating (loss) /profit before changes in operating assets/liabilities	(600)	942	(598)	949
(Increase)/decrease in operating assets:				
Non-investment securities	-	(1)	-	(1)
Reserve deposits with Central Bank of Malta	(825)	726	(825)	726
Loans and advances to banks and customers	4,812	(13,359)	4,810	(13,359)
Other receivables	47	1,236	47	1,236
Increase/(decrease) in operating liabilities:				
Amounts owed to customers	6,009	10,472	6,016	10,490
Other payables	(259)	79	(254)	79
	-----	-----	-----	-----
Net cash from operating activities before income tax	9,184	95	9,196	120
Tax paid	(114)	(61)	(114)	(61)
	-----	-----	-----	-----
Net cash from operating activities	9,070	34	9,082	59
	-----	-----	-----	-----
Cash flows from investing activities				
Dividends received	7	18	7	18
Interest received from investments	1,323	1,038	1,323	1,038
Proceeds on maturity/disposal of investments	1,493	520	1,481	520
Purchase of investments	(48)	(1,485)	(48)	(1,485)
Purchase of property, plant and equipment	(23)	(13)	(23)	(13)
Purchase of shares in newly formed subsidiary company	-	-	-	(13)
	-----	-----	-----	-----
Net cash flows from investing activities	2,752	78	2,740	65

Lombard Bank Malta p.l.c.

Cash Flow Statement

For the Period 1 October 2002 to 31 March 2003

	Group		Bank	
	6 mths to 31.03.03	6 mths to 31.03.02	6 mths to 31.03.03	6 mths to 31.03.02
	Lm 000	Lm 000	Lm 000	Lm 000
Cash flows from financing activities				
Dividends paid	(56)	(26)	(56)	(26)
Minority interest in newly formed subsidiary	-	12	-	-
	-----	-----	-----	-----
Net cash used in financing activities	(56)	(14)	(56)	(26)
	-----	-----	-----	-----
Net increase in cash and cash equivalents	11,766	98	11,766	98
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>67,353</u>	<u>28,293</u>	<u>67,353</u>	<u>28,293</u>

Lombard Bank Malta p.l.c.

Review of Performance

The published figures, which are in compliance with International Accounting Standard 34: Interim Financial Reporting, have been extracted from Lombard Bank Malta p.l.c.'s unaudited group management accounts for the six months ended 31 March 2003. These figures are being published in terms of the Bye-Laws of the Malta Stock Exchange, section 6.05.06 (i).

[Insert performance review]

Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Period 1 October 2002 to 31 March 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	389	-	-	-	-	-	389	-
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At 31 March 2002	<u>9,769</u>	<u>1,980</u>	<u>4,055</u>	<u>111</u>	<u>126</u>	<u>-</u>	<u>3,497</u>	<u>-</u>
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	37	-	-	-	-	37	-	-
Profit for the period	422	-	-	-	-	-	422	-
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At 31 March 2003	<u>10,635</u>	<u>2,008</u>	<u>4,227</u>	<u>111</u>	<u>126</u>	<u>(22)</u>	<u>4,185</u>	<u>-</u>

Lombard Bank Malta p.l.c.

Statement of Changes in Equity

For the Period 1 October 2002 to 31 March 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	392	-	-	-	-	-	392	-
At 31 March 2002	<u>9,772</u>	<u>1,980</u>	<u>4,055</u>	<u>111</u>	<u>126</u>	<u>-</u>	<u>3,500</u>	<u>-</u>
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	35	-	-	-	-	35	-	-
Profit for the period	434	-	-	-	-	-	434	-
At 31 March 2003	<u>10,646</u>	<u>2,008</u>	<u>4,227</u>	<u>111</u>	<u>126</u>	<u>(22)</u>	<u>4,196</u>	<u>-</u>