



LOMBARD BANK

COMPANY ANNOUNCEMENT

LOMBARD BANK REGISTERS RECORD LM1.24 MILLION PROFIT

Lombard Bank Malta plc registered a record pre-tax profit of Lm1.24 million for the financial year ended 30 September, 2000, an increase of 41% over 1999. The Bank's audited financial statements were approved today by its Board of Directors meeting in Valletta.

Net interest income increased by 30%, corresponded by increases of 38% in interest receivable against 42% in interest payable. These results reflect an expansion in both the lending and deposit bases. The Bank's net interest margin of 31.5% continues to hold strongly, despite the tight conditions in both domestic lending and international money markets. Fees and commissions receivable increased by 18%. Whereas dealing profits on foreign exchange improved only slightly, favourable market movements in the Bank's trading portfolio of equity investments contributed to a 6% growth in dealing profits from this source, half of which had been realised by the end of the financial year. Total operating income increased by 21%. Earnings per share - effected by the dilution from the increase in issued share capital - work out at 22c6, up 20% over 1999.

While the 8% increase in depreciation continues to be driven by the heavy investment in new banking technology of recent years, administrative expenses remained largely unchanged. Efficiencies were registered in most cost headings, although provisions for salary increases are outweighed by a reduction in staff numbers during the year under review. The Bank has registered strong performances in its profitability and cost/income ratios. Consistent with its prudent provisioning policy, loan provisions increased in line with a 20% growth in the loan portfolio, which is now at Lm41 million.

Shareholders' funds were significantly enhanced during the year following a 1 for 4 rights offer in February. As a result, own funds doubled to almost Lm9 million. Other balance sheet headings showed consistent growth. Customer deposits are up 31% to Lm109 million, money market investments by 54% and debt securities by 11%. Total assets at Lm123 million are significantly up by 35% over the previous year.

The Board of Directors is proposing a gross dividend of 8c5 per share (1999 - 7c7) for approval by the Annual General Meeting, an increase of 10%. The Board is also recommending that shareholders be given the option of receiving the dividend either in cash or by the issue of new shares. The attribution price (at which the new shares to be issued will be determined) will be either the market price as at close of trading on Monday 8 November, 2000, or the trade weighted average price for the Bank's shares for the three months up to and including that date, whichever is the lower.



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER

	2000 Lm 000	1999 Lm 000
Interest receivable and similar income		
- on loans and advances and balances with Central Bank of Malta	5,555	3,905
- on debt securities	1,847	1,454
Interest payable	(5,069)	(3,560)
Net interest income	2,333	1,799
Dividend income	35	42
Fees and commissions receivable	348	296
Fees and commissions payable	(11)	(13)
Dealing profits	781	737
Other operating income	16	34
Operating income	3,502	2,895
Administrative expenses	(1,589)	(1,553)
Depreciation	(255)	(235)
Other operating charges	(40)	
Provision for bad and doubtful debts	(384)	(253)
Adjustments to provision for bad and doubtful debts	6	24
Profit on ordinary activities before tax	1,240	878
Tax on profit on ordinary activities	(435)	(303)
Profit on ordinary activities after tax	805	575
Earnings per share	22c6	18c9
Proposed dividend, net of income tax	(213)	(153)

The dividend to be approved by the Annual General Meeting will be paid to shareholders who are registered members of the company as at 30 November 2000.



BALANCE SHEET AS AT 30 SEPTEMBER

	2000 Lm 000	1999 Lm 000
Assets		
Cash and balances with Central Bank of Malta	829	825
Reserve deposits with Central Bank of Malta	5,844	4,103
Cheques in course of collection	1,169	438
Malta Government treasury bills	7,386	1,641
Loans and advances to banks	36,191	23,504
Loans and advances to customers	41,158	34,347
Debt securities	25,204	22,619
Equity shares	773	537
Tangible fixed assets	1,765	1,940
Other assets	1,052	613
Prepayments and accrued income	1,920	667
Total assets	123,291	91,234
Liabilities		
Amounts owed to banks	1,077	264
Amounts owed to customers	108,859	83,297
Other liabilities	1,812	1,008
Accruals and deferred income	2,470	1,780
Provision for tax	260	90
	114,478	86,439
Shareholders' Funds		
Called up share capital	1,932	1,530
Share premium account	3,709	922
Other reserves	111	111
Revaluation reserves	126	102
Profit and loss account	2,722	1,977
Dividend reserve	213	153
	8,813	4,795
Total liabilities	123,291	91,234
Memorandum Items		
Contingent Liabilities	2,440	620
Commitments	16,230	16,487

