



LOMBARD BANK

Lombard Bank Malta p.l.c.

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8th May 2002

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(l).

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 Accounting Standard. Except for the adoption of IAS 39 which became effective for the financial period under review, 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 Profit and Loss Account and Balance Sheet figures have been extracted from the Bank's unaudited accounts for the six months ended 31 March 2002, as approved by the Board of Directors on 8 May 2002.

Review of Performance

Lombard Bank Malta p.l.c. registered a pre-tax profit of Lm604,000 for the six months ended 31 March 2002, a 3% increase over 2001's Lm587,000.

Net Interest Income for the period increased by 5% to Lm1.4 million, reflecting the net result of generally lower interest rates. Notwithstanding strong competition, the Bank continued to improve its Net Interest Margin from 33% in 2001 to just under 39%. Fees and commissions receivable increased by 17% over the same period last year. The dealing activities for the period show a surplus of Lm178,000 as compared to a net loss of Lm23,000 in 2001. Last year's results were marked by a significant decline in value of equities quoted on the Malta Stock Exchange. The result on dealing activities is therefore attributable to a 22% increase in profit on foreign exchange dealings.

Operating Income is up by a strong 19% to Lm1.79 million. Administrative overheads and depreciation are down, by 2% and 6% respectively. While in 2001 there was a net release in loan provisions (the net result of new provisions raised and recoveries made against previously classified amounts) a charge of Lm276,000 has been made in the period under review. The provisions for bad and doubtful loans and advances have been calculated in conformity with the requirements of Banking Directive 09. Furthermore, as from the current financial year, the Bank adopted IAS 39 on 'Financial Instruments: Recognition and Measurement', the financial effects of which are reflected in the valuation of debt and equity securities as well as loans and advances. Additional provisions for impairment of loans by the Bank have been taken into account in the above charge. The Bank continues to apply a prudent approach to loan provisioning.

Customer Deposits are up to Lm118 million, a 10% increase on September 2001, while Loans and Advances to Customers are up by 16% to Lm59 million. Loans and Advances to Banks increased by 31% to Lm31 million, in large part mirroring a commensurate increase in foreign currency deposits. Shareholders' Funds are up by 4% to Lm9.9 million while Total Assets are up by 9% to Lm132 million. In the Board's opinion, the results for the first six months confirm the Bank's strong operating fundamentals, as reflected in a general growth in business and enhanced revenue streams. Despite a prolonged cautious sentiment in the investment market and challenging economic prospects in the Bank's main market areas, the Board feels that the Bank's results are vindicated by its strategy of selective business and prudent management. It is anticipated that this momentum should be maintained for the second half of the current financial year.



LOMBARD BANK

INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2002

	March-2002 Lm '000	March-2001 Lm '000
Interest receivable and similar income		
- on loans, advances and balances with Central Bank of Malta	2,552	3,024
- on debt securities	1,038	993
Interest payable	(2,195)	(2,683)
Net interest income	1,395	1,334
Dividend income	8	18
Fees and commissions receivable	204	175
Fees and commissions payable	(7)	(5)
Dealing profits	178	(23)
Other operating income	8	1
Operating income	1,786	1,500
Administrative expenses	(794)	(810)
Depreciation	(112)	(119)
Provision for bad and doubtful debts	(276)	16
Profit on ordinary activities before taxation	604	587
Tax on profit on ordinary activities	(212)	(205)
Profit on ordinary activities after taxation	392	382
	cents	cents
Earnings per share	10c0	9c8



LOMBARD BANK

BALANCE SHEET AS AT 31 MARCH 2002

	March-2002 Lm '000	September-2001 Lm '000
Assets		
Cash and balances with Central Bank of Malta	600	646
Reserve deposit with Central Bank of Malta	2,568	3,293
Cheques in course of collection	749	733
Treasury bills	5,445	9,174
Loans and advances to banks	31,138	23,782
Loans and advances to customers	59,296	51,284
Debt securities	28,179	27,198
Equity shares	646	633
Tangible fixed assets	1,527	1,625
Other assets	642	527
Prepayments and accrued income	1,659	2,880
Total Assets	132,449	121,775
Liabilities		
Amounts owed to banks	85	296
Amounts owed to customers	118,000	107,510
Other liabilities	2,390	2,312
Accruals and deferred income	1,551	1,872
Provision for taxation	537	267
	122,563	112,257
Shareholders' Funds		
Called up issued share capital	1,980	1,953
Share premium	4,055	3,880
Other reserve	111	111
Revaluation reserve	126	126
Profit and loss account	3,614	3,220
Dividend reserve	-	228
	9,886	9,518
Total Liabilities	132,449	121,775
Memorandum Items		
Contingent liabilities	3,971	3,970
Commitments	12,635	16,165



LOMBARD BANK

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 OCTOBER 2001 TO 31 MARCH 2002

	Total	Share Capital	Share Premium	Other Reserve	Revaluation Reserve	Profit and Loss Account	Dividend Reserve
At 30 September 2000	8,815	1,932	3,709	111	126	2,723	214
Ordinary shares issued in lieu of dividends	-	21	171	-	-	-	(192)
Profit attributable to shareholders	382	-	-	-	-	382	-
Dividends paid in cash	(22)	-	-	-	-	-	(22)
At 31 March 2001	9,175	1,953	3,880	111	126	3,105	-
At 30 September 2001	9,518	1,953	3,880	111	126	3,220	228
Adjustment - IAS 39	2	-	-	-	-	2	-
Ordinary shares issued in lieu of dividends	-	27	175	-	-	-	(202)
Profit attributable to shareholders	392	-	-	-	-	392	-
Dividends paid in cash	(26)	-	-	-	-	-	(26)
At 31 March 2002	9,886	1,980	4,055	111	126	3,614	-



LOMBARD BANK

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2002

	March 2002 Lm ' 000	March 2001 Lm ' 000
Cash flows from operating activities		
Interest and commission receipts	4,251	2,785
Interest and commission payments	(2,517)	(2,925)
Payments to employees and suppliers	(785)	(862)
Operating profit before changes in operating assets	949	(1,002)
Decrease / (increase) in operating assets:		
Non-investment securities	(1)	(48)
Reserve deposit with Central Bank of Malta	726	328
Loans and advances to customers	(8,410)	(6,200)
Loans and advances to banks	(4,949)	4,109
Other receivables	1,236	1,030
Increase / (decrease) in operating liabilities:		
Amounts owed to customers	10,490	3,943
Other payables	79	140
Net cash operating activities before income tax	120	2,300
Tax paid	(61)	(58)
Net cash (used in) / from operating activities	59	2,242
Cash flows from investing activities		
Dividends received	18	28
Interest income from investment securities	1,038	975
Proceeds from disposal/maturity of investment securities	520	136
Purchase of investment securities	(1,498)	(1,412)
Purchase of property, plant and equipment	(13)	(51)
Net cash (used in) / from investing activities	65	(324)
Cash flows from financing activities		
Dividends paid	(26)	(22)
Net cash (used in) / from financing activities	(26)	(22)
Net increase / (decrease) in cash & cash equivalents	98	1,896
Cash and cash equivalents at 1 October	28,195	24,248
Cash and cash equivalents at 31 March	28,293	26,144