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PRESS RELEASE

Lombard Bank Group reports strong 2022 performance

The Board of Directors of Lombard Bank met on the 27 April 2023 when the Bank's Annual Report and Group audited financial statements for the year ending 31 December 2022 were approved.

The Bank registered a Profit before Tax of €28.8 million, while that of the Group stood at €27.7million. The main drivers of this performance for the Bank were improved interest income streams and the recovery of a non-performing commercial loan.

Financial Performance

- Net Interest Income rose by 14% to €22.3 million when compared to the previous year, mainly driven by Loans and Advances to Customers rising by 11% to reach €711.6 million.
- Net Fee and Commission Income improved by 4% to reach €5.4 million, supported by a positive trend registered in the Bank's various business lines.
- Group operating costs fell by 15% to €20.9 million, with the Bank's Cost Efficiency Ratio easing to 57.4% (2021: 60.8%), a reflection of effective cost management.
- In respect of "Expected Credit Losses" (ECLs) a write-back of €16.2 million was accounted for, compared to €1.5 million in the previous year. This resulted from the full recovery of the Bank's single largest Non-Performing Loan and the reversal of Pandemic-related management overlays set in previous years, reflecting the then prevailing economic circumstances.
- Loans and Advances to Customers reached €711.6 million, while Amounts Owed to Customers stood at €1,008.4 million.
- A strong liquidity position was maintained with Advances to Deposits Ratio at 70.6%, compared to 65.8% at the end of the previous year.
- Net Asset Value (NAV) per share stood at €1.50 (2021: €1.53).
- Post-tax Return on Equity (ROE) was 12.8% (2021: 5.7%).

By way of update in respect of its strategy, the Bank remains committed to grow prudently while stepping up investment in its distribution network, human resources and information technology. In this regard it continues to expand its physical retail presence in response to rising customer demand and to further grow the Bank's support functions. The Bank will remain close to the Maltese community, both at a commercial as well as at a retail level.

In this regard the Bank is currently reviewing its core transaction processing systems, digital channels and card services, and plans further investment in the prevention of AML/CFT and regulatory reporting systems.

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Registered Office: 67 Republic Street Valletta Malta • Company Registration Number: C 1607



LOMBARD

In terms of its ESG programme, the Group considers itself to be well placed to meet regulatory expectations, as well as to contribute towards reducing the impact of its operations on the environment.

In view of the outcome of the November 2022 EGM, when the Bank's plans to expand its capital base by the issue of new shares were blocked by the Qualifying Shareholder, the conservation of capital must therefore take precedence. Consequently, the Board cannot recommend the payment of a dividend. However, it proposes to issue one bonus share for every forty-five shares held, so that the Bank's capital will not in any way be reduced.

Joseph Said, Chief Executive Officer at Lombard Bank noted that *"the Bank's performance in 2022 was a positive one both in terms of financial results as well as progress registered in the implementation of its strategic priorities. Our approach to business remains consistent in that we continue to embrace the norm of 'safety first'. We are proud of our uncomplicated, straightforward and transparent business model, which continues to serve us consistently well also to the benefit of all stakeholders."* In respect of the capital raise and the blocking of the related plans by the Qualifying Shareholder, Joseph Said added that *"We look forward to having this issue resolved, sooner rather than later, thereby allowing the Bank to proceed with its plans for growth."*