



LOMBARD

Company Announcement

The following is a Company Announcement by Lombard Bank Malta p.l.c. pursuant to the Capital Markets Rules of the Malta Financial Services Authority:

Quote

The Board of Directors of Lombard Bank Malta p.l.c. (the 'Bank') yesterday approved the Annual Report and Audited Financial Statements for the financial year ended 31 December 2022. The Board resolved that these statements be submitted for approval at the forthcoming Annual General Meeting ('AGM').

The Board of Directors further resolved to recommend that the AGM approves a bonus share issue of one (1) share for every forty-five (45) shares held which will be allotted on 20 July 2023 to shareholders appearing on the Bank's Register of Shareholders as at close of trading on the Malta Stock Exchange on 19 July 2023 ('Eligibility Date'), the last trading date being 17 July 2023. The bonus share issue will be funded by a capitalisation of reserves amounting to €252,022 with 2,016,172 ordinary shares of a nominal value of €0.125 per share to be issued.

Regulatory approval for the aforementioned bonus share issue has been sought and received including also for the admissibility to listing of the above-mentioned 2,016,172 ordinary shares. This number of ordinary shares may vary slightly following rounding up and rounding down in the case of fractional entitlements and due to any changes in entitlements by shareholders appearing on the Bank's Register of Shareholders that may result on the Eligibility Date.

The Bank announces that the forthcoming AGM will be held on Thursday 22 June 2023.

Further information relating to the AGM will be announced at a later date and published on the Bank's website www.lombardmalta.com in the Investor Information section.

Furthermore, pursuant to the Capital Market Rules, a shareholder or shareholders holding not less than 5% of the voting issued share capital of the Bank may: a) request the Bank to include items on the agenda of the AGM, provided that each item is accompanied by a justification or a draft resolution to be adopted at the AGM; and b) table draft resolutions for items included in the agenda of the AGM. The request to put items on the agenda of the AGM or the draft resolution referred to above should be submitted to the Bank in hard copy form or in electronic form to companysecretary@lombardmalta.com at least forty-six (46) days before 22 June 2023 and shall be authenticated by the person or persons making it. The Bank shall not be obliged to entertain any requests by shareholders thereafter.

Lombard Bank Malta p.l.c.

Office of the Company Secretary: 67 Republic Street Valletta Malta • PO Box 584 Valletta CMR 01 Malta

Tel: +356 25581117 • Fax: +356 25581151 • e-mail: mail@lombardmalta.com • www.lombardmalta.com • SWIFT Code: LBMAMTMT

Licensed to conduct Investment Services Business by the Malta Financial Services Authority • Regulated by the Malta Financial Services Authority & listed on the Malta Stock Exchange

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



LOMBARD

Summary of Financial Performance

- Group Profit Before Tax: €27.7 million (FYE 2021: €12.6 million).
- 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.
- A write-back of €16.2 million in respect of "Expected Credit Losses" (ECLs) was registered compared to €1.5 million in the previous year.
- Customer Deposits rose by 3% in 2022 to €1,008.4 million.
- Net Asset Value (NAV) per share stood at €1.50 (2021: €1.53).
- 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.
- Group Post Tax Return on Equity for 2022 was 12.8% (2021: 5.7%).
- Group Total Assets rose to €1,203.4 million (€1,172.6 million in 2021).



Directors' Report

For the financial year ended 31 December 2022, Lombard Bank Group registered a Profit before Tax of €27.7 million, an increase of 119% over the previous year.

The Bank's performance was a positive one both in terms of financial results as well as progress registered in the implementation of those strategic priorities that were within its control. The Bank's approach to business remains consistent in that it continues to embrace the norm of 'safety first' by shying away from those activities which it considers that, sooner or later, may result to be detrimental, both financially as well as reputationally.

Net Interest Income at €22.3 million was 14% higher than the previous year. Higher credit activity and improved money market opportunities contributed to this increase. Greater activity in most business lines during the year resulted in an increase of 4% in Net Fee and Commission Income.

The year was a particularly challenging one for the main subsidiary, MaltaPost p.l.c., which, although made to bear significant increases in costs, still continued to sustain the Universal Service Obligation despite the persistent decline of Letter Mail volumes and delays of over two years by the Regulator to approve increases in postal tariffs. A long-awaited Regulatory decision allowing a tariff revision towards the latter part of the financial year was a much-needed development. Meanwhile the Company proceeded with its investments in life and general insurance.

Group Employee Compensation and Benefits decreased by 1% to €24.0 million, while Group Operating Costs fell by 15% to €20.9 million. The Bank's Cost Efficiency Ratio was 57.4% (FYE 2021: 60.8%), a reflection of effective cost management.

Expected Credit Losses (ECL) as determined by International Financial Reporting Standard 9 (IFRS 9) resulted in a write-back of €16.2 million compared to a reversal of €1.5 million taken 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 overlay set in previous years, reflecting the then prevailing economic circumstances.

The Bank relies on a diversified liquidity funding base which has proven to be relatively stable, largely from local retail deposits with emphasis placed on long-term tenors, since such tenors are considered to be of benefit.

Equity Attributable to the Shareholders of the Bank stood at €136.2 million. Net Asset Value (NAV) per share stood at €1.50 (2021: €1.53). Group Earnings per Share (EPS) increased to 19.4 cents. Return on Assets (ROA) stood at 1.5% (2021: 0.7%) while 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.



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.

Our positive 2022 performance and robust financials, our loyal customer base and the dedication and commitment of our staff encourage us to look ahead with cautious optimism. The ethos of the Bank shall remain one of prudent custodianship of customers' deposits and protection of shareholder funds. The Bank is confident that it has the potential to grow considerably, thereby remaining a truly indigenous bank having the exclusive mission and vocation to focus on servicing the needs of the Maltese community at large.

The Bank's Annual Report and Financial Statements for the financial year ended 31 December 2022 are available on the Bank's website at <https://www.lombardmalta.com/en/financial-results> and on the website of the Malta Stock Exchange (the Officially Appointed Mechanism) at <https://borzamalta.com.mt>. Attached to this Company Announcement is the Directors' Declaration on the ESEF Annual Financial Reports for the year ended 31 December 2022.

Unquote

Helena Said
Company Secretary

28 April 2023

[Ref. LOM 282]



LOMBARD

DIRECTORS' DECLARATION ON ESEF ANNUAL FINANCIAL REPORTS

We, Michael Bonello and Joseph Said in our capacity as Directors of Lombard Bank Malta p.l.c. (the 'Bank'), hereby certify:

- i. That the Annual Financial Report for the year ended 31 December 2022 has been approved by the Board of Directors of the Bank and is hereby being made available to the public.
- ii. That the Annual Financial Report has been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation on the European Single Electronic Format ("ESEF")¹ and the Capital Markets Rules².
- iii. That the Audit Report on the ESEF Annual Financial Report is an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the Annual Financial Report including the annual financial statements.
- iv. That the Annual Financial Report shall serve as the official document for the purposes of the Capital Markets Rules and the Companies Act (Chapter 386 of the Laws of Malta).



Michael C Bonello
Chairman



Joseph Said
Director/Chief Executive Officer

27 April 2023

¹ Commission Delegated Regulation 2019/815 on the European Single Electronic Format, as may be further amended from time to time.

² Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).

Lombard Bank Malta p.l.c.

Head Office: 67 Republic Street Valletta VLT 1117 Malta • PO Box 584 Valletta VLT 1000 Malta

Tel: +356 25581117 • Fax: +356 25581151 • e-mail: mail@lombardmalta.com • www.lombardmalta.com • SWIFT Code: LBMAMTMT

Lombard Bank Malta p.l.c. is listed on the Malta Stock Exchange and is licensed and regulated by the Malta Financial Services Authority as a credit institution and as an investment service provider

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