

12 August 2022

LOMBARD BANK MALTA p.l.c.
HALF-YEARLY RESULTS FOR 2022

- Group Profit Before Tax was €17.2m (H1 2021: €5.4m).
- Profit Attributable to Equity Holders was €10.9m (H1 2021: €3.2m).
- Group Operating Income was €28.6m (H1 2021: €32.7m).
- Bank Cost-to-Income Ratio stood at 57.9% (H1 2021: 60.2%).
- Customer Deposits stood at €1,009.6m (FYE 2021: €977.1m).
- Loans & Advances to Customers reached €704.8m (FYE 2021: €642.9m).
- Group Total Assets stood at €1,209.7m (FYE 2021: €1,175.4m).
- Bank Advances to Deposits Ratio was 69.7% (FYE 2021: 65.7%).

Directors' Report

The Lombard Bank Group (the Group) registered a Profit before Tax of €17.2m, in H1 2022, up from €5.4m for the same period last year, while the Bank's Profit before Tax was €18.3m, up from €4.0m in H1 2021.

These results include a significant recovery on a long outstanding non-performing loan net of the accrual for higher regulatory contributions to the Depositor Compensation Scheme, as well as lower profits at MaltaPost p.l.c. for the first half of its financial year.

As the impact of the COVID19 pandemic subsided in the first six months of the year, business momentum picked up satisfactorily.

Loans and Advances to Customers rose to €704.8m leading to an increase in interest receivable of 3%, while deposits also rose by 3%. This resulted in an improved Net Interest Income of €10.1m.

Fee and Commission Income followed the trend rising by 19% as a result of higher activity in most of the business lines.

Group Employee Compensation and Benefits rose by 1% in a continued difficult labour market compounded by tight competition for talent and pressure to remunerate and retain a suitably qualified staff complement. Group operating costs remained under control though those associated with obligations to satisfy regulatory requirements and to further strengthen internal control functions, continued to increase. A higher accrual was charged in compliance with the Depositor Compensation Scheme legislation, which was enacted in the first half of this financial year.

Expected Credit Losses (ECL) as defined and determined by International Financial Reporting Standard 9 (IFRS9) resulted in a release of €12.1m in the first half of this year compared to a charge of €0.9m taken in the corresponding previous year period. This was mainly attributable to a significant recovery on a commercial non-performing loan which had been largely provided for in previous years. The Bank will continue to closely monitor its exposures also taking into consideration the global uncertainty not least the geopolitical crisis, economic conditions and increasing inflationary pressures.

The increase in market interest rates during Q2 impacted the Bank's investment holdings resulting in a decline in book value of €16.1m. It is however to be noted that the related decline is unrealised as these investments are intended to be held to maturity.

With capital and liquidity ratios standing within regulatory requirements, our Advances to Deposits Ratio was 69.7% (FYE 2021: 65.7%), indicative of a healthy liquidity buffer, as the Bank continues to rely on a diversified funding base, which over the years has proven to be stable.

During this half-year we continued to experience consistent demand for general banking services. In commercial and retail credit, such demand remains strong, as we receive proposals for the financing of bankable projects. This encourages us to consider initiatives to increase capacity so as to pursue our strategic priorities. Such initiatives

shall also include accessing the capital markets. Further announcements in this regard will follow in due course.

While we continue to invest in providing services through digital channels, we equally believe that the Maltese public at large still much values the physical presence and proximity of a bank in its community. In this regard our plans remain to selectively and gradually continue expanding our branch network to a level that facilitates physical access throughout the Islands. As an indigenous credit institution firmly committed to support the local community and economy, we believe that the Malta market will benefit from our wider physical presence.

In more than 60 years of its operations in Malta, Lombard Bank has acquired a deep and thorough appreciation for and knowledge of the local market. We have well-established relationships across most sectors of the Maltese economy which we are determined to continue servicing and, indeed, extend. The Bank is confident that ample opportunities for growth in the traditional banking sector remain, provided that the drivers of such growth stay aligned to the needs of the local economy.

The Lombard approach to business is one of solid, steady, though unrushed growth, while remaining sensitive to the local business needs and social realities. Effectively this should give rise to the expansion of our activities across the board while also strengthening the Lombard brand, which generally stands for a reputable provider of personalised banking services.

Going forward, therefore we are confident that given our strong fundamentals, time-tested straightforward business model and a fine team of staff members, we shall accomplish our objectives effectively and this to the benefit of all stakeholders.

Lombard Bank Malta p.l.c.

**Interim Condensed Financial Statements
30 June 2022**

Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

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Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

Statements of Financial Position

	Group		Bank	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	136,043	126,279	134,480	125,552
Cheques in course of collection	1,769	530	1,769	530
Investments	237,267	227,501	234,478	224,600
Loans and advances to banks	31,270	78,279	23,138	68,424
Loans and advances to customers	704,770	642,893	704,771	642,895
Investment in subsidiaries	-	-	16,058	15,858
Investment in associates	2,864	3,006	1,645	1,645
Intangible assets	2,145	2,145	87	122
Property, plant and equipment	65,809	65,346	41,564	41,585
Assets classified as held for sale	702	661	702	661
Current tax assets	347	2,691	342	2,682
Deferred tax assets	8,646	9,779	8,177	9,283
Inventories	1,680	1,324	1,022	625
Trade and other receivables	11,034	10,787	1,649	1,606
Accrued income and other assets	5,340	4,170	3,951	3,546
Total assets	1,209,686	1,175,391	1,173,833	1,139,614

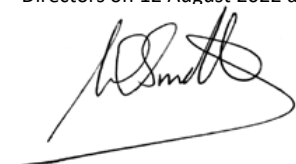
Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

Statements of Financial Position - continued

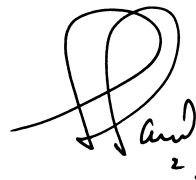
	Group		Bank	
	30 June 2022 € 000	31 December 2021 € 000	30 June 2022 € 000	31 December 2021 € 000
Equity and Liabilities				
Equity				
Share capital	11,341	11,192	11,341	11,192
Share premium	18,530	18,530	18,530	18,530
Revaluation and other reserves	13,186	23,668	10,385	20,828
Retained earnings	93,777	83,910	92,236	81,452
Equity attributable to equity holders of the Bank	136,834	137,300	132,492	132,002
Non-controlling interests	8,124	8,470	-	-
Total equity	144,958	145,770	132,492	132,002
Liabilities				
Amounts owed to banks	220	1,224	220	1,224
Amounts owed to customers	1,009,591	977,143	1,010,880	978,365
Provisions for liabilities and other charges	2,038	2,113	424	435
Current tax liabilities	1,062	809	-	-
Deferred tax liabilities	4,223	6,844	2,924	5,545
Other liabilities	36,732	30,649	19,531	14,772
Accruals and deferred income	10,862	10,839	7,362	7,271
Total liabilities	1,064,728	1,029,621	1,041,341	1,007,612
Total equity and liabilities	1,209,686	1,175,391	1,173,833	1,139,614
Memorandum items				
Contingent liabilities	13,428	13,195	13,593	13,360
Commitments	212,362	195,848	213,244	196,413

The notes on pages 12 to 24 are an integral part of these interim condensed financial statements.

These interim condensed financial statements on pages 3 to 24 were approved and authorised for issue by the Board of Directors on 12 August 2022 and signed on its behalf by:



Michael C. Bonello, Chairman



Joseph Said, Director & Chief Executive Officer

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Income Statements

	Group		Bank	
	30 June 2022 € 000	30 June 2021 € 000	30 June 2022 € 000	30 June 2021 € 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	12,127	11,771	12,103	11,754
- on debt and other fixed income instruments	1,235	1,175	1,200	1,124
Interest expense	(3,232)	(2,957)	(3,209)	(2,933)
Net interest income	10,130	9,989	10,094	9,945
Fee and commission income	3,022	2,547	2,445	2,006
Fee and commission expense	(129)	(118)	(128)	(117)
Net fee and commission income	2,893	2,429	2,317	1,889
Postal sales and other revenues	15,065	19,797	163	33
Dividend income	53	18	1,710	18
Net trading income	433	280	358	265
Other operating income	34	191	46	201
Operating income	28,608	32,704	14,688	12,351
Employee compensation and benefits	(12,044)	(11,936)	(4,246)	(4,008)
Other operating costs	(9,951)	(13,045)	(3,738)	(2,977)
Depreciation and amortisation	(1,418)	(1,323)	(522)	(455)
Provisions for liabilities and other charges	(8)	(36)	26	-
Credit impairment reversals /(losses)	12,131	(873)	12,107	(872)
Operating profit	17,318	5,491	18,315	4,039
Share of loss of investment accounted for using the equity method, net of tax	(142)	(57)	-	-
Profit before taxation	17,176	5,434	18,315	4,039
Income tax expense	(6,186)	(1,983)	(6,509)	(1,473)
Profit for the period	10,990	3,451	11,806	2,566
Attributable to:				
Equity holders of the Bank	10,891	3,189	11,806	2,566
Non-controlling interests	99	262	-	-
Profit for the period	10,990	3,451	11,806	2,566
Earnings per share	24.3c	7.1c		

The notes on pages 12 to 24 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

Statements of Comprehensive Income

	Group		Bank	
	30 June 2022 € 000	30 June 2021 € 000	30 June 2022 € 000	30 June 2021 € 000
Profit for the period	10,990	3,451	11,806	2,566
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Investments measured at FVOCI				
Net loss in fair value	(14,915)	(1,215)	(14,807)	(1,202)
Net loss/(gain) on financial assets reclassified to profit or loss on disposal	5	(63)	5	(63)
Net loss attributable to change in credit risk	(20)	(367)	(20)	(367)
Income taxes relating to these items	5,188	571	5,188	571
<i>Items that will not be reclassified to profit or loss</i>				
Net loss on investments in equity instruments measured at FVOCI	(1,317)	(1,156)	(1,317)	(1,156)
Surplus arising on revaluation of land and buildings	47	7,019	47	7,019
Remeasurements of deferred benefit obligations	83	(21)	-	-
Income taxes relating to these items	431	(755)	461	(762)
Other comprehensive income for the period, net of income tax	(10,498)	4,013	(10,443)	4,040
Total comprehensive income for the period, net of income tax	492	7,464	1,363	6,606
Attributable to:				
Equity holders of the Bank	409	7,210		
Non-controlling interests	83	254		
Total comprehensive income for the period, net of income tax	492	7,464		

The notes on pages 12 to 24 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Statements of Changes in Equity

Group

	Attributable to equity holders of the Bank						Total equity € 000
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000	Non-controlling interests € 000	
At 1 January 2021	11,044	18,530	18,978	77,469	126,021	7,741	133,762
Comprehensive income							
Profit for the period	-	-	-	3,189	3,189	262	3,451
Other comprehensive income							
Surplus on the revaluation of land and buildings, net of tax	-	-	5,852	-	5,852	-	5,852
Fair valuation of financial assets measured at FVOCI:							
Net changes in fair value arising during the period	-	-	(1,542)	-	(1,542)	(4)	(1,546)
Reclassification adjustment:							
- net amounts reclassified to profit or loss on disposal	-	-	(41)	-	(41)	-	(41)
Net movement attributable to changes in credit risk	-	-	(238)	-	(238)	-	(238)
Remeasurements of deferred benefit obligations	-	-	(10)	-	(10)	(4)	(14)
Total other comprehensive income for the period	-	-	4,021	-	4,021	(8)	4,013
Total comprehensive income for the period	-	-	4,021	3,189	7,210	254	7,464
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	(861)	(861)	(429)	(1,290)
Bonus issue	148	-	-	(148)	-	-	-
Non-controlling interests arising on acquisition of subsidiary	-	-	-	-	-	382	382
Total transactions with owners	148	-	-	(1,009)	(861)	(47)	(908)
At 30 June 2021	11,192	18,530	22,999	79,649	132,370	7,948	140,318

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Statements of Changes in Equity – *continued*

Group

	Attributable to equity holders of the Bank						
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000	Non-controlling interests € 000	Total Equity € 000
At 1 January 2022	11,192	18,530	23,668	83,910	137,300	8,470	145,770
Comprehensive income							
Profit for the period	-	-	-	10,891	10,891	99	10,990
Other comprehensive income							
Surplus on revaluation of land and buildings, net of tax	-	-	47	-	47	-	47
Fair valuation of financial assets measured at FVOCI:							
Net changes in fair value arising during the period	-	-	(10,559)	-	(10,559)	(31)	(10,590)
Reclassification adjustment:							
- net amounts reclassified to profit or loss on disposal	-	-	3	-	3	-	3
Net movement attributable to changes in credit risk	-	-	(13)	-	(13)	-	(13)
Remeasurements of deferred benefit obligations	-	-	40	-	40	15	55
Total other comprehensive income for the period	-	-	(10,482)	-	(10,482)	(16)	(10,498)
Total comprehensive income for the period	-	-	(10,482)	10,891	409	83	492
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	(875)	(875)	(429)	(1,304)
Bonus issue	149	-	-	(149)	-	-	-
Total transactions with owners	149	-	-	(1,024)	(875)	(429)	(1,304)
At 30 June 2022	11,341	18,530	13,186	93,777	136,834	8,124	144,958

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Statements of Changes in Equity - *continued*

Bank

	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total Equity € 000
At 1 January 2021	11,044	18,530	17,076	74,692	121,342
Comprehensive income					
Profit for the period	-	-	-	2,566	2,566
Other comprehensive income					
Surplus on revaluation of land and buildings, net of tax	-	-	5,852	-	5,852
Fair valuation of financial assets measured at FVOCI:					
Net changes in fair value arising during the period	-	-	(1,533)	-	(1,533)
Reclassification adjustment:					
- net amounts reclassified to profit or loss on disposal	-	-	(41)	-	(41)
Net movement attributable to changes in credit risk	-	-	(238)	-	(238)
Total other comprehensive income for the period	-	-	4,040	-	4,040
Total comprehensive income for the period	-	-	4,040	2,566	6,606
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	-	-	-	(861)	(861)
Bonus issue	147	-	-	(147)	-
Total transactions with owners	147	-	-	(1,008)	(861)
At 30 June 2021	11,191	18,530	21,116	76,250	127,087

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Statements of Changes in Equity - *continued*

Bank

	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total Equity € 000
At 1 January 2022	11,192	18,530	20,828	81,452	132,002
Comprehensive income					
Profit for the period	-	-	-	11,806	11,806
Other comprehensive income					
Surplus on revaluation of land and buildings, net of tax	-	-	47	-	47
Fair valuation of financial assets measured at FVOCI:					
Net changes in fair value arising during the period	-	-	(10,480)	-	(10,480)
Reclassification adjustment:					
- net amounts reclassified to profit or loss on disposal	-	-	3	-	3
Net movement attributable to changes in credit risk	-	-	(13)	-	(13)
Total other comprehensive income for the period	-	-	(10,443)	-	(10,443)
Total comprehensive income for the period	-	-	(10,443)	11,806	1,363
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Dividends to equity holders	-	-	-	(873)	(873)
Bonus issue	149	-	-	(149)	-
Total transactions with owners	149	-	-	(1,022)	(873)
At 30 June 2022	11,341	18,530	10,385	92,236	132,492

The notes on pages 12 to 24 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Statements of Cash Flows

	Group		Bank	
	30 June 2022 € 000	30 June 2021 € 000	30 June 2022 € 000	30 June 2021 € 000
Cash flows from operating activities				
Interest and commission receipts	14,304	14,163	14,318	14,174
Receipts from customers relating to postal sales and other revenue	17,801	19,596	163	33
Interest and commission payments	(3,090)	(2,632)	(3,090)	(2,634)
Payments to employees and suppliers	(23,849)	(25,024)	(8,044)	(8,161)
Cash flows from operating profit before changes in operating assets and liabilities	5,166	6,103	3,347	3,412
<i>(Increase)/decrease in operating assets:</i>				
Treasury bills	(14,013)	(3,028)	(14,013)	(3,028)
Deposits with Central Bank of Malta	2,633	341	2,633	341
Loans and advances to banks and customers	(48,205)	(26,301)	(50,105)	(25,001)
Other receivables	(1,639)	(4,390)	(1,718)	(4,379)
<i>Increase/(decrease) in operating liabilities:</i>				
Amounts owed to banks and to customers	32,447	41,382	32,515	37,573
Other payables	4,706	(1,666)	4,786	(1,676)
Net cash (used in)/generated from operations	(18,905)	12,441	(22,555)	7,242
Income tax paid	(535)	(1,165)	(36)	(990)
Net cash flows (used in)/generated from operating activities	(18,370)	11,276	(22,591)	6,252
Cash flows from investing activities				
Dividends received	53	18	1,710	18
Interest received from investments	1,546	1,357	1,490	1,308
Purchase of investments	(27,519)	(33,711)	(27,519)	(33,711)
Proceeds from maturity/disposal of investments	1,728	2,532	1,728	2,262
Purchase of property, plant and equipment and intangible assets	(1,645)	(1,703)	(418)	(692)
Investment in subsidiaries	-	-	(201)	(130)
Investment in associate	-	(1,500)	-	-
Net cash inflow arising on acquisition of subsidiary	-	833	-	-
Net cash flows used in investing activities	(25,837)	(32,174)	(23,210)	(30,945)
Cash flows from financing activities				
Dividends paid to equity holders of the Bank	(873)	(861)	(873)	(861)
Dividends paid to non-controlling interests	(424)	(429)	-	-
Principal element of lease payments	(218)	(236)	(61)	(107)
Net cash flows used in financing activities	(1,515)	(1,526)	(934)	(968)
Net decrease in cash and cash equivalents	(45,722)	(22,424)	(46,735)	(25,661)
Cash and cash equivalents at beginning of period	166,260	210,127	161,678	207,245
Cash and cash equivalents at end of period	120,538	187,703	114,943	181,584

The notes on pages 12 to 24 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

Notes to the Condensed Interim Financial Statements

1. *Reporting Entity*

Lombard Bank Malta p.l.c. ('the Bank') is a credit institution incorporated and domiciled in Malta with its registered address at 67, Republic Street, Valletta. The condensed interim financial statements of the Bank as at and for the six month period ended 30 June 2022 include the Bank and its subsidiaries Redbox Limited, MaltaPost p.l.c. Group, Lombard Select SICAV p.l.c. and Lombard Capital Asset Management Limited (together referred to as 'the Group').

The audited financial statements of the Group as at end for the year ended 31 December 2021 are available upon request from the Bank's registered office and are also available for viewing on its website at <https://www.lombardmalta.com/en/financial-results>.

The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2021.

2. *Basis of preparation*

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These include the comparative statements of financial position information as of 31 December 2021 and the comparative income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows information for the period ended 30 June 2021. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

3. *Accounting policies*

The accounting policies applied are consistent with those of the annual consolidated financial statements of Lombard Bank Malta p.l.c. for the year ended 31 December 2021, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Group adopted amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU, did not result in changes to the Group's accounting policies impacting the Group's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet effective in 2022

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation of these interim financial statements but are not yet effective for the Group's current reporting period.

The Group did not early adopt any new standards, amendments and interpretations to existing standards applicable to periods after 1 January 2022 and the Bank's management is of the opinion that there are no requirements that will have a possible significant impact on the Group's consolidated financial statements in the period of initial application.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

4. *Accounting estimates and judgements*

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

In particular, the measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour, requiring a number of significant judgements. The critical accounting estimates and judgements as set out in Note 3 of the Annual Report and Financial Statements 2021 were applicable to the six-month period under review.

5. *The Group's financial position and appropriateness of the going concern*

Having taken into consideration the Group's performance and its future strategic goals, the Directors are of the view that the Group is able to continue operating as a going concern for the foreseeable future. In relation to the conflict in Ukraine, the Group continued to assess and monitor the effects of the situation to identify any potential impact on the Group's financial position. The impact on the Group's processes and on the borrowers' business models and supply chains were not deemed significant up to the date of authorisation for issue of this interim financial information. The Group has no direct exposure to assets in Russia, Belarus or Ukraine. It will ensure compliance with any applicable sanctions and will continue to follow closely the developments and any potential effects on its customers and operations.

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied*

The Group is exposed to a number of risks, which it manages at different organisational levels, in particular credit risk, which stems from the possible non-prompt repayment or non-payment of existing and contingent obligations by the Group's counterparties, resulting in the loss of equity and profit.

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from the Bank's consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit.

The Group is also exposed to other credit risks arising from the Bank's investments in debt securities and other exposures arising from its investing activities.

Credit risk constitutes the Bank's largest risk in view of its significant lending and securities portfolios, which is monitored in a structured and formal manner through several mechanisms and procedures. The credit risk management and control functions are centralised.

As part of the ECL model, the Bank classifies its exposures to loans and advances to customers into homogeneous groups with similar credit risk characteristics that include instrument type and credit risk gradings.

Lombard Bank Malta p.l.c.

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

In this respect, the Bank considers the following categories for ECL measurement:

- retail portfolio, which includes loans and advances to individual customers such as mortgages, credit cards and other consumer credit;
- construction and real estate portfolio, which includes loans and advances to customers in respect of financing construction of real estate projects for the purpose of re-sale or rental; and
- corporate portfolio, which includes loans and advances to business entities, other than construction and real estate related borrowers.

The Bank's maximum credit risk with respect to on and off-balance sheet items can be classified into the following categories:

- Financial assets recognised on-balance sheet comprising principally of balances with Central Bank of Malta, financial investments and loans and advances to banks and customers. The maximum exposure to credit risk of these financial assets equals their gross carrying amounts.
- Documentary credits and guarantee obligations incurred on behalf of third parties. The latter carry the same credit risk as loans, whilst documentary credits are collateralised by the underlying shipments of goods to which they relate, and therefore carry less risk than a loan to a customer. The maximum exposure to credit risk is the full amount that the Bank would have to pay if the guarantees are called upon or if documentary credits are exercised.
- Loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities. The maximum exposure to credit risk is the full amount of the committed facilities. However, the likely amount of loss is less than the total unused commitments as most commitments to extend credit are contingent upon customers maintaining specific credit standards. These exposures are monitored in the same manner in respect of loans and advances.

The following is a summary of financial instruments to which impairment requirements in IFRS 9 were applied for the Bank.

All figures presented in this note exclude the balances relating to the subsidiaries, as the financial instruments subject to IFRS 9 impairment requirements for such subsidiaries are deemed immaterial.

	30 June 2022			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	€ 000	€ 000	€ 000	
Loans and advances to customers at amortised cost	492,472	174,550	51,556	718,578
Loans and advances to banks at amortised cost	23,138	-	-	23,138
Other financial assets	137,388	479	-	137,867
Debt instruments measured at FVOCI	226,199	-	-	226,199
Gross carrying amount	879,197	175,029	51,556	1,105,782
Contingent liabilities and financial guarantee contracts	10,267	-	-	10,267
Undrawn commitments	205,480	6,764	972	213,216
Total	1,094,944	181,793	52,528	1,329,265

Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued*

	31 December 2021			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	€ 000	€ 000	€ 000	
Loans and advances to customers at amortised cost	504,475	112,283	51,757	668,515
Loans and advances to banks at amortised cost	68,424	-	-	68,424
Other financial assets	127,131	459	-	127,590
Debt instruments measured at FVOCI	215,179	-	-	215,179
Gross carrying amount	915,209	112,742	51,757	1,079,708
Contingent liabilities and financial guarantee contracts	9,319	-	-	9,319
Undrawn commitments	190,547	5,778	47	196,372
Total	1,115,075	118,520	51,804	1,285,399

	30 June 2022			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	€ 000	€ 000	€ 000	
Loans and advances to customers at amortised cost	2,331	3,789	7,687	13,807
Loans and advances to banks at amortised cost	-	-	-	-
Other financial assets	-	-	-	-
Debt instruments measured at FVOCI	445	-	-	445
Allowance for expected credit losses	2,776	3,789	7,687	14,252
Contingent liabilities and financial guarantee contracts	31	-	-	31
Undrawn commitments	5	47	1	53
Total	2,812	3,836	7,688	14,336

	31 December 2021			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	€ 000	€ 000	€ 000	
Loans and advances to customers at amortised cost	5,187	3,361	17,074	25,622
Loans and advances to banks at amortised cost	-	-	-	-
Other financial assets	-	-	-	-
Debt instruments measured at FVOCI	464	-	-	464
Allowance for expected credit losses	5,651	3,361	17,074	26,086
Contingent liabilities and financial guarantee contracts	24	-	-	24
Undrawn commitments	33	11	1	45
Total	5,708	3,372	17,075	26,155

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

Measurement of expected credit losses

Methodology

The recognition and measurement of expected credit losses involves the use of significant judgement and estimation. The Bank's methodology in relation to the generation and adoption of economic scenarios is described in Note 2.3.4 on pages 73 to 82 of the Bank's 2021 Annual Report and Financial Statements.

Forward-looking information incorporated in the ECL model

The calculation of ECL incorporates forward-looking information. As explained in the Note 2.3.4.4 in the Bank's Annual Report and Financial Statements the key driver is predominantly Gross Domestic Product (GDP) at constant prices. Modelling of the economic scenarios, i.e the forecast values of GDP growth for optimistic and pessimistic scenarios, is performed on the basis of the historical values of annual GDP growth and annual forecast values for base scenario, based on the published three-year forecast of the Central Bank of Malta.

The COVID-19 outbreak dominated the political and economic landscape since 2020. The twin shocks of a public health emergency and the resultant economic fallout have been felt around the world. The sharp contraction in economic activity experienced in both global and local economies has had varying effects on different industry sectors, with borrowers operating or employed within such industry sectors experiencing financial difficulties. Measures designed to soften the extent of the damage to economic activity and the labour market were implemented by the Maltese government, as well as European and local regulatory authorities. Such measures included income support to households, funding support to businesses (including through government guaranteed schemes), as well as the granting of general public moratoria on capital and/or interest repayments in response to the outbreak of the pandemic.

2021 was characterised by strong economic growth after a complicated winter, as the global and local economies bounced back, particularly in spring and summer, resulting in abnormally high growth rates principally due to a spending spree unfolding as facilitated by successful vaccination campaigns.

During the second quarter of 2022, the Central Bank of Malta forecasted Malta's GDP to grow by 5.4% in 2022, 4.9% in 2023 and 3.8% in 2024. Compared to the previous projections, this represents a downward revision of 1.1 percentage point in 2022 and 0.4 percentage point in 2023. The downward revision reflects the deterioration in the international economic environment due to the Russian invasion of Ukraine and the lockdown measures in Asia. These developments have weakened global trade and have exacerbated supply chain disruptions and shortages of key vital inputs. Such disruptions have also increased imported price pressures.

Significant judgement in the estimation of ECL impairment allowances as of 30 June 2022 continues to relate to the determination of forward-looking scenarios reflecting potential future economic conditions under different scenarios and their impact on PDs and LGDs.

The 'base', 'upside' and 'downside' scenarios were used for all portfolios:

- The 'Base' Scenario captures business-as-usual macro-economic expectations, whereby the current rhythm of economic activity is maintained;
- The 'Downside' Scenario is based on a subdued level of economic activity hypothesized to correspond to prolonged period of an economic contraction;
- The 'Upside' Scenario is based on the assumption that it would be possible to marginally improve further over the already benign economic conditions considered in the 'Base' Scenario.

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Interim Condensed Financial Statements – 30 June 2022

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued*

	2022	As of 30 June 2022	
		2023	2024
Gross Domestic Product, constant prices (YoY)*			
'Base'	5.40%	4.90%	3.80%
Range of forecasts for alternative scenarios	[2.7 – 8.1]%	[2.2 – 7.6]%	[1.1 – 6.5]%
<hr/>			
	2022	As of 31 December 2021	
		2023	2024
Gross Domestic Product, constant prices (YoY)*			
'Base'	6.50%	5.30%	3.80%
Range of forecasts for alternative scenarios	[4.0 - 9.0]%	[2.8 - 7.8]%	[1.3 - 6.3]%
<hr/>			
*YoY = year on year % change			

As of 30 June 2022, the weightings assigned to each economic scenario were 66% for the 'Base' Scenario, 17% for the 'Downside' scenario and 17% for the 'Upside' scenario. The weightings assigned as of 31 December 2021 were 64% for the 'Base' Scenario, 18% for the 'Downside' scenario and 18% for the 'Upside' scenario.

Economic scenarios sensitivity analysis of ECL estimates

The outcome of the Bank's credit loss allowances estimation process is sensitive to judgements and estimations made through the reflection of several forward-looking economic conditions. Management has assessed the sensitivity of the Bank's expected credit losses by assigning a 100% weighting to the baseline, downside and upside scenarios respectively. The Bank's credit loss allowances would decrease by €3.9 million if the provisions had to be calculated solely on the baseline scenario; ECLs would increase by €16.1 million if these had to be estimated using only the downside scenario and would reduce by €4.1 million if the upside scenario only were to be taken into consideration. This demonstrates the Bank's resilience in overcoming negative shocks and its ability to absorb such allowance changes, if necessary.

Post-model adjustment

Following the expiration of all general payment moratoria during 2021, a post-model mechanism was enhanced to estimate the impact of delayed emergence of default in view of government support measures which were still in force during the year ended 31 December 2021 and also the potential economic impact of Malta's, at the time, grey-listing by the FATF. The overlay was in the region of €3 million.

During the first six months of 2022 the Bank continued to perform sectorial reviews, in particular on exposures connected to the hospitality industry, which have been mostly impacted by the pandemic, to identify customers or groups of customers who were experiencing, or could likely experience, financial difficulty as a result of COVID-19. The results of such reviews, also in the context of the economic rebound of the industry during the first two quarters of 2022, suggests a marked improvement in the business and prospects of the borrowers and accordingly the Bank determined that the level of credit risk emanating from such debtors decreased.

With respect to corporate exposures, during 2022, the Bank also continued to assess and individually rate on an ongoing basis those borrowers deemed mostly impacted by the pandemic. This assessment included the borrowers which in the previous two years accepted payment deferrals and other relief designed to address short-term liquidity issues, especially those which have extended deferrals following the onset of the COVID-19 pandemic. This assessment was carried out through individual ad-hoc credit assessments on the basis of recently obtained management information including forecasts.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued*

In line with results of sectorial reviews described above, this assessment indicates that the level of business experienced by the borrowers is close to the levels sustained before the onset of the pandemic in March 2020 and the recent economic developments are unlikely to have a material impact on the Bank's credit risk, other than what is already considered in the forward-looking information incorporated within the ECL model.

In light of the above and following the representations of management which were also endorsed by the Bank's Audit and Risk Committee, the Bank resolved to release the post-model overlay as of 30 June 2022.
Reconciliation of changes in gross carrying and allowances for loans and advances to customers

The following tables explain the changes in the loss allowance on loans and advances to customers between the beginning and end of the reporting period:

Lombard Bank Malta p.l.c.
Interim Condensed Financial Statements – 30 June 2022

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued*

	2022			Total € 000
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	
Loans and advances to customers at amortised cost				
Loss allowance as at 1 January 2022	5,187	3,361	17,074	25,622
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(17)	17	-	-
Transfer from Stage 1 to Stage 3	(3)	-	3	-
Transfer from Stage 2 to Stage 1	53	(53)	-	-
Transfer from Stage 2 to Stage 3	-	(5)	5	-
Transfer from Stage 3 to Stage 1	21	-	(21)	-
Transfer from Stage 3 to Stage 2	-	1	(1)	-
Net remeasurement of ECL arising from stage transfers	-	862	122	984
Total remeasurement of loss allowance arising from transfers in stages	54	822	108	984
New financial assets originated	672	45	30	747
Changes to risk parameters (model inputs PDs/LGDs/EADs) *	(3,464)	(295)	(9,748)	(13,507)
Financial assets derecognised	(118)	(144)	(64)	(326)
Total net profit and loss (credit)/charge during the period	(2,856)	428	(9,674)	(12,102)
Other movements				
Write-offs	-	-	(44)	(44)
Unwinding of discount	-	-	331	331
Loss allowance as at 30 June 2022	2,331	3,789	7,687	13,807
Loss allowance as at 1 January 2021	6,200	2,799	16,915	25,914
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(167)	167	-	-
Transfer from Stage 1 to Stage 3	(10)	-	10	-
Transfer from Stage 2 to Stage 1	41	(41)	-	-
Transfer from Stage 2 to Stage 3	-	(8)	8	-
Transfer from Stage 3 to Stage 1	4	-	(4)	-
Transfer from Stage 3 to Stage 2	-	1,059	(1,059)	-
Net remeasurement of ECL arising from stage transfers	-	10	1	11
Total remeasurement of loss allowance arising from transfers in stages	(132)	1,187	(1,044)	11
New financial assets originated	881	189	54	1,124
Changes to risk parameters (model inputs PDs/LGDs/EADs)	(811)	(681)	954	(538)
Financial assets derecognised	(951)	(133)	(417)	(1,501)
Total net profit and loss (credit)/charge during the year	(1,013)	562	(453)	(904)
Other movements				
Write-offs	-	-	(81)	(81)
Unwinding of discount	-	-	693	693
Loss allowance as at 31 December 2021	5,187	3,361	17,074	25,622

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

* The changes in risk parameters include the reversal of a post-model adjustment of €3 million which was accounted for as of 31 December 2021 (as previously explained in section 'post-model adjustment') and a €9 million reversal of ECL which arises on a particular Stage 3 exposure as a consequence of the developments which occurred during the first six months of 2022.

The following tables explain the changes in the gross carrying amounts on loans and advances to customers between the beginning and end of the reporting period:

	2022			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month ECL € 000	Lifetime ECL € 000	Lifetime ECL € 000	
Loans and advances to customers at amortised cost				
Gross carrying amount as at 1 January 2022	504,475	112,283	51,757	668,515
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(67,784)	67,784	-	-
Transfer from Stage 1 to Stage 3	(3,042)	-	3,042	-
Transfer from Stage 2 to Stage 1	5,635	(5,635)	-	-
Transfer from Stage 2 to Stage 3	-	(1,769)	1,769	-
Transfer from Stage 3 to Stage 1	193	-	(193)	-
Transfer from Stage 3 to Stage 2	-	2,037	(2,037)	-
Total changes in gross carrying amounts arising from transfers in stages	(64,998)	62,417	2,581	-
New financial assets originated	77,245	17,365	507	95,117
Changes in gross carrying amount in respect of facilities present as at 1 January 2022	(1,481)	(13,792)	195	(15,078)
Financial assets derecognised	(22,769)	(3,723)	(3,439)	(29,931)
Write-offs	-	-	(45)	(45)
Total net change during the period	(12,003)	62,267	(201)	50,063
Gross carrying amount as at 30 June 2022	492,472	174,550	51,556	718,578
Gross carrying amount as at 1 January 2021	522,920	57,640	66,483	647,043
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(39,692)	39,692	-	-
Transfer from Stage 1 to Stage 3	(2,774)	-	2,774	-
Transfer from Stage 2 to Stage 1	6,392	(6,392)	-	-
Transfer from Stage 2 to Stage 3	-	(1,246)	1,246	-
Transfer from Stage 3 to Stage 1	4	-	(4)	-
Transfer from Stage 3 to Stage 2	-	15,036	(15,036)	-
Total changes in gross carrying amounts arising from transfers in stages	(36,070)	47,090	(11,020)	-
New financial assets originated	103,553	22,383	4,553	130,489
Changes in gross carrying amount in respect of facilities present as at 1 January 2021	9,310	(1,602)	(1,781)	5,927
Financial assets derecognised	(95,238)	(13,228)	(6,396)	(114,862)
Write-offs	-	-	(82)	(82)
Total net change during the year	(18,445)	54,643	(14,726)	21,472
Gross carrying amount as at 31 December 2021	504,475	112,283	51,757	668,515

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

7. Segmental information

	Banking services		Postal services		Group	
	30 June	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Operating income	12,885	12,228	15,723	20,476	28,608	32,704
Segment result - profit before taxation	16,588	4,032	588	1,402	17,176	5,434

	Banking services		Postal services		Group	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Segment total assets	1,157,362	1,123,219	52,324	52,172	1,209,686	1,175,391

8. Fair values of financial assets and liabilities

The Group's financial instruments categorised as Investments within the Statement of Financial Position are measured at fair value. The Group is required to disclose fair value measurements according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (Level 3).

As at 30 June 2022 and 31 December 2021, investments were principally valued using Level 1 inputs.

No transfers of financial instruments measured at fair value between different levels of the fair value hierarchy have occurred during the interim period under review.

The fair values of all the Group's other financial assets and liabilities that are not measured at fair value are considered to approximate their respective carrying values due to their short-term nature, short periods to repricing or because they are repricable at the Group's discretion. The current market interest rates utilised for fair value estimation, which reflect essentially the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

The valuation techniques utilised in preparing these condensed interim financial statements were consistent with those applied in the preparation of the financial statements as at and for the year ended 31 December 2021.

9. Dividends

	Bank	
	30 June	30 June
	2022	2021
Dividends (net) declared and paid by the Bank (€ 000)	873	861
€ cent per share – gross	3c0	3c0
€ cent per share – net	1c95	1c95

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2022

9. *Dividends - continued*

Based on the ECB issued Recommendation repealing Recommendation ECB/2020/62 (ECB/2021/31) with effect from 30 September 2021, the Annual General Meeting of shareholders held on 26 May 2022 approved a final gross dividend of 3 cent (net 1.95 cent) per nominal €0.25 share, representing a final gross payment of €872,956.

10. *Related party transactions*

No related party transactions were undertaken during the period from 1 January to 30 June 2022 that had a material effect on the financial results and financial position of the Group.

Lombard Bank Malta p.l.c.

Additional Regulatory Disclosures

1. Measures applied in response to the COVID-19 crisis

The gross carrying amount of the loans and advances to customers for which moratorium was offered or granted is analysed below:

	Number of obligors	Total € 000	Of which: legislative moratoria € 000	Of which: expired € 000
At 30 June 2022				
Loans and advances for which moratorium was offered	98	64,460		
Loans and advances subject to moratorium (granted)	96	64,183	64,183	64,183
of which: Households		12,327	12,327	12,327
of which: Collateralised by residential immovable property		11,326	11,326	11,326
of which: Non-financial corporations		28,495	28,495	28,495
of which: Small and Medium-sized Enterprises		11,321	11,321	11,321
of which: Collateralised by commercial immovable property		24,450	24,450	24,450
At 31 December 2021				
Loans and advances for which moratorium was offered	98	72,150		
Loans and advances subject to moratorium (granted)	96	71,873	71,873	71,873
of which: Households		13,363	13,363	13,363
of which: Collateralised by residential immovable property		12,184	12,184	12,184
of which: Non-financial corporations		30,793	30,793	30,793
of which: Small and Medium-sized Enterprises		13,030	13,030	13,030
of which: Collateralised by commercial immovable property		26,429	26,429	26,429

The gross carrying amount of loans and advances subject to public guarantee schemes are analysed below:

	Total € 000	of which: forborne € 000	Public guarantees received € 000	Inflows to non-performing exposures € 000
At 30 June 2022				
Loans and advances subject to public guarantee schemes	10,162	3,493	4,573	-
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	9,744	3,493	4,385	-
of which: Small and Medium-sized Enterprises	1,941	-	-	-
of which: Collateralised by commercial immovable property	202	-	-	-
At 31 December 2021				
Loans and advances subject to public guarantee schemes	10,956	3,452	4,930	-
of which: Households	-	-	-	-
of which: Collateralised by residential immovable property	-	-	-	-
of which: Non-financial corporations	10,491	3,452	4,721	-
of which: Small and Medium-sized Enterprises	2,360	-	-	-
of which: Collateralised by commercial immovable property	228	-	-	-

Lombard Bank Malta p.l.c.

Additional Regulatory Disclosures

2. *Asset encumbrance*

Banking Rule 07 transposed the provisions of the EBA Guidelines on Disclosure of Encumbered and Unencumbered Assets (EBA/GL/2014/03) and introduced the requirement to disclose information about asset encumbrance.

This disclosure is meant to facilitate an understanding of available and unrestricted assets of the Bank that could be used to support potential future funding and collateral needs. An asset is defined as encumbered if it has been pledged as collateral against an existing liability, and as a result is no longer available to secure funding, satisfy collateral needs or be sold to reduce the funding requirement.

The disclosure is not designed to identify assets which would be available to meet the claims of creditors or to predict assets that would be available to creditors in the event of a resolution or bankruptcy.

	Carrying amount of encumbered assets € 000	Fair value of encumbered assets € 000	Carrying amount of unencumbered assets € 000	Fair value of unencumbered assets € 000
Bank				
At 30 June 2022				
Equity instruments	-	-	8,279	8,279
Debt securities	8,680	8,680	218,604	218,604
Other assets	2,959	2,959	935,311	935,311
	11,639	11,639	1,162,194	1,162,194
At 31 December 2021				
Equity instruments	-	-	9,421	9,421
Debt securities	10,648	10,648	205,455	205,455
Other assets	2,959	2,959	911,131	911,130
	13,607	13,607	1,126,007	1,126,007

The Bank does not encumber any collateral received. As at 30 June 2022, the Bank did not have any outstanding liabilities associated with encumbered assets and collateral received.

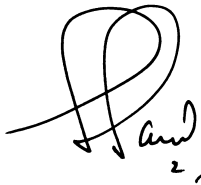
The Bank undertakes the following types of encumbrance:

- Pledging of a deposit with the Central Bank of Malta in favour of the Depositor Compensation Scheme.
- Pledging of Malta Government Stocks held in terms of Directive No. 8 (Chapter 204 of the Central Bank of Malta Act) as security for a facility not currently utilised.

Statement pursuant to Capital Markets Rules issued by MFSA

I confirm that to the best of my knowledge:

- The interim condensed financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2022, as well as of their financial performance and cash flows for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting, IAS 34 'Interim Financial Reporting'; and
- The Director's Report includes a fair review of the information required in terms of Capital Markets Rules.

A handwritten signature in black ink, appearing to read 'Joseph Said', with a small '2' written below it.

Joseph Said, *Chief Executive Officer*



Independent auditor's report

To the Board of Directors of Lombard Bank Malta p.l.c.

Report on review of condensed consolidated and stand-alone interim financial information

Introduction

We have reviewed the accompanying condensed consolidated and stand-alone interim statement of financial position of Lombard Bank Malta p.l.c. (the 'Bank') and its subsidiaries (collectively the 'Group') as of 30 June 2022, the related condensed consolidated and stand-alone interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes ("the condensed consolidated and stand-alone interim financial information"). The directors are responsible for the preparation and fair presentation of this condensed consolidated and stand-alone interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on this condensed consolidated and stand-alone interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and stand-alone interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other matters

This report, including the conclusion, has been prepared for and only for the Group and Bank and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

78 Mill Street,
Zone 5, Central Business District
Qormi, CBD 5090,
Malta

A handwritten signature in blue ink that reads 'Fabio Axisa'.

Fabio Axisa
Partner
For and on behalf of PricewaterhouseCoopers

12 August 2022