



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') has today approved the Annual Report and Financial Statements for the financial year ended 31 December 2021. The Board resolved that these statements be submitted for approval at the forthcoming Annual General Meeting ('AGM') which shall be held remotely in terms of Legal Notice 288/2020 on 26 May 2022.

The Board of Directors further resolved to recommend that the AGM approves, subject to regulatory approval:

- (i) the payment of a final gross dividend of 3 cent (net dividend of 1.95 cent) per nominal €0.25 share which will be paid on 8 June 2022 to shareholders appearing on the Bank's Register of Shareholders as at 26 April 2022 (the 'Record Date'), the last trading date being 22 April 2022; and
- (ii) a bonus share issue of one (1) share for every seventy five (75) shares held which will be allotted on the 23 June 2022 to shareholders on the Bank's Register of Shareholders as at close of trading on the Malta Stock Exchange on 22 June 2022, the last trading date being 20 June 2022. The bonus issue will be funded by a capitalisation of reserves amounting to €149,000.

Summary of Financial Performance

- Group Profit Before Tax: €12.6 million (FYE 2020: €10.4 million).
- Profit Attributable to Equity Holders of the Bank was €7.5 million: (FYE 2020: €6.6 million).
- Bank Cost Efficiency Ratio: 60.8% (2020: 52.4%).
- Net Loans & Advances to Customers increased by 3.5% in 2021 to €642.9 million.
- Customer Deposits rose by 3.8% in 2021 to €977.1 million.
- Group Post Tax Return on Equity for 2021 was 5.7% (2020: 5.4%).
- Group Total Assets rose to €1,175.4 million (€1,131.0 million in 2020).
- Total Capital Ratio at 16.2% (2020: 15.8%) exceeded the minimum regulatory requirements.

Lombard Bank Malta p.l.c.

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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



Directors' Report

For the financial year ended 31 December 2021, Lombard Bank registered a Profit before Tax of €12.6 million, a 21.8% increase over the previous year. Although the year continued to be characterised by challenging conditions, not least due to uncertainties resulting from the COVID-19 pandemic, the performance of the Group proved to be resilient. As in past years, the Group remained focused on meeting the needs of its customers. Notwithstanding the stiff competition across the spectrum of banking services, the Bank retained its traditional, conservative business model.

Group Net Interest Income at €19.6 million was 3.6% higher than the previous year. An increase in Credit activity compensated for pressure on interest rates especially in Treasury operations. New lines of business also contributed to an increase of 10.0% in net Fee and Commission Income. The decrease in Other Operating Income was due to a one-off transaction in 2020.

MaltaPost also faced a challenging year, with difficulties caused by supply chain disruptions, as well as the continued decline of Letter Mail volumes and consequent reduction of respective income streams. Postal tariffs remained among the lowest in Europe and MaltaPost was engaging with the authorities for a revision of tariffs, so as to compensate for the loss-making activities provided under the Universal Service Obligation. For the financial year ended September 2021, MaltaPost realised a Profit before Tax of €2.4 million, a decrease of 15% over the previous year.

Group Employee Compensation and Benefits rose by 7% to €24.4 million, also a reflection of the tight labour market and the need to maintain competitive and suitable remuneration for staff. The Bank's Cost Efficiency Ratio was 60.8% while that of the Group stood at 81.9%. Though operating costs remained well under control, increased fees and costs associated with obligations to satisfy regulatory requirements and the enhancement of the Compliance function all contributed to a higher cost base.

The Bank's Impairment Allowances as determined by International Financial Reporting Standard 9 (IFRS 9) for the year under review stood at €26.16 million. Consequently, the change in 'Expected Credit Losses' (ECL) resulted in a net impairment reversal of €1.46 million compared to a charge of €3.97 million in the previous year. The underlying quality of the Bank's financial assets remained sound.

The Bank continued to rely on a diversified liquidity funding base, which has proven to be stable. In this regard the Bank remained judicious in managing its liquidity, mindful of the adverse impact of negative interest rates.

Equity Attributable to Equity Holders of the Bank grew by a further 9.0% to €137.3 million. Group Net Asset Value (NAV) per share stood at €3.07 (2020: €2.85). Group Earnings per Share (EPS) increased to 16.8 cents (2020: 14.9 cents) while Group post-tax Return on Equity (ROE) was 5.7% (2020: 5.4%).

A positive set of results, a strong brand and sound fundamentals encourage us to face 2022 with optimism. However, prospects much depend on the resilience of the economic recovery and the general operating environment. We remain committed to our obligations in respect of the environment, social responsibilities as well as matters concerning good governance. In the coming year these issues will be given due attention and the manner in which any resulting changes may impact our business model, if at all, will need to be suitably determined.

Meeting these challenges will require further investment in technology and human resources, which we are resolved to undertake. We therefore enter 2022 with enthusiasm and determination supported by a solid set of results, healthy ratios, a strong balance sheet, a loyal customer base and a fine team of staff members.



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The Bank's Annual Report and Financial Statements for the financial year ended 31 December 2021 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 2021.

Unquote

Dr Helena Said LL.D.
Company Secretary

20 April 2022

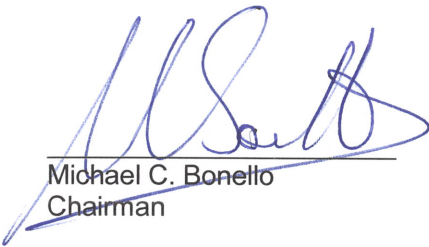


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DIRECTORS' DECLARATION ON ESEF ANNUAL FINANCIAL REPORTS

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 2021 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

20 April 2022

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).