



# LOMBARD

## COMPANY ANNOUNCEMENT

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

### QUOTE

The Board of Directors of Lombard Bank Malta p.l.c. (the 'Bank') today approved the Annual Report and Audited Financial Statements for the financial year ended 31 December 2023. The Board resolved that these statements be submitted for approval at the forthcoming Annual General Meeting ('AGM') which has been scheduled for Thursday 27 June 2024.

The Board of Directors further resolved to recommend that the AGM approves, subject to regulatory approval, the payment of a final gross dividend of 1.63 cent (net dividend of 1.06 cent) per nominal €0.125 share which will be paid on 10 July 2024 to shareholders appearing on the Bank's Register of Shareholders as at 28 May 2024 (the 'Record Date'), the last trading date being 24 May 2024.

Further information relating to the AGM will be announced at a later date and published on the Bank's website <https://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](mailto:companysecretary@lombardmalta.com) at least forty-six (46) days before 27 June 2024 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.

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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



# LOMBARD

## Summary of Financial Performance

- Group Profit Before Tax: €14.5 million (FYE 2022: €27.7 million).
- Net Interest Income rose by 16% to €25.9 million when compared to the previous year, driven by growth in Loans and Advances to Customers and higher interest earned on money market operations.
- Net Fee and Commission Income decreased by 4% to reach €5.2 million mainly reflecting lower fee income generation activities during the year.
- The Bank's Cost Efficiency Ratio eased to 53.9% (2022: 57.4%), a reflection of effective cost management measures.
- A charge of €1.3 million in respect of "Expected Credit Losses" (ECLs) was registered compared to a reversal of €16.2 million in the previous year.
- Customer Deposits rose by 1% in 2023 to €1,019.1 million.
- Net Asset Value (NAV) per share stood at €1.23 (2022: €1.50).
- A strong liquidity position was maintained with a Liquidity Coverage Ratio (LCR) at 301.8% (2022: 210.7%) and a Loan-to-Deposit Ratio at 74.3% (2022: 70.4%).
- Group Post Tax Return on Equity was 5.6% (2022: 12.8%).
- Group Total Assets rose to €1,265.1 million (€1,203.4 million in 2022).



## Directors' Report

For the financial year ended 31 December 2023, the Lombard Bank Group (the Group) registered a Profit before Tax of €14.5 million, a decrease of 48% over the previous year. Profit before Tax rose by 17% when the previous year's comparative figure is adjusted to exclude significant one-time reversals in ECL for FYE 2022.

The Bank's performance was a positive one both in terms of financial results as well as significant progress registered in the execution of strategic priorities. In November 2023 the Bank's capital was successfully increased through a Rights Issue paving the way for further growth. The Bank also continued with its investment in human resources and information technology while also extending its distribution network in response to rising customer demand and enhancing its support functions. The Bank is committed to servicing the needs of the Maltese community, both at a commercial as well as at a retail level.

In line with its strategic objectives, the Bank is implementing several digitalisation projects, some related to the infrastructure and others to customer engagement. Further investment is also planned in further developing the compliance and regulatory reporting systems.

For MaltaPost p.l.c., FY 2023 was a year of business transformation and adjustment to industry challenges and realities including changes in consumer and business behaviour. Investment to render the last-mile delivery more efficient continued while managing respective costs. The cross-border parcel delivery business and its international activity, both outside the Universal Service Obligation (USO), were strengthened. It is these and other non-postal services that continued to provide reasonable profit margins. Following the loss incurred during FY 2022 in delivering the Universal Postal Service Obligation, select tariff revisions were finally approved by the MCA, which left a positive impact on the financials of the USO segment. Although no longer loss-making, MaltaPost still does not make a just and fair return as the provider of the USO in Malta. Despite the tariff adjustments implemented during FY 2023, the domestic postal service tariffs in Malta remain the lowest in Europe.

Group Net interest income at €25.9 million was 16% higher than the previous year. Growth in the lending portfolio contributed to this increase, though the main driver for the increased interest income was higher interest earned on money market operations. Net fee and commission income decreased by 4%, mainly reflecting lower commercial credit activity during the year.

Group Employee Compensation and Benefits increased by 2% to €24.4 million, while Group Operating Costs rose by 30% to €27.2 million. The Bank's Cost Efficiency Ratio was 53.9% (FYE 2022: 57.4%), a reflection of effective cost management.

Expected Credit Losses (ECL) as determined by International Financial Reporting Standard 9 (IFRS 9) resulted in a charge of €1.3 million compared to a reversal of €16.2 million in the previous year. The reversal in 2022 was mainly attributable to the full recovery of a commercial non-performing loan which had been largely provided for in previous years, as well as the reversal of 2021 pandemic-related management overlays in line with changed 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.

Equity Attributable to the Shareholders of the Bank stood at €190.4 million. Net Asset Value (NAV) per share stood at €1.23 (2022: €1.50). Group Earnings per Share (EPS) decreased to €0.09. Return on Assets (ROA) stood at 0.8% (2022: 1.5%) while post-tax Return on Equity (ROE) was 5.6% (2022: 12.8%).



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With regard to the increasing requirements stemming from the Environmental, Social & Governance (ESG) regulatory framework, the Group continues following developments closely to understand and further determine how ESG considerations influence the way it carries out its business and the extent to which such considerations are incorporated within its risk management framework. Important progress has been registered in this respect and initiatives aimed at mitigating operational impact on the environment in line with regulatory expectations remain on-going. In this regard the Group also intends to further enhance its data collection efforts to widen its scope for further improving its ESG credentials.

In view of a satisfactory 2023 financial performance and a successful capital raise process which further improved the Bank's regulatory capital buffers, the Board is recommending, subject to regulatory approval, the payment of a gross dividend of 1.63 cent per nominal €0.125 share (net dividend 1.06 cent) for the twelve months ended 31 December 2023.

This year's positive performance and robust financials along with a loyal customer base and the dedicated commitment of our staff continue to be key in supporting the Group's ability to meet the challenges posed by a highly competitive and increasingly regulated environment. In line with its business model, the Bank continued to deliver personalised and tailored financial services and solutions guided by a culture that prioritises the prudent custodianship of customers' deposits and protection of shareholder funds. Confident in the strength of the Bank's brand and the proven success of the business model, the Bank is committed to remain focused on meeting the needs of the Maltese community at large while also remaining prudent in its approach to risk, thus providing consistent added value to all its stakeholders.

The Bank's Annual Report and Financial Statements for the financial year ended 31 December 2023 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://www.borzamalta.com.mt>. Attached to this Company Announcement is the Directors' Declaration on the ESEF Annual Financial Reports for the year ended 31 December 2023.

## UNQUOTE

Helena Said  
Company Secretary

26 April 2024

[Ref. LOM 304]



# 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 2023 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")<sup>1</sup> and the Capital Markets Rules<sup>2</sup>.
- 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

26 April 2024

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

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