



LOMBARD
Lombard Bank Malta p.l.c.

Growth > Efficiency > Shareholder Returns

18 September 2023



Rights Issue

A Rights Issue of
+/- 61,800,000 Ordinary Shares
at

Offer Price of €0.75

2 new shares for every 3 held as at
19 September 2023 (Record Date)



Contents

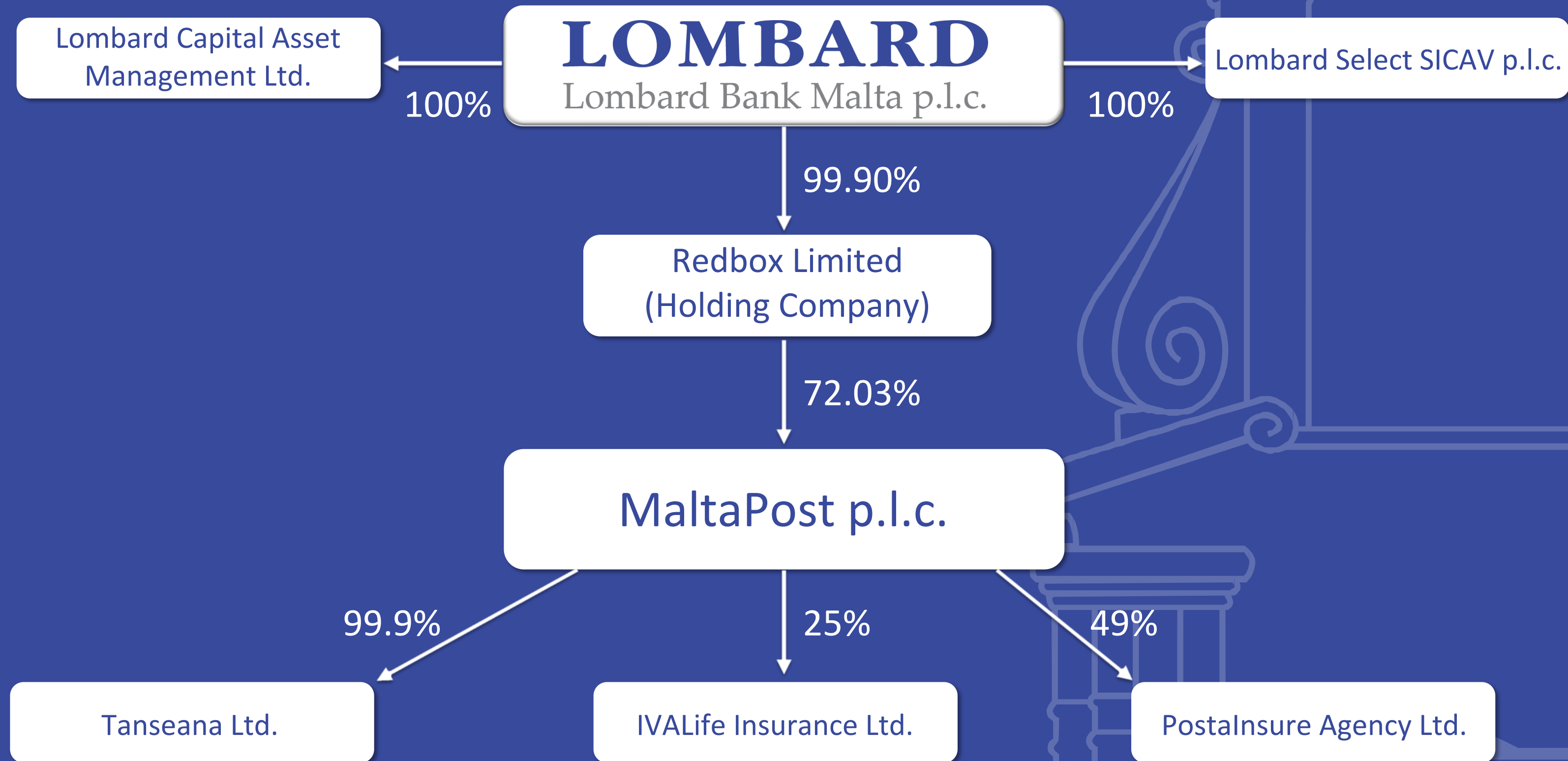
Company Profile	4
Corporate Structure	5
Corporate Values and Principles	6
Strategy	7
Our Market	9
Competitive Advantages	10
MaltaPost	12
Performance	14
Shareholder Focus	22

Company Profile

- ❖ The Bank is a Maltese-owned licenced credit institution, based in Malta, established in 1969.
- ❖ The Bank owns 72% of MaltaPost p.l.c.
- ❖ Both Lombard and MaltaPost are listed on the Malta Stock Exchange.
- ❖ Through an extensive distribution network the Bank and its subsidiaries provide a wide range of banking and financial services.



Corporate Structure



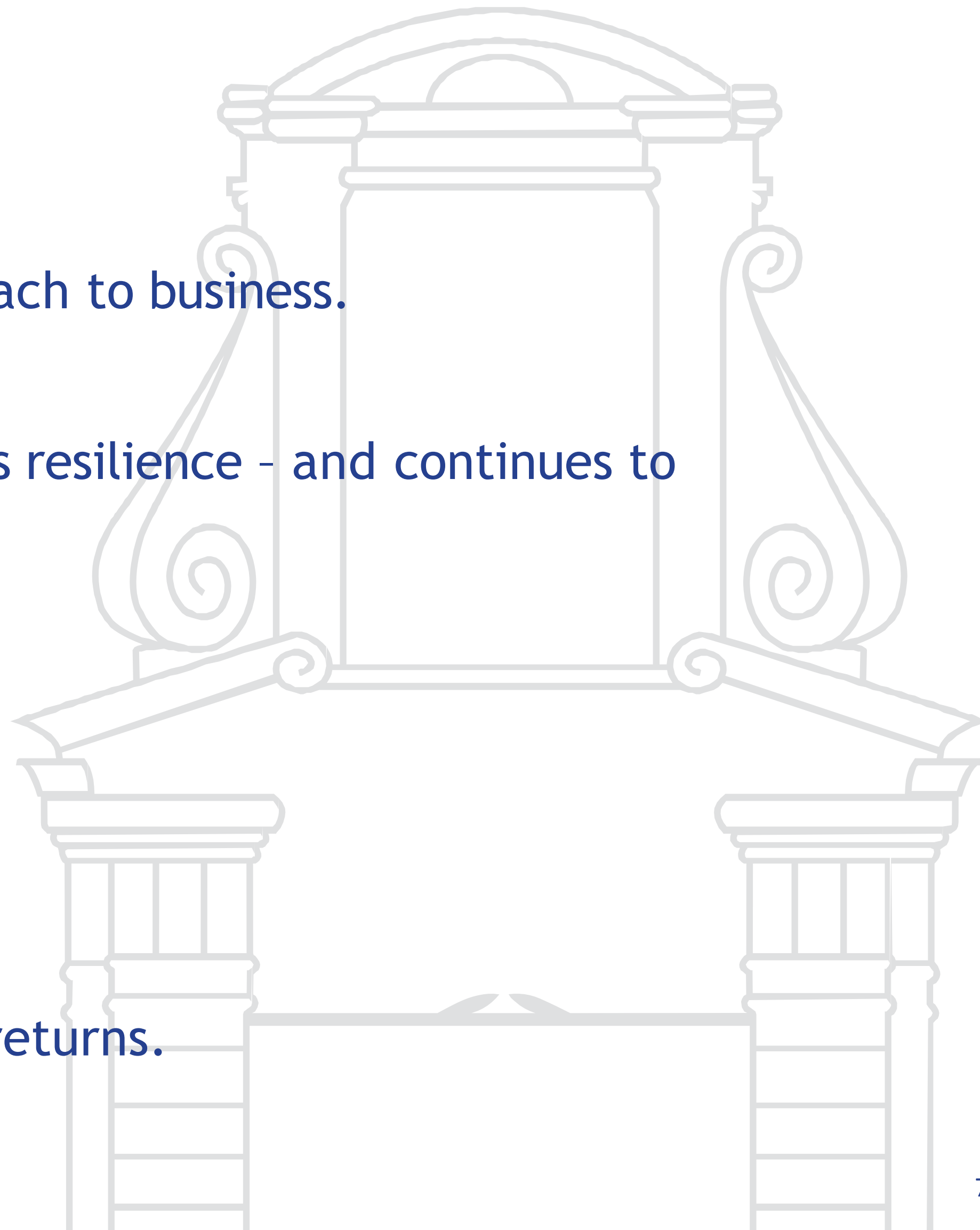
Corporate Values & Principles



- ❖ To never forget where we started from.
- ❖ To be prudent and ethical at all times.
- ❖ To foster long-term relationships.
- ❖ To facilitate the growth of our customers.
- ❖ To walk away from situations of merely opportunistic gain.
- ❖ To always be receptive to stakeholder feedback.
- ❖ To foster a culture of dedication and competence.
- ❖ To always value our staff.
- ❖ To keep in mind that shareholders expect a fair return on their investment.

Strategy ...Our Approach

- ❖ We adopt a sober and straightforward approach to business.
- ❖ We stick to our core competencies.
- ❖ Our relationship banking model has proven its resilience - and continues to deliver across the business cycle.
- ❖ We understand our clients.
- ❖ We understand our risks.
- ❖ We promote further take-up of Home Loans.
- ❖ We adopt low-risk Treasury operations.
- ❖ We do not overlook sensible opportunities.
- ❖ We aim to generate attractive risk-adjusted returns.



Our Strategy

Growth



Revenue Growth

- ❖ Target market is attractive and offers substantial growth opportunities with relatively low risk.
- ❖ Opportunities for market penetration are also facilitated through wider geographic presence.

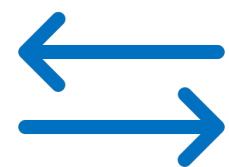
Focus



Cost Efficiencies

- ❖ A larger capital base will enable material economies of scale.
- ❖ Further digitisation enables simplification of processes and automation.
- ❖ Keeping impairments low.

Change



Shareholder Returns

- ❖ Maximisation of our competitive advantages.
- ❖ New delivery channels.
- ❖ 1/3 Dividend Payout policy*.

*Subject to regulatory approval and business requirements

Our Market

Growth



High Quality Credit : sensible proposals, backed by strong and tangible collateral

- ❖ Commercial Loans - consistent demand also from prospective customers
- ❖ Home Loans - strong interest with high conversion rates

Non-interest Income

- ❖ Transaction banking
- ❖ Cards
- ❖ Funds & Wealth Management
- ❖ Life Insurance
- ❖ Investment in MaltaPost



Competitive Advantages

As a small bank, we offer a unique service proposition to the market.

- ❖ We seek to grasp opportunities which fall within our risk appetite where we believe that we can execute better than our larger competitors. We also readily walk away from business which does not fit within our risk appetite.
- ❖ With short lines of communication, we have the necessary flexibility to meet customer requirements swiftly.
- ❖ With us there's no “one-size-fits-all” approach. We do not commoditise our service offerings.
- ❖ While others choose to retreat, we prefer to selectively expand our branch network.

“...hence we are considered ... *All-Weather Friends!*”

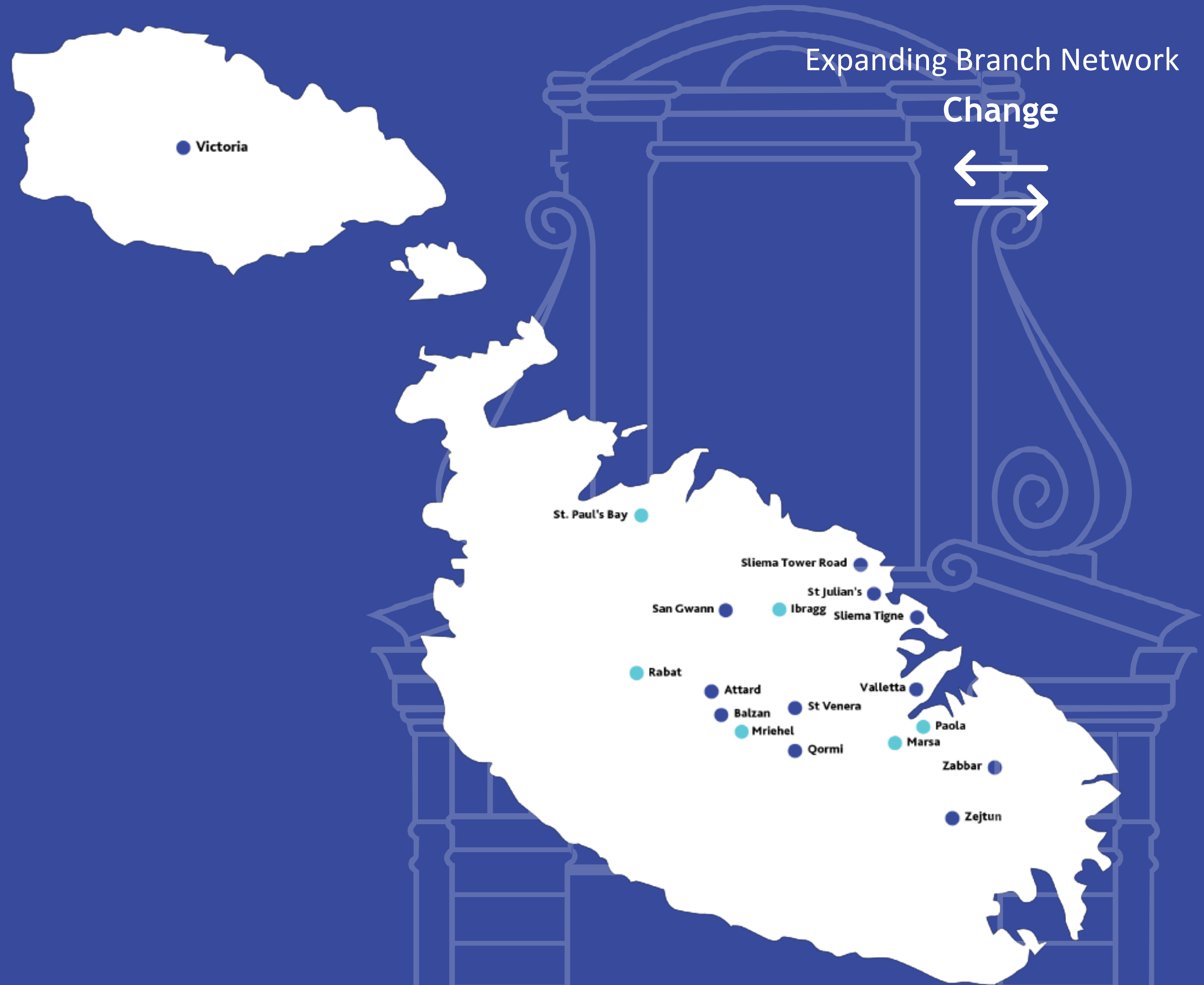
Branches & ATMs

BRANCHES & ATMS ○

- Attard, Pitkali Road
- Balzan, Bertu Fenech Square
- Qormi, St. Sebastian Street
- San Gwann, Naxxar Road
- Sliema, Graham Street
- Sliema, Tigné Street
- Sliema, Tower Road
- St. Julians, Paceville Avenue
- St. Venera, Fleur-De-Lys Junction
- Valletta, Republic Street
- Victoria, Gozo, Ninu Cremona Street
- Zabbar, Sanctuary Street
- Zejtun, Gregorio Bonici Square

ATMS ●

- Ibrag, Uqija Street at Greens Supermarket
- Marsa, at Virtu Passenger Terminal
- Mriehel, Greens Supermarket at Quad Central
- Mriehel, The Piazza, Q2 at Quad Central
- Paola, Antoine De Paule Square at MaltaPost outlet
- Rabat, St. Rita Street at MaltaPost outlet
- St. Paul's Bay, St. Paul's Street at MaltaPost outlet



MaltaPost - Synergies

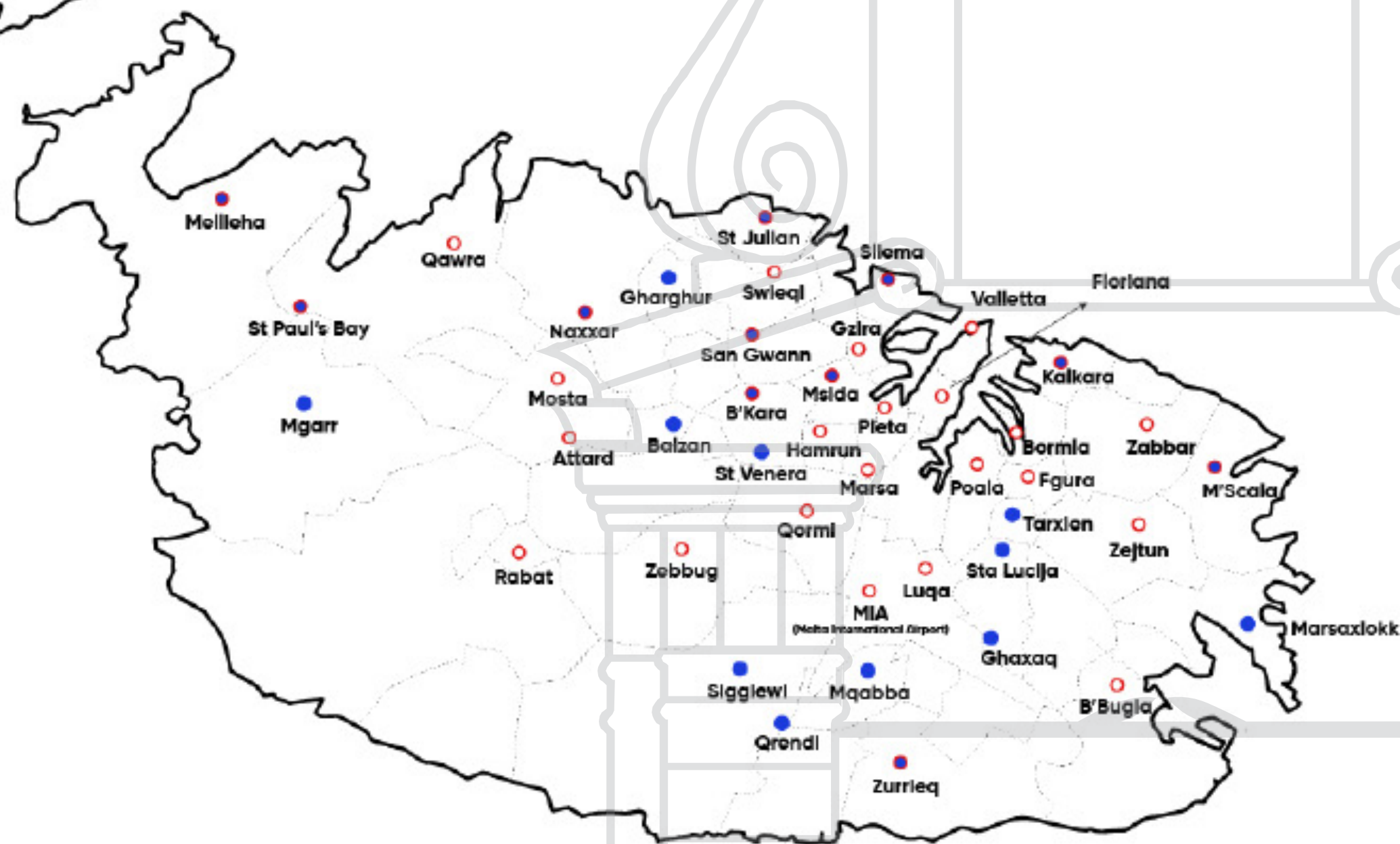




We contribute towards the strategy and development of MaltaPost:

- ❖ Low-cost Financial Services
 - PostaPay&Save Account
 - PostaHomeLoans
 - CBM cheque encashment
- ❖ Insurance Services
 - 25% IVALife Insurance Limited
 - 49% Postalnsure Insurance Agency
- ❖ Other services: Document Management, International Money Transfers.
- ❖ Transfer of knowledge from the Bank.

“The objective is to bring about at MTP ... a culture revolution ... by evolution”

MaltaPost Network



	POST OFFICES	42
	SUB POST OFFICES	26

across 51 different locations

Performance



Net Interest Income & Fees

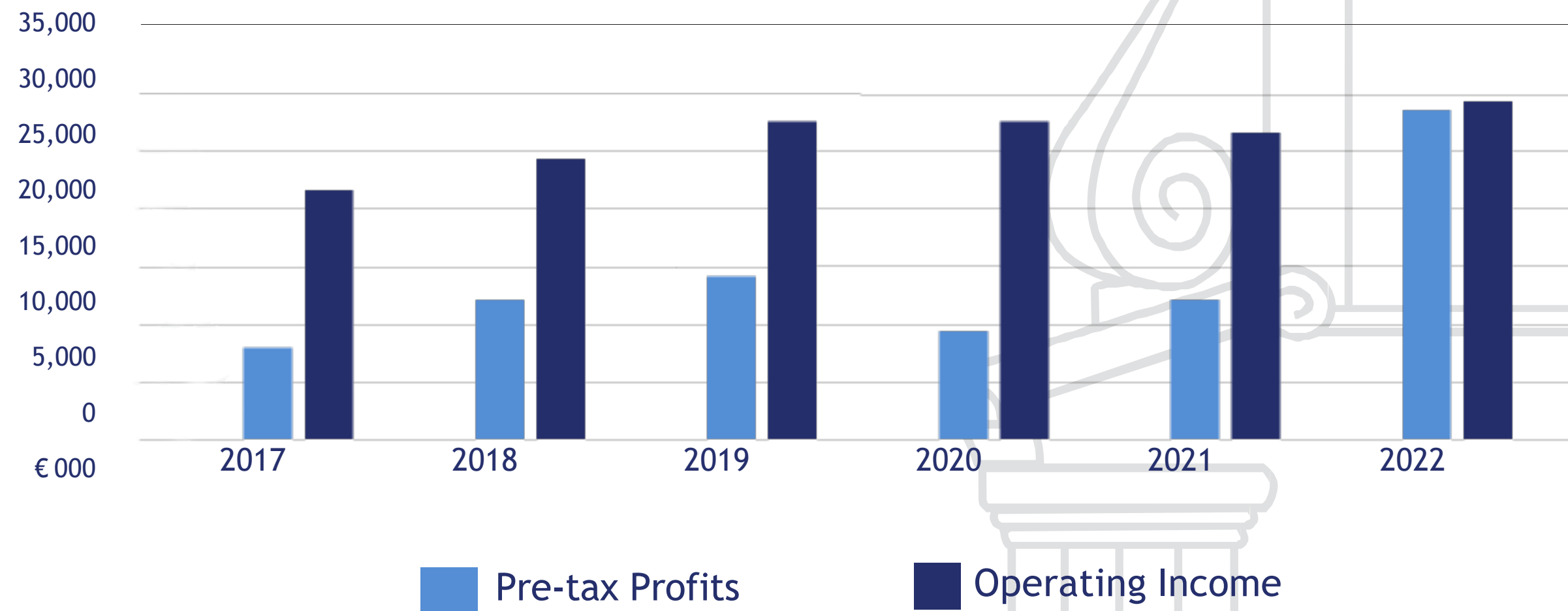
Bank

	2022	2021	2020	2019
Net Interest Income (€000)	22,203	19,468	18,783	19,556
Net Interest Margin (%)	2.1	1.9	1.9	2.2
Gross Fee & Commission Income (€000)	4,569	4,341	3,887	4,421

Pre-tax Profits / Operating Income

Bank

Growth



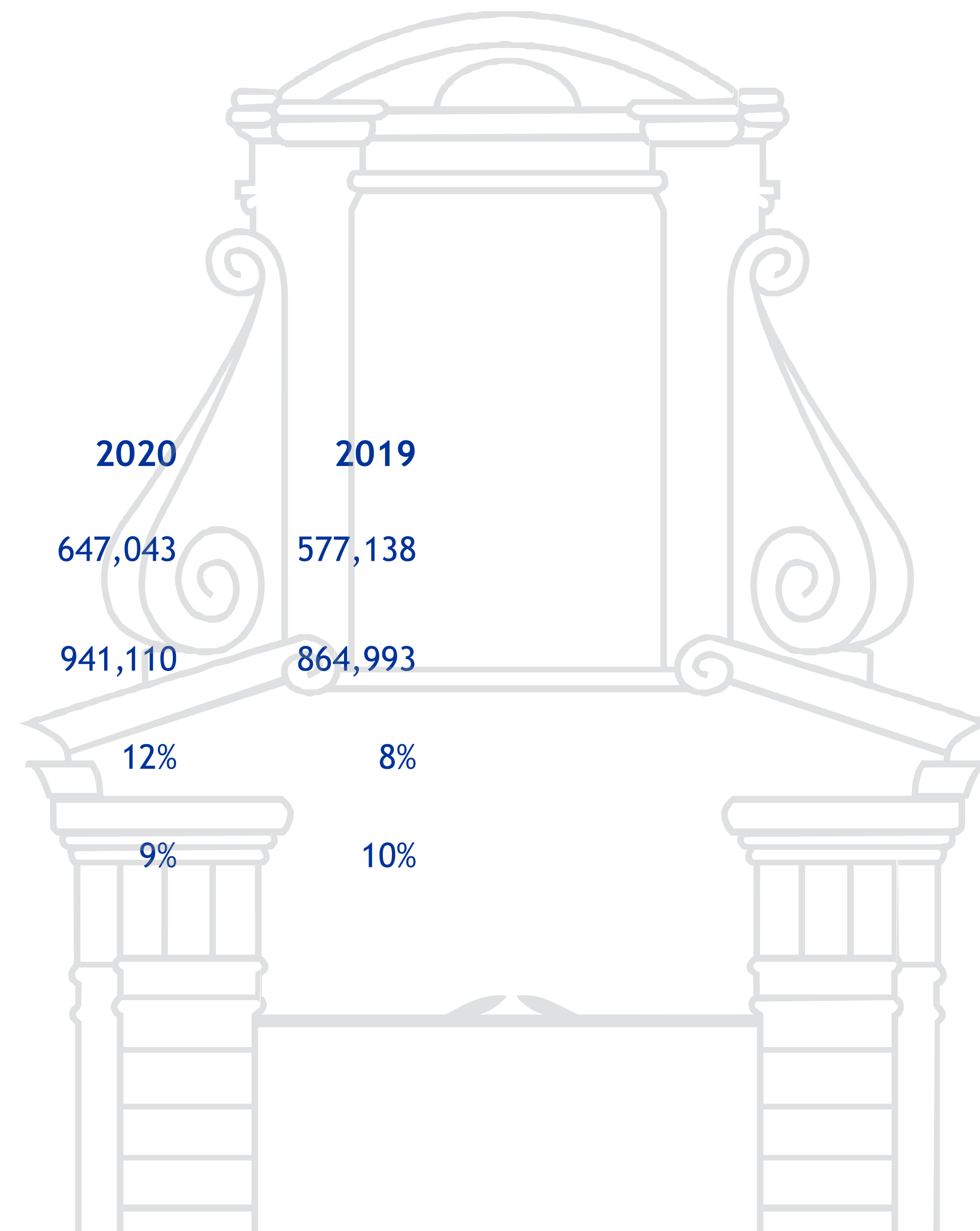
Advances / Deposits

Group, €000

Growth



	2022	2021
Gross Loans & Advances to Customers	721,561	668,515
Amounts Owed to Customers	1,008,431	977,143
Loan Growth (yoy)	8%	3%
Deposit Growth (yoy)	3%	4%



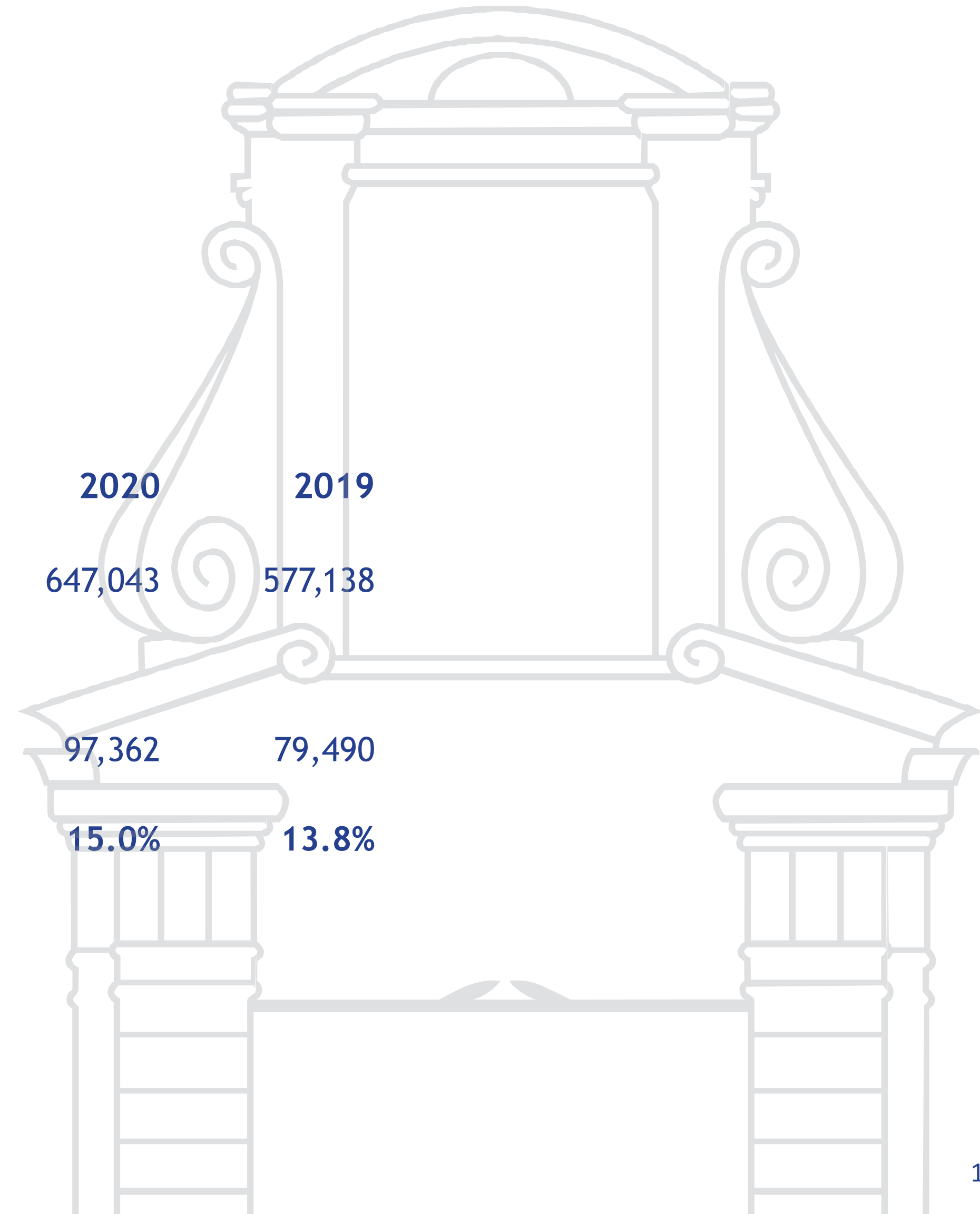
Home Loans

Group, €000

Growth



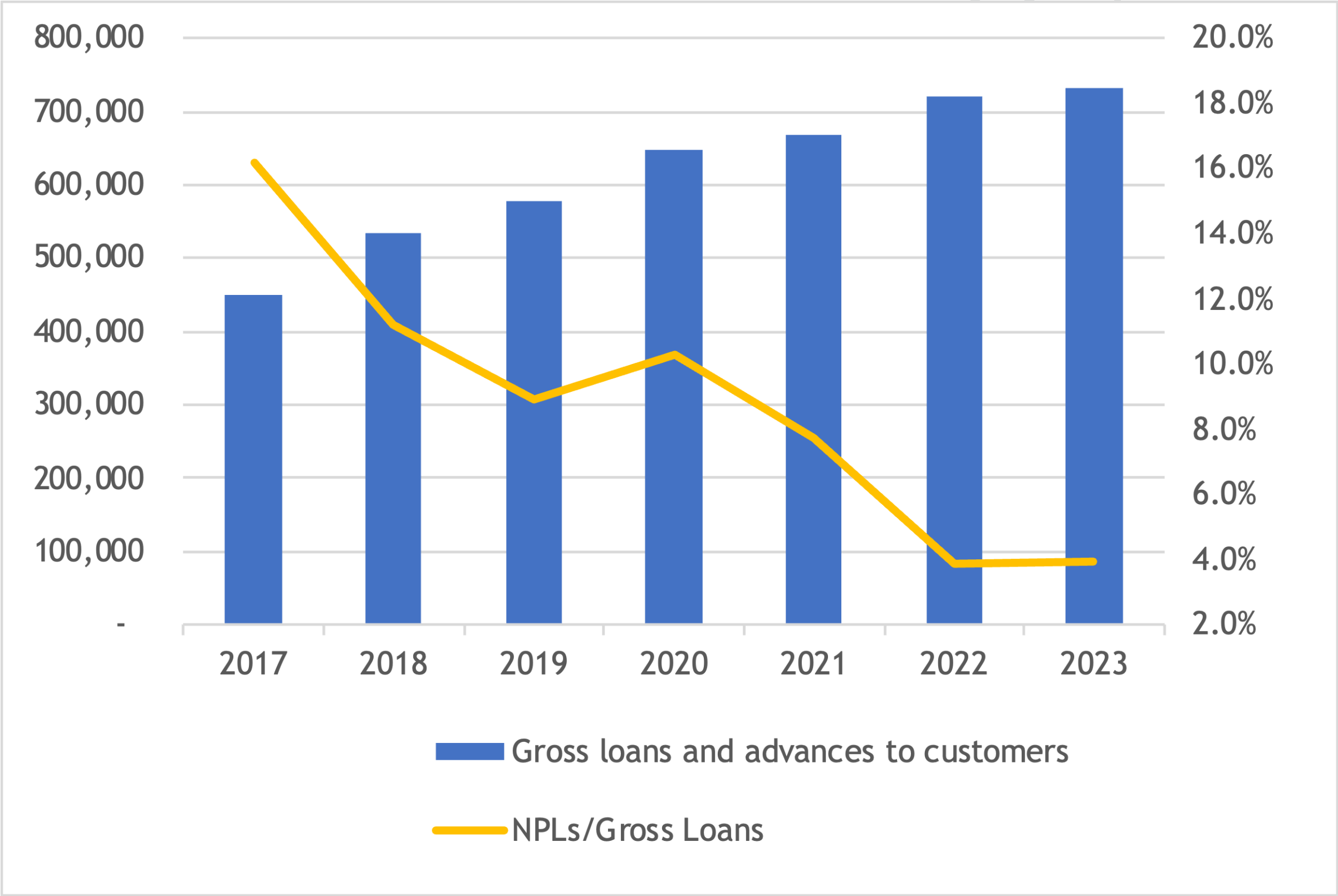
	2022	2021	2020	2019
Gross Loans & Advances to Customers	721,561	668,515	647,043	577,138
of which Home Loans	172,769	135,643	97,362	79,490
% Home Loans	23.9%	20.3%	15.0%	13.8%



NPLs / Gross Loans & Advances to Customers

Bank

Focus



(as classified in regulatory terms)

Collateral Cover

Against Total Loans of: **€720,000,000**

*..... we hold collateral of: **€2,100,000,000***

Cost to Income Ratio

Bank

Focus



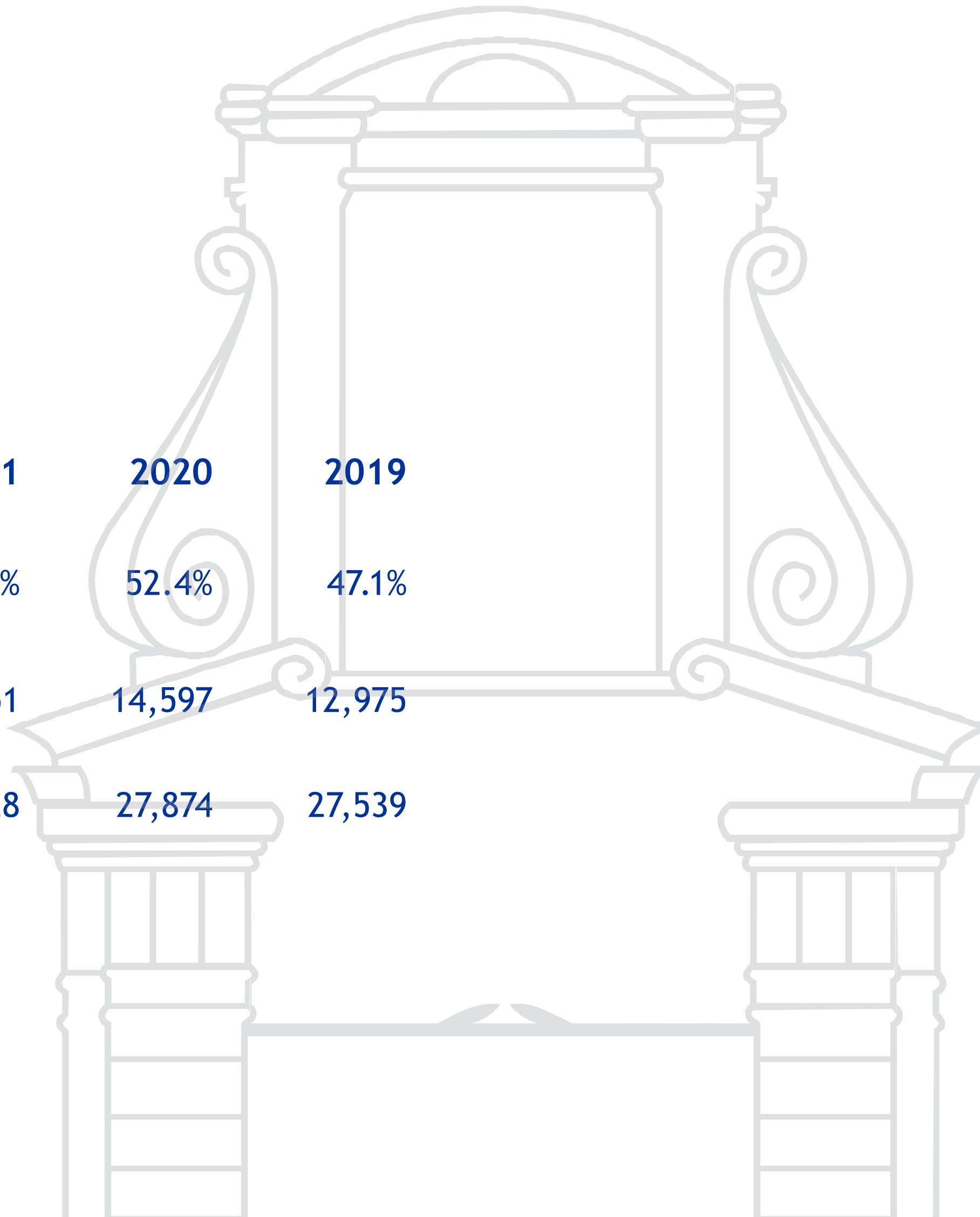
Cost to Income Ratio

Cost (€000)

Operating income (€000)

2022
57.4%
17,043
29,673

2021	2020	2019
60.8%	52.4%	47.1%
16,251	14,597	12,975
26,728	27,874	27,539



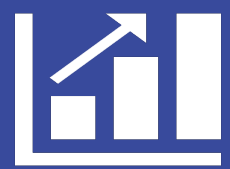
Shareholder Focus



Main Targets 2026

... delivering on our Strategy

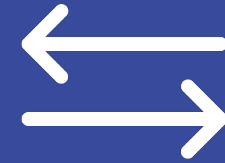
Growth



Focus



Change



- ❖ Loan Book up by €280m over 3 years > €1bn
- ❖ Loan Book Mix: 65% Commercial, 35% Retail
- ❖ Dividend payout: 1 / 3 of Profits*
- ❖ Larger capital base > increased business opportunities
- ❖ Cost to Income Ratio < 50% (Bank)

* Subject to regulatory approval & business requirements

Employment of Fresh €40m Capital Injection

...Pathway to a €1bn Loan Book ... some options

Growth



OPTION A

Home Loans
+ €650m

OPTION B

Commercial + €120m
Home Loans + €160m

Achieves Target 2026:
Loan Book €1bn
Commercial 65%
Home Loans 35%
Within regulatory limits

Total Equity

From **€20m** In 2000 **to** **€140m** In 2023

Return on Equity
(Group)

2022
12.8%

2021	2020	2019
5.7%	5.4%	8.2%

Risk Management / Regulatory

Bank

Focus

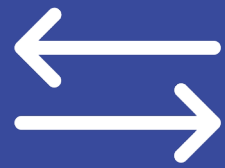


	Regulatory Minimum	2023H1	2022	2021	2020
Total Capital Ratio*	8.0%	15.9%	15.4%	16.2%	15.8%
Leverage Ratio	3.0%	10.9%	10.8%	11.1%	10.5%
Liquidity Coverage Ratio	100.0%	230.7%	210.7%	225.3%	180.0%
Net Stable Funding Ratio	100.0%	151.1%	148.3%	148.4%	135.6%
Non Performing Loans	2023 Maximum 5.0%	3.9%	3.5%	6.4%	8.2%

* excluding P2R, CBR and P2G

ESG

Change



- ❖ ESG working group and an ESG champion appointed.
- ❖ In line with our guiding principles we will act with integrity, without being tempted to greenwash.
- ❖ We consider ESG as a potential opportunity to leverage our smaller scale, by offering in this area personalised support to our customers.



Market Benchmarks

	Lombard	BOV	HSBC	APS
P/E	4.0	23.8	11.5	28.3
Discount to NAV	50%	37%	12%	13%
Dividend Cover	8.6x	-	2.9x	1.3x
Discount to 6 month TWAP	19%			
Discount to 12 month TWAP	27%			

P/E - Based on 2022 earnings

NAV as at 30 June 2023

Share prices as at 11 September 2023 except Lombard at Rights Issue price of 75c

Dividend Cover - Based on 2022 except Lombard notional 3c / 2021

2022 at a glance

Loan Growth

8%

ROA - Group

1.5%

NAV per share - Group

€ 1.50

Net Interest Margin

2.1%

EPS - Group

€ 0.19

ROE - Group

12.8%

Cost-to-income

57.4%

Loan to Deposit

70.6%

Total Capital Ratio

15.4%

All figures are Bank unless otherwise stated

Legal Counsel



Co-Sponsors & Co-Managers



Registrar





Thank you!
... Questions?

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