



LOMBARD

LOMBARD BANK MALTA PLC 2023 RIGHTS ISSUE FACT SHEET

KEY DETAILS

Issuer:	Lombard Bank Malta plc	Listing:	Official List, Malta Stock Exchange
Amount of Ordinary Shares in Issue:	92,743,931	Rights Issue Ratio:	2 new ordinary shares for every 3 ordinary shares
Share Price*¹:	€0.90	Market Capitalisation:	€83.5 million
Earnings per Share: (Annualised H1 2023)	€0.070	Price-to-Earnings Ratio:	12.9x
Net Asset Value per Share*²:	€1.509	Price-to-NAV:	0.60x
Amount of New Ordinary Shares being Issued:	Up to 61,828,332	Offer Price for New Ordinary Shares:	€0.750
Rights Issue Offer Period:	28 September 2023 to 26 October 2023 at 10:00 hrs.	Excess Shares Offer Period:	1 November 2023 to 27 November 2023 at 10:00 hrs.
Rights Issue Minimum Subscription:	2 shares	Excess Shares Minimum Subscription:	1,000 shares and in multiples of 100 shares thereafter
Net Proceeds (if fully subscribed):	€45.4 million	Expected Listing Date:	11 December 2023

*¹ Market data are based on share price as at close of trading on 15 September 2023, the cut-off date for eligible shareholders.

*² Net Asset Value (NAV) as at 30 June 2023

Rizzo, Farrugia & Co. (Stockbrokers) Ltd is acting as Joint Sponsor and Co-Manager to Lombard Bank Malta plc.

ABOUT LOMBARD BANK MALTA PLC

Lombard Bank Malta plc ("Lombard" or the "Group") was set up in 1969 and has been listed on the Malta Stock Exchange since 1994. Today, it operates a retail network comprising twelve branches, an international business banking arm, as well as wealth management and investment services units. Lombard also owns two further properties that are earmarked as branches, which would result in Lombard having the second largest branch network in the Maltese Islands out of all local banks.

The Bank focuses its activities on the Maltese market and is considered by the Central Bank of Malta as a core domestic bank. Its lending activity addresses both the commercial and the retail markets and is principally funded by deposits, predominantly from retail sources. Lombard never relied on the interbank market for its funding requirements. Customer deposits climbed to over €1 billion in 2022. In recent years, the Bank was also gradually increasing its card business.

Lombard also holds a 72% equity stake in MaltaPost plc, Malta's leading postal services company, being the sole licensed Universal Service Provider in the country. Due to Lombard's majority stake, MaltaPost's financial results are consolidated within the Group's financial statements. MaltaPost has a network of 6 postal hubs, 41 post offices and 27 sub-post offices located around Malta and Gozo providing an extensive range of postal and financial services. In view of the persistent decline in letter mail volumes across the years, an important strategy adopted by the company over the years has been the diversification of its income streams particularly into areas targeting logistics, document management services, insurance and financial services. MaltaPost plc is also listed on the Malta Stock Exchange.

Apart from its core retail banking operations, Lombard is also an enrolled tied insurance intermediary of IVALIFE Insurance Limited ("IVALIFE") in which Lombard holds an indirect equity stake of 17.9% through its shareholding in MaltaPost plc. MaltaPost plc owns 25% of the shares of IVALIFE and the other shareholders of IVALIFE are APS Bank plc, Atlas Insurance PCC Ltd, and GasanMamo Insurance Ltd. IVALIFE started its operations in 2021 and is licensed to conduct long-term business of insurance including life protection plans as well as regular savings and investments



solutions. MaltaPost also holds a 49% shareholding in PostaInsure Agency Limited, which carries the business of general insurance as agent for Mapfre Middlesea plc.

Meanwhile, Lombard recently established two wholly-owned subsidiaries, namely Lombard Capital Asset Management Limited and Lombard Select SICAV plc. These two companies are not yet operational but form part of the Group's growth strategy.

In September 2022, Lombard approved its updated three-year business strategy which focuses on:

- **Tapping attractive market opportunities** both within the fee-based non-interest income segment as well as the more traditional commercial and retail banking activities which fall within the Bank's prudent risk management framework.
- **Increase physical footprint** by expanding the Bank's existing branch network with a view of enhancing market presence and visibility, as well as foster new client relationships across a wider demographic spectrum without jeopardising the Bank's typical personalised approach to customer service.
- Taking a more holistic approach towards **addressing stakeholder interests** that is consistent with the Bank's corporate values, including the delivery of a progressive policy of increasing shareholder value which would also take into account the maximisation of synergies with MaltaPost plc.
- **Pursue additional investments** in distribution channels, IT infrastructure, customer relationship management systems, as well as human resources with a view of raising the Bank's profile within the Maltese economy.

The Group had total assets of €1.21 billion and shareholders' funds of €139.9 million as at 30 June 2023. Lombard's largest shareholder is the National Development and Social Fund ("NDSF") with an equity stake of 49% which was acquired in 2018 from Cyprus Popular Bank Public Co. Limited. NDSF is a Government Agency responsible for administering and investing a portion of the proceeds received by Malta from the Individual Investor Programme. In essence, the NDSF is Malta's national sovereign wealth fund.

USE OF PROCEEDS

The net proceeds from the Rights Issue, estimated at €45.4 million after issuance costs, will be utilised by the Bank to supplement the funding requirements for the implementation of its strategic objectives and to further strengthen its capital base in order to meet regulatory capital requirements. Specifically, the proceeds will be eligible to contribute towards the Bank meeting its minimum requirements for own funds and eligible liabilities (MREL).

DIVIDEND POLICY

Lombard intends to adopt a dividend policy that prudently balances the payout to shareholders and the need for the Bank to retain capital with a view of maintaining healthy solvency and liquidity ratios to support future growth. It is the Bank's intention to distribute one-third of its net profits, but the payment of any dividend will depend upon, among other factors, the Bank's capital requirements, the profits available for distribution for the relevant year, the Bank's growth strategy, and its overall view on the prevailing market outlook, general economic conditions, and any regulatory restrictions that may be imposed by supervisory authorities.

ALLOCATION POLICY

Eligible shareholders are entitled to acquire two shares for every three shares at an offer price of €0.75 as part of the rights issue. Any proportion of shares which are not subscribed to by eligible shareholders shall constitute lapsed rights. The lapsed rights will be made available to (in the following order of preference):

1. Eligible shareholders who accepted their proportionate entitlement in full and subscribed for excess shares.
2. Preferred applicants (collectively and without any priority between them): employees of the bank and its subsidiaries as at 20 September 2023, directors of Lombard Bank Malta plc, and MaltaPost plc shareholders as at close of trading on 15 September 2023.
3. The general public.

NIL-PAID RIGHTS

The rights of eligible shareholders may be transferred through an 'Assigned Entitlement' by completing the appropriate section of the Form of Acceptance, Authority and Election 'B' – Split/Assign.

Eligible shareholders should note that any financial consideration received for the transfer of rights may not be sufficient to compensate for the dilution from an ownership perspective. The dilution effect from an ownership perspective in case of no participation and assuming that the rights issue is fully subscribed is of 40%.



APPLICATION PROCEDURE

Eligible shareholders are kindly asked to complete the **Form of Acceptance, Authority and Election 'A'** provided by Lombard Bank Malta plc which must be returned to us by Thursday 26 October 2023 at 10:00 hours together with a duly completed and signed 'Assessment & Confirmation Form'.

Prospective investors wishing to participate at the General Public Offer are kindly asked to complete our 'Application Form' which must be returned to us by Monday 27 November at 10:00 hours together with a duly completed and signed 'Assessment & Confirmation Form'. **Such applications must be for a minimum of 1,000 shares (€750) and in multiples of 100 shares (€75) thereafter.**

All application forms must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients' a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:

	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT

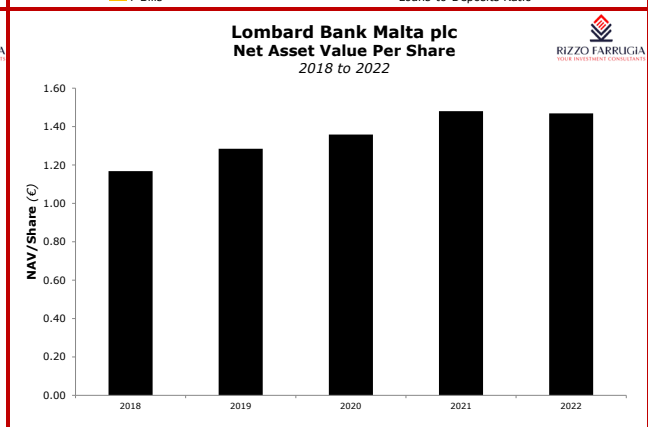
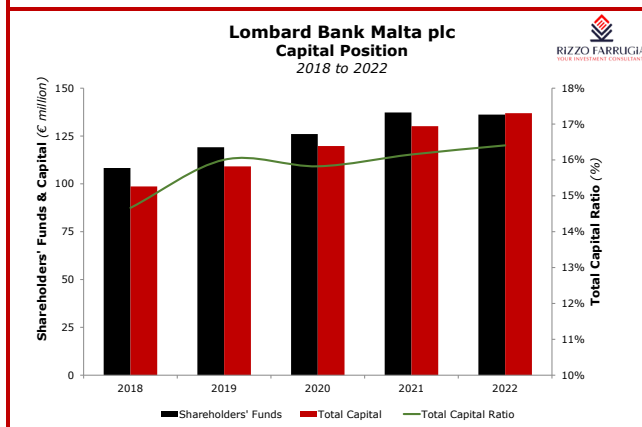
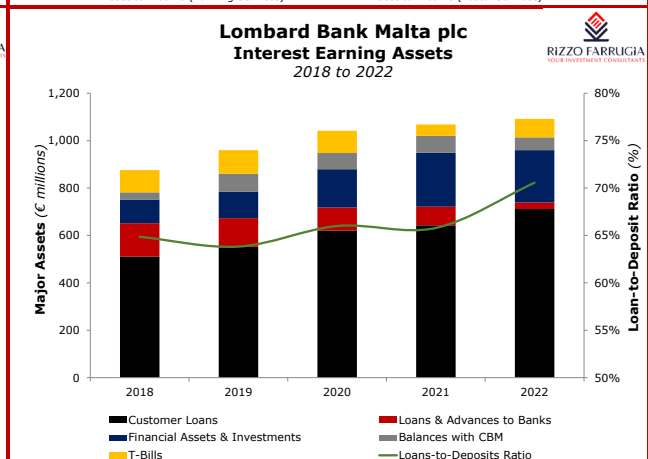
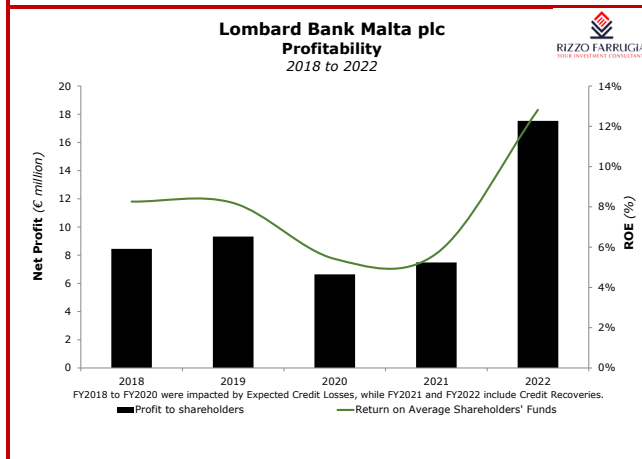
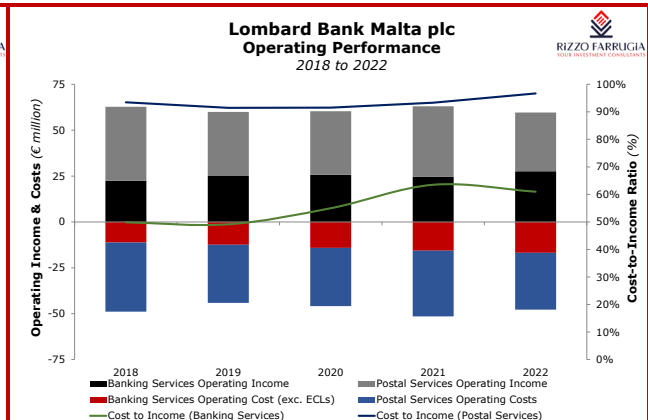
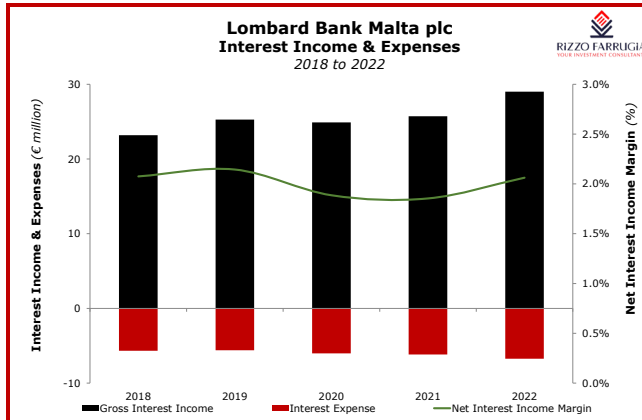
KEY FINANCIAL HIGHLIGHTS & METRICS

Lombard Bank Malta plc – The Group	2018	2019	2020	2021	2022	H1 2023	
Net Interest Income (€000)	17,511	19,680	18,872	19,556	22,276	12,690	
Non-Interest Income (€000)	45,274	40,257	41,470	43,508	37,352	22,562	
Total Operating Income (€000)	62,785	59,937	60,342	63,064	59,628	35,252	
Banking Services Operating Income (€000)	22,453	25,334	25,687	24,679	27,612	N.A.	
Postal Services Operating Income (€000)	40,332	34,603	34,655	38,385	32,016	N.A.	
Operating Costs (€000)	(48,830)	(44,034)	(45,731)	(51,623)	(47,794)	(27,815)	
Provisions for Liabilities & Other Charges (€000)	(60)	(60)	(115)	135	(2)	(20)	
Net Impairment (Charge)/Reversal (€000)	(234)	(549)	(3,973)	1,464	16,243	(1,882)	
Operating Profit (€000)	13,661	15,294	10,523	13,040	28,075	5,535	
Banking Services Operating Profit (€000)	11,025	12,335	7,591	10,474	27,016	N.A.	
Postal Services Operating Profit (€000)	2,636	2,959	2,932	2,567	1,059	N.A.	
Share of Results of Equity-Accounted Investees (€000)	109	0	(151)	(402)	(399)	(134)	
Profit before Tax (€000)	13,770	15,294	10,372	12,638	27,676	5,401	
Tax Charge (€000)	(4,831)	(5,424)	(3,230)	(4,759)	(10,050)	(2,023)	
Profit attributable to Non-Controlling Interests (€000)	492	550	502	398	96	131	
Profit attributable to shareholders (€000)	8,447	9,320	6,640	7,481	17,530	3,247	
Customer Loans (€000)	511,124	552,043	621,129	642,893	711,612	719,866	
Financial Assets & Investments (€000)	100,070	111,731	161,424	227,501	220,815	218,182	
Cash, T-Bills & Balances with the CBM (€000)	128,726	182,348	169,687	126,279	139,234	132,025	
Loans & Advances to Banks (€000)	140,581	121,060	96,985	78,279	27,615	33,441	
Total Assets (€000)	950,069	1,042,297	1,130,955	1,175,391	1,203,415	1,211,190	
Risk-Weighted Assets (€000)	672,948	682,016	757,135	805,762	843,967	845,013	
Customer Deposits (€000)	788,044	864,993	941,110	977,143	1,008,431	1,009,300	
Total Equity (€000)	115,835	126,802	133,762	145,770	144,300	147,901	
Shareholders' Funds (€000)	108,310	119,128	126,021	137,300	136,210	139,930	
CET1 Capital & Total Capital (€000)	98,677	109,158	119,793	130,145	130,254	134,602	
Earnings per Share [€]	(Net Profit / Total N° of Shares in Issue)	0.091	0.100	0.072	0.081	0.190	0.035
Net Dividend per Share [€]	(Net Dividend / Total N° of Shares in Issue)	0.015	0	0.009	0.009	0	0
Payout Ratio [%]	(Net Dividend per Share / Earnings per Share)	17.0	N.A.	13.0	11.6	N.A.	N.A.
Net Asset Value per Share [€]	(Shareholders' Funds / Total N° of Shares in Issue)	1.168	1.284	1.359	1.480	1.469	1.509
Net Interest Margin [%]	(Net Interest Income / Average Interest Earning Assets)	2.08	2.14	1.89	1.85	2.06	2.30
Net Interest Margin [%]	(Net Interest Income / Gross Interest Income)	75.5	77.8	75.8	76.0	76.8	78.1
Cost-to-Income Ratio [%]	(Operating Costs / Operating Income)	77.8	73.5	75.8	81.9	80.2	78.9
Return on Equity [%]	(Net Profit / Average Shareholders' Equity)	8.26	8.20	5.42	5.68	12.8	4.70
Return on Assets [%]	(Profit after Tax / Average Assets)	0.98	0.99	0.66	0.68	1.48	0.56
Loan-to-Deposit Ratio [%]	(Customer Loans / Customer Deposits)	64.9	63.8	66.0	65.8	70.6	71.3
Non-Performing Loan Ratio [%]		8.7	6.7	8.2	6.4	3.5	3.9
Common Equity Tier I Ratio [%]	(CET I Capital / Risk-Weighted Assets)	14.7	16.0	15.8	16.2	15.4	15.9
Capital Adequacy Ratio [%]	(Total Own Funds / Risk-Weighted Assets)	14.7	16.0	15.8	16.2	15.4	15.9
Leverage Ratio [times]	(Average Assets / Average Equity)	8.38	8.21	8.34	8.25	8.20	8.26

Note: Metrics calculated 'per share' refer to the amount of outstanding shares as at the Rights Issue cut of date of 92,743,931 shares.

RISK FACTORS

The value of investments may increase as well as decrease and past performance is not an indication of future performance. Lombard is subject to a number of risks pertaining to the nature of its business. Prospective investors are urged to read the Risk Factors found in the Prospectus dated 20 September 2023, copies of which are available by email upon request or from our website at <http://rizzofarrugia.com>.



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