



# LOMBARD

## CIRCULAR TO SHAREHOLDERS

This Circular to Shareholders ('Circular') is being issued by Lombard Bank Malta p.l.c., a public limited liability company bearing Maltese company registration number C1607 and having its registered office at 67, Republic Street, Valletta, Malta VLT 1117 (the 'Bank'), pursuant to Chapter 6 of the Listing Rules of the Listing Authority.

The Bank's 2021 Annual General Meeting ('AGM') will be held remotely on Friday, 28 May 2021 at 9.30am in accordance with the Companies Act (Public Companies – Annual General Meetings) Regulations, 2020 (L.N. 288 of 2020).

This Circular is being sent to all shareholders entitled to participate in and vote at the forthcoming AGM so as to enable them to understand better the nature of the ordinary resolutions concerning special business that are to be considered at the AGM and to provide the necessary information about the resolutions to assist shareholders make informed decisions.

**This Circular is important and requires the immediate attention of all shareholders who shall be required to participate in and vote at the AGM. Shareholders are advised that they should consider consulting an appropriate independent professional advisor should they be in doubt as to the import of this document and/or any action required of them.**

**This Circular is to be considered as complementary to the Notice to Shareholders and should be read in conjunction with the same.**

**Where any or all of the shares held by a recipient of this Circular have been sold or transferred, this Circular, the Notice to Shareholders and all other relevant documentation, or copies thereof, should be immediately passed on to the person through whom the sale or transfer was effected for onward transmission to the purchaser or transferee of the shares.**

## INTRODUCTION

As indicated in the Notice to Shareholders, apart from the five (5) ordinary resolutions concerning ordinary business to be considered at the forthcoming AGM, the Bank's shareholders are being requested to also consider, and if deemed fit, approve another two (2) ordinary resolutions constituting special business.

These resolutions relate to (a) a bonus share issue of 1 bonus share for every 75 shares held and (b) the Remuneration Report as set out in the Bank's Annual Report for the financial year ended 31 December 2020 (Advisory Vote). Further explanation is provided hereunder.

## SPECIAL BUSINESS - ORDINARY RESOLUTION: BONUS SHARE ISSUE

### Resolution:

- (a) That the amount of €147,260 be capitalised from the Bank's Retained Earnings Account for the purpose of issuing 589,039 fully paid ordinary shares of a nominal value of €0.25 per share representing 1 bonus share for every 75 shares held as approved by the directors to be allotted to the eligible members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 23 June 2021, thereby increasing the issued share capital from the current 44,177,914 shares to 44,766,953 shares of €0.25 each fully paid up resulting in a paid up capital of €11,191,738.

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

**(b) Since the allocation ratio of bonus shares to registered shares held by the eligible member is 1 bonus share for every 75 shares held, the Bank shall, where the number of shares held by the eligible member is not exactly divisible by 75, round up the allocation to the nearest share whenever the mathematical result of the allocation formula contains a fractional entitlement which is of 0.5 of a share or more, and round down to the nearest share in the event that the mathematical result of the allocation formula contains a fractional entitlement which is of less than 0.5 of a share.**

The Board of Directors is proposing a bonus share issue of one (1) share for every seventy five (75) shares held to the members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 23 June 2021.

This will be achieved by the transfer of €147,260 from the Bank's Retained Earnings Account for the purpose of issuing 589,039 fully paid ordinary shares of a nominal value of €0.25 per share.

Following this bonus share issue, the issued share capital of the Bank will, on the 24 June 2021, increase from the current 44,177,914 ordinary shares of a nominal value of €0.25 each to 44,766,953 shares of €0.25 each fully paid up resulting in an increase in paid up capital from €11,044,478 to €11,191,738.

The last date on which transfers will be accepted for registration with the Bank, in order for shareholders to participate in the bonus share issue is 21 June 2021. The Share Register as at close of trading on 23 June 2021 will include trading undertaken up to and including 21 June 2021.

An application will be made for the listing of the bonus issue on the Malta Stock Exchange and the shares issued pursuant to the bonus issue will rank *pari passu* with the existing listed share capital of the Bank. The shares issued in terms of this bonus issue are expected to be admitted to listing on 24 June 2021 and trading therein is expected to commence on 25 June 2021.

PROPOSED CHANGES TO SHARE CAPITAL	POSITION AS AT 31 DEC 2020	BONUS ISSUE OF 1 FOR 75	POSITION AFTER BONUS ISSUE
NUMBER OF AUTHORISED SHARES	80,000,000		80,000,000
VALUE PER SHARE	€0.25	€0.25	€0.25
VALUE OF AUTHORISED SHARE CAPITAL	€20,000,000		€20,000,000
NUMBER OF ISSUED AND PAID UP SHARES	44,177,914	589,039	44,766,953
VALUE OF ISSUED AND PAID UP CAPITAL	€11,044,478	€147,260	€11,191,738
AMOUNT OF CAPITALISATION FROM RETAINED EARNINGS ACCOUNT		€147,260	

## **SPECIAL BUSINESS - ORDINARY RESOLUTION: REMUNERATION REPORT – ADVISORY VOTE**

### **Resolution:**

**That the Remuneration Report as set out in the Bank's Annual Report for the financial year ended 31 December 2020 be hereby approved.**

In accordance with provisions set out in Chapter 12 of the Listing Rules of the Listing Authority transposing the relevant provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (the 'Shareholder Rights Directive II'), the Bank's Remuneration Policy for Directors was drawn up in terms of the Listing Authority Listing Rule 12.26A et seq. This was approved by the AGM on 2 December 2020 and became effective from such date.

The Listing Rules further require that the Bank draw up a clear and understandable Remuneration Report in line with the provisions established in Appendix 12.1 thereof in relation to the above-mentioned Remuneration Policy for Directors. Furthermore, the Listing Rules stipulate that the AGM shall have the right to hold an advisory vote (i.e. a non-binding vote which seeks the opinion of shareholders) on the Remuneration Report of the most recent financial year.

The Remuneration Report for financial year ended 31 December 2020 is therefore being submitted to the AGM and an advisory vote on the above resolution shall be held. This is the first year that such a resolution is being put before the AGM. The Remuneration Report is included in the Bank's Annual Report which may be found on the following link: <https://www.lombardmalta.com/annual-general-meeting-2021>.

## **LIST OF INCUMBENT DIRECTORS**

The Directors of the Bank as at the date of this Circular to Shareholders are the following:- Michael C. Bonello, Joseph Said, Graham A. Fairclough, Michael Zammit and Kimon Palamidis.

## **DECLARATION BY DIRECTORS**

Michael C. Bonello, Joseph Said, Graham A. Fairclough, Michael Zammit and Kimon Palamidis, being Directors of the Bank, accept responsibility for the information contained in this Circular. To the best knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Circular is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or certified copies thereof, will be available for inspection at the Bank's registered office at 67, Republic Street, Valletta, VLT 1117, Malta for at least fourteen (14) days from the date of publication of this Circular:

- (a) The Bank's current Memorandum and Articles of Association; and
- (b) The Bank's Annual Report & Financial Statements for the year ended 31 December 2020

## **DIRECTORS' RECOMMENDATION**

To the best of their knowledge and belief and to the extent of the circumstances and facts known to them, the Directors express the view that the above proposed resolutions are in the best interest of the Bank and of its shareholders. Therefore, the Board recommends that the shareholders vote in favour of the resolutions at the forthcoming AGM.

**3 May 2021**

**Approved and issued by Lombard Bank Malta p.l.c., 67, Republic Street, Valletta, VLT 1117, Malta.**