



# 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 2020 Annual General Meeting ('AGM') will be held remotely on Wednesday 2 December 2020 at 11am 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 resolution and extraordinary resolution concerning special business that are to be considered at the AGM and to provide the necessary information about the resolutions to assist shareholders to 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 four (4) 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) resolutions constituting special business, one being an ordinary resolution and the other being an extraordinary resolution.

The ordinary resolution relates to the adoption by the Bank of a Remuneration Policy for Directors (which also includes the Chief Executive Officer ('CEO')).

The extraordinary resolution concerns an amendment to the Memorandum and Articles of Association namely Article 147 relating to the circulation of annual accounts to shareholders.

Further explanation is provided hereunder.

## SPECIAL BUSINESS - ORDINARY RESOLUTION: REMUNERATION POLICY FOR DIRECTORS

### Resolution:

**"That the Remuneration Policy for Directors as set out in the Circular to Shareholders dated 30 October 2020 be hereby approved."**

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

In accordance with recently introduced provisions in Chapter 12 of the Listing Rules 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 is required to have in place a remuneration policy with respect to its directors and the Chief Executive Officer ('CEO'), which policy shall contribute to the Bank's business strategy and long-term interests, success and sustainability.

This new requirement seeks to grant shareholders the opportunity to express their views on the remuneration policy given the fundamental role of directors and chief executive officers in companies, thereby further increasing corporate transparency and accountability.

The Bank has established a remuneration policy for its directors and the CEO (hereinafter the 'Remuneration Policy for Directors'), which is being proposed for the shareholders' approval at the AGM as is required by the Listing Rules.

Shareholders have the right to vote on this Remuneration Policy for Directors, which vote shall be binding. Should the policy be approved, the effective date shall be deemed to be the date of approval by the AGM, following which, any remuneration shall be paid only in accordance with the approved policy. Should approval be forthcoming, this proposed policy would supersede any remuneration policies for directors which the Bank had in place. The document will be reviewed regularly and will remain effective for a period of four years, unless in the case of material changes it is brought earlier before the General Meeting for shareholder approval.

The Remuneration Policy for Directors is being attached to this Circular as Appendix 1.

## **SPECIAL BUSINESS - EXTRAORDINARY RESOLUTION: AMENDMENT TO THE MEMORANDUM & ARTICLES OF ASSOCIATION**

### **Resolution:**

**That an amendment to the Bank's Memorandum and Articles of Association be hereby approved to allow for Article 147 of the Articles of Association to be deleted and replaced as follows, as explained in the Circular to Shareholders dated 30 October 2020:**

***147. A copy of the profit and loss account and balance sheet (including every document required by law to be comprised therein or annexed thereto) which are to be laid before the Company in General Meeting, together with a copy of the Auditors' report and Directors' report, (hereinafter all of the aforesaid to be collectively referred to as the 'Annual Accounts'), shall, not less than twenty-one (21) days before the date of the General Meeting at which they are to be laid, be sent to every member, stockholder and/or debenture holder of the Company and any other person entitled to receive notices of General Meetings under the provisions of the Act, any other law, rule or regulation or these Articles.***

***Provided that this Article shall not require a copy of the aforesaid Annual Accounts to be sent to any person of whose address the Company is not aware or to more than one holder in the case of joint holders of shares.***

***Provided further that the Company shall not be required to send a printed copy of the Annual Accounts to: (i) Members of the Company who have been duly given notice of the General Meeting at which the Annual Accounts are to be laid, where the Company has made available to its Members an electronic copy of such Annual Accounts on its website or otherwise, and has notified such Members accordingly; and (ii) holders of debentures who are not entitled to receive notices of General Meetings of the Company.***

***Notwithstanding the aforesaid, the Company shall provide a printed copy of the Annual Accounts to any of its Members upon their written request.***

This amendment is being proposed so as to align the Bank's Memorandum and Articles of Association with amendments effected to the provisions of Article 180(2) of the Companies Act (Chapter 386 - Laws of Malta) by virtue of Act XXVI of 2019 – Various Financial Services Laws (Amendment) Act, 2019.

These amendments have, inter alia, permitted that, unless otherwise provided in its Memorandum and Articles of Association, a company shall not be required to circulate a printed hard copy of its annual accounts for the relative accounting period to its members if (i) such members have been duly notified of the General Meeting at which the annual accounts are to be laid; and (ii) the company has made available to its shareholders an electronic copy of such annual accounts, either on its website or otherwise, and has informed them accordingly. A printed copy of such annual accounts must be provided to any member upon written request.

Should this proposed resolution be passed, the Bank will therefore be able to upload a copy of the annual accounts on its website and will not be required to send printed copies to all shareholders as is currently the procedure. This will result in a reduction in substantial costs relating to printing and mailing and this apart from environmental considerations. Nonetheless, printed copies of the annual accounts will still be sent to those shareholders who place a written request to the Bank.

## **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 Financial Report for the year ended 31 December 2019; and
- (c) The Bank's Half-Yearly Financial Report for the period ended 30 June 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.

**30 October 2020**

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