



LOMBARD

Lombard Bank Malta p.l.c.

PROSPECTUS

dated 20 September 2023

**Rights Issue of
two New Ordinary Shares for every three Shares held
as at the Record Date at an Offer Price of €0.75 per New
Ordinary Share in**

LOMBARD BANK MALTA P.L.C.

Legal Counsel

Sponsors & Co-Managers

Registrar



CAMILLERI PREZIOSI
ADVOCATES



RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS



MALTA
STOCK EXCHANGE



Calamatta Cuschieri

Summary

dated 20 September 2023

This document is a Summary issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation, in respect of a

**Rights Issue of
two New Ordinary Shares for every three Shares held as at the Record Date at an Offer Price
of €0.75 per New Ordinary Share in**

LOMBARD BANK MALTA P.L.C.

and in the event of Lapsed Rights, the Excess Shares Offer (ISIN MT0000040106)

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH
COMPANY REGISTRATION NUMBER C 1607

Legal Counsel



Sponsors & Co-Managers



Registrar



THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

APPROVED BY THE BOARD OF DIRECTORS



Michael C. Bonello



Joseph Said

signing in their own capacity as Directors of the Issuer and on behalf of Graham A. Fairclough, Kimon Palamidis and Peter Perotti, as their duly appointed agents.

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer, the Rights Issue, and the Excess Shares Offer. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the New Ordinary Shares, summarised details of which are set out below:

FULL LEGAL AND COMMERCIAL NAME OF THE ISSUER	Lombard Bank Malta p.l.c.
REGISTERED ADDRESS	67, Republic Street, Valletta VLT 111, Malta
REGISTRATION NUMBER	C 1607

LEGAL ENTITY IDENTIFICATION (LEI) NUMBER	529900UIRB65OY6U4B21
DATE OF REGISTRATION	13 May 1969
TELEPHONE NUMBER	+356 25581117
EMAIL	mail@lombardmalta.com
WEBSITE	www.lombardmalta.com
NATURE OF THE SECURITIES	61,828,332 ordinary shares of a nominal value of €0.125 per share to form part of the issued share capital of the Bank further to subscription thereof by Existing Shareholders pursuant to the Rights Issue and by Applicants pursuant to the Excess Shares Offer
ISIN OF THE SHARES	MT0000040106
COMPETENT AUTHORITY APPROVING THE PROSPECTUS	The Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta)
ADDRESS, TELEPHONE NUMBER AND OFFICIAL WEBSITE OF THE COMPETENT AUTHORITY APPROVING THE PROSPECTUS	Address: Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business, District, Birkirkara, CBD 1010, Malta Telephone number: +356 21 441 155 Official website: www.mfsa.mt
PROSPECTUS APPROVAL DATE	20 September 2023

Prospective investors are hereby warned that:

- i. this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the New Ordinary Shares being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
- ii. any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- iii. an investor may lose all or part of the capital invested in subscribing for New Ordinary Shares;
- iv. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- v. civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the New Ordinary Shares.

2. KEY INFORMATION ON THE ISSUER

2.1. Who is the Issuer of the securities?

2.1.1. Domicile and legal form, its LEI and country of incorporation

The Issuer is Lombard Bank Malta p.l.c., a public limited liability company registered in Malta in terms of the Companies Act. The legal entity identifier (LEI) number of the Issuer is 529900UIRB65OY6U4B21.

2.1.2. Principal Activities of the Issuer

The Issuer is licensed by the MFSA to carry on the activities of a credit institution in terms of the Banking Act, to carry out investment services in terms of the Investment Services Act and is an enrolled Tied Insurance Intermediary of IVALIFE Insurance Limited under the Insurance Distribution Act. The activities undertaken by the Bank include deposit-taking, commercial and retail lending, investment services, investment management services to undertakings for collective investment schemes, international business banking services, and tied insurance intermediary services.

2.1.3. Major Shareholders of the Issuer

The entire issued share capital of the Issuer is admitted to the Official List of the Malta Stock Exchange p.l.c.. As at the date of this Summary the following shareholders hold in excess of 5% of the issued share capital of the Issuer having voting rights: the National Development & Social Fund holds 45,454,082 shares equivalent to 49.01% of the Issuer's total issued share capital, Virtu Holdings Limited holds 9,169,773 shares equivalent to 9.89% of the Issuer's total issued share capital, and First Gemini p.l.c. holds 4,921,102 shares equivalent to 5.31% of the Issuer's total issued share capital.

2.1.4. Board of Directors of the Issuer

The Board of Directors of the Issuer is composed of the following persons: Michael C. Bonello (Chairman and Independent Non-Executive Director), Joseph Said (Executive Director and Chief Executive Officer), Graham A. Fairclough (Non-Executive Director), Kimon Palamidis (Independent Non-Executive Director), and Peter Perotti (Independent Non-Executive Director). It is pertinent to note that, as announced by the Bank on 6 June 2023 pursuant to company announcement LOM 285, by letter dated 29 May 2023, the National Development and Social Fund has, in terms of the Articles of Association, appointed Mr Paul Abela and Dr John Bonello as non-executive directors of the Bank. The appointment of Mr Abela and Dr Bonello is subject to regulatory processes which as at the date of this Summary are still ongoing.

2.1.5. Statutory Auditors

The auditors of the Issuer as of the date of this Summary and for the financial years ended 31 December 2020, 2021 and 2022 are PricewaterhouseCoopers of 78, Mill Street, Qormi QRM 3101, Malta (Accountancy Board reg. no. AB/26/84/38).

2.2. What is the key financial information regarding the Issuer?

The key financial information regarding the Issuer is set out below:

Income Statement (€'000)					
	FY2022	FY2021	FY2020	6-mth period ended 30 Jun'23	6-mth period ended 30 Jun'22
Net interest income	22,276	19,556	18,872	12,690	10,130
Net fee and commission income	5,416	5,211	4,739	2,600	2,893
Net movement in expected credit losses	16,243	1,464	(3,973)	(1,882)	12,131
Net trading income	793	615	539	71	433
Operating profit	28,075	13,040	10,523	5,535	17,318
Profit attributable to equity holders of the Bank	17,530	7,481	6,640	3,247	10,891
Earnings per share (€)	0.19	0.08	0.07	0.04	0.12

Statement of Financial Position (€'000)				
	FY2022	FY2021	FY2020	6-mth period ended 30 Jun'23
Total Assets	1,203,415	1,172,646	1,130,955	1,211,190
Senior Debt	N/A	N/A	N/A	N/A
Subordinated Debt	N/A	N/A	N/A	N/A
Loans and advances to customers	711,612	642,893	621,129	719,866
Amounts owed to customers	1,008,431	977,143	941,110	1,009,300
Total Equity	144,300	145,770	133,762	147,901
Non-performing loans	27,812	51,757	66,483	28,795
Common Equity Tier 1 Capital (CET1) ratio	15.4%	16.2%	15.8%	15.9%
Total capital ratio	15.4%	16.2%	15.8%	15.9%
Leverage ratio	10.8%	11.1%	10.5%	10.9%
Total Liabilities	1,059,115	1,026,876	997,193	1,063,289

2.3. What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

2.3.1. Exposure to risks inherent in the Bank's business

This risk relates to the Bank's exposure to uncertainty from different sources including but not limited to the following:

- *Credit risk*: risks arising from adverse changes in the credit quality and recoverability of loans, securities and amounts due from counterparties are inherent in the Bank's business. The financial and capital strength of the Bank, and its profitability, depend in part on the creditworthiness of its customers.
- *Market risk*: market risk refers to the adverse impact of movements in market prices or rates such as interest rates, credit spreads and foreign exchange rates. In the event that market risks were to materialise, the Group may experience significant losses in the value of its investment portfolio, declines in the level of interest income, and negative movements in the fair values of its assets and liabilities.
- *Regulatory risk*: the Bank is subject to various prudential and regulatory requirements aimed at consumer protection, bank safety, risk mitigation, and adherence to economic objectives. The Bank faces risks in navigating a dynamic regulatory landscape, needing to comply with consumer credit rules, maintain sufficient capital and liquidity, and adhere to specified ratios. Evolving, stricter, or new regulations, along with changing regulatory interpretations, could lead to revenue loss, restricted business opportunities, and increased compliance costs.
- *Strategy risk*: strategy risk is the risk of suffering potential losses due to, among others, radical changes in the business environment or a lack of responsiveness to changes in the business environment, and, or improper implementation of strategic decisions. There can be no guarantee that the Bank's chosen strategies will be successful. This may have a negative impact on the Bank's risk profile and, consequently, on its capital positioning, profitability, earnings, as well as its overall strategic direction in the long run.
- *Liquidity risk*: liquidity risk refers to the possibility that the Bank may find itself unable to meet its current and future, anticipated and unforeseen, cash payment and delivery obligations, without impairing its day-to-day operations or financial position. The activity of the Bank is subject to funding liquidity risk, market liquidity risk, mismatch risk, and contingency risk, all of which could have a negative impact on the financial position of the Group.
- *Litigation risk*: legal, regulatory and administrative action against credit institutions is increasing for a number of reasons including the evolving regulatory regime and higher expectations from regulators, investors, customers and other stakeholders. In particular, the Bank is exposed to a financial crime compliance risk, which could arise from failing to adhere to anti-money laundering and anti-terrorism financing rules, identify suspicious transactions, or safeguard against financial crime. Failure to comply could lead to sanctions, regulatory intervention, reputational damage, and financial impact.
- *Risks associated with the Recovery and Resolution Regulations*: The Bank is bound by the BRRD regulations, enacted in Maltese law through the Recovery and Resolution Regulations, collectively referred to as the "BRRD Package." These regulations empower competent authorities and resolution bodies to swiftly intervene in a struggling or failing bank to preserve critical

financial functions, in order to minimise economic and financial system repercussions. The Resolution Committee, appointed under the BRRD, may exercise the resolution tools, actions and powers it is entitled to exercise in terms of the Recovery and Resolution Regulations, including the power to: (i) effect a sale of the whole or part of the business; (ii) transfer to a bridge institution shares, other instruments of ownership, assets, rights and liabilities of the Bank; (iii) transfer assets, rights and liabilities to one or more asset management vehicles; and (iv) take control of an institution.

While the Bank has processes, policies and mitigation techniques in place to identify and manage risks, the Bank may not be able to identify each potential unfavourable event. Failure to manage any of the above risks in an appropriate and, or timely manner could have a significant adverse impact on the operations and financial performance of the Group.

2.3.2. Risks relating to the current economic and market conditions

The Group may be negatively impacted by a deterioration in the economic and general business climate, at both a global and domestic level. The Group faces ongoing risks in this regard due to factors such as:

- the Russia-Ukraine war, which has led, and which may continue to lead to, increased inflation, higher credit losses, energy supply disruptions, and other factors giving rise to global economic instability. Tightening monetary policies, sanctions, and trade restrictions may also contribute to a global recession;
- adverse market developments, which could reduce customer and business confidence, give rise to an increase in default rates, and result in the revaluation and, or impairment of the Bank's assets. Furthermore, the Group's operations may be affected by reduced borrowing demand during periods of recession; and
- the decision by FATF to grey-list Malta in 2021, which induced some correspondent banks to terminate their relationship with local banks. The long-term impact of this decision (albeit since reversed) remains uncertain, affecting the Group's international business banking service, particularly as lasting reputational damage adversely affected the Bank's relationship with some of its correspondent banks.

The prolonged occurrence of any of these events or circumstances could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.3.3. The Group is subject to environmental, social, and governance related matters

The Group is subject to risks related to environmental, social, and governance (ESG) matters, including climate change, societal impact on nature, and human rights violations. Nature-related risks, such as economic dependency on nature, pose broader risks through market, credit, reputational, and regulatory avenues, potentially affecting the Group's business and reputation. The Group is also susceptible to governance risks which may arise from inadequate management and control, and could relate to areas like financial crime, regulatory compliance, fraud, systems and processes which would in turn affect income and capital. For the purposes of complying with ESG-related disclosure requirements, the Bank relies on various data sources for reporting, with improving data quality but still limited comparability. Failure to address ESG concerns and requirements appropriately could have financial and non-financial impacts for the Group which could, in turn, have a material adverse effect on its business, financial condition, results of operations, reputation, prospects and strategy.

2.3.4. The Group operates in markets that are highly competitive

The financial services industry, both in Malta and globally, is highly competitive, with factors like market shifts, regulations, customer demands, and technological advancements contributing to increased competitive pressures. The Group faces competition from existing players with larger resources and potential new entrants. The Group's competition strategy revolves around relationship-building, customer service quality, diverse product offerings, distribution channels, flexibility, and reputation. It must also maintain competitive pricing. The Group's success relies on meeting service quality, adapting to customer behaviour and technology, and investing in skilled talent. Failure to do so could result in loss of market share and negatively impact the Group's business, financial status, results, and prospects.

2.3.5. The Group is dependent on its information technology systems

The Group depends on its information technology systems for accurate transaction processing, data storage, and business operations. Potential disruptions, stemming from factors beyond the Group's control like natural disasters, power outages, human error and cyber-attacks, could substantially disrupt the Group's business activities. The risks posed by cyber-attacks, in particular, may continue to increase due to factors such as the increasing demand for services delivered over the internet, increased reliance on internet-based products, applications and data storage, and malicious cyber activity. The accuracy of automated processes depends on precise data inputs, and errors may have significant repercussions given the high transaction volume, potentially leading to financial losses, regulatory penalties, and claims.

2.3.6. Concentration risk

Concentration risk arises due to a high level of exposure by the Bank to: (i) individual issuers or counterparties (single name concentration); (ii) a group of connected clients; (iii) industry sectors and geographical regions or countries (sectoral concentration); (iv) a single currency; and, or (v) credit exposures secured by a single security. Given the size and nature of the domestic financial sector and the local economy, the Bank is exposed to concentration risk in its credit business. Any major downturn in economic activity in markets where the Bank is exposed to concentration risk could have a significant adverse impact on the financial performance and financial condition of the Bank.

2.3.7. Systemic risk

The Bank may be negatively affected by "systemic" risk, which is the risk that a default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, or a governmental "bail out" of, or "bail in" of, one institution could lead to significant liquidity problems, including increases in the cost of liquidity, losses or defaults by other institutions. Such systemic risk

could have a material adverse effect on the Bank's ability to raise new wholesale funding, which could affect its business, financial condition, results of operations, liquidity and, or prospects.

3. KEY INFORMATION ON THE SECURITIES

3.1. What are the main features of the securities?

ISIN of the Shares:	MT0000040106
Description and amount of the New Ordinary Shares	61,828,332 ordinary shares of a nominal value of €0.125 per share to form part of the issued share capital of the Bank further to subscription thereof by Existing Shareholders pursuant to the Rights Issue and by Applicants pursuant to the Excess Shares Offer. Rights have been issued and allocated on the basis of the ratio of two New Ordinary Shares for every three Shares held by Existing Shareholders as at the Record Date. Accordingly, Eligible Participants are entitled to acquire two New Ordinary Shares for every three Shares held at an Offer Price of €0.75 per New Ordinary Share. Through the Rights Issue, and assuming the take up in full of all New Ordinary Shares, the number of issued shares in the Bank will increase from 92,743,931 to up to 154,572,263 (following rounding). The New Ordinary Shares, once issued, would constitute an increase of <i>circa</i> 67% in the issued share capital of the Bank.
Class:	The New Ordinary Shares shall rank equally with, and form part of, the only class of ordinary shares in issue in the Bank and shall accordingly have the same rights and entitlements as all other ordinary shares of the Bank currently in issue.
Offer Price:	The price of €0.75 per New Ordinary Share.
Minimum amount per subscription:	i. The minimum number of New Ordinary Shares that an Eligible Participant may subscribe for is two. ii. The minimum subscription amount that Applicants may subscribe for is 1,000 New Ordinary Shares and in multiples of 100 New Ordinary Shares thereafter.
Denomination:	Euro (€)
Form:	The New Ordinary Shares will be issued in fully registered and dematerialised book-entry form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or the Bank.
Rights attaching to the New Ordinary Shares:	i. The New Ordinary Shares shall carry the right for the holders thereof to participate in any distribution of dividends declared by the Bank; ii. The New Ordinary Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether in the context of a winding up or otherwise, <i>pari passu</i> with all other shares of the Bank; iii. Each New Ordinary Share shall entitle the holder thereof to one vote at meetings of Shareholders; and iv. Should any shares in the Bank be proposed for allotment for consideration in cash, such shares must be offered on a pre-emptive basis to the existing holders of shares, including holders of New Ordinary Shares, in proportion to the respective share capital held by each of them immediately prior to any new issue of shares.
Transferability	The New Ordinary Shares are freely transferable and once admitted to the Official List shall be transferable in accordance with the applicable rules and regulations thereof.
Dividend Policy	It is the Board of Directors' objective to recommend a dividend distribution of <i>circa</i> one third of profits, subject to the requirements of the Bank at the time and regulatory approval.

3.2. Where will the securities be traded?

Application has been made to the Malta Stock Exchange for the New Ordinary Shares to be listed and traded on its Official List.

3.3. What are the key risks that are specific to the securities?

3.3.1. Suitability

The acceptance of the Rights Issue and the consequent subscription of part or all of the Proportionate Entitlement will increase the exposure of Existing Shareholders to the Bank and its future performance. Any additional exposure to the Shares may not be suitable for every Existing Shareholder. Accordingly, Existing Shareholders are urged to consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act as to the suitability or otherwise of a further investment in the Shares before making an investment decision to accept their Proportionate Entitlement under the Rights Issue and any Excess Shares they may subscribe for. Additionally, an investment in the New Ordinary Shares may not be suitable for all Eligible Participants, including Assignees, and an investment in the Excess Shares may not be suitable for all investors subscribing to Excess Shares, and prospective investors are urged to read and fully understand the provisions of the Prospectus and consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act as to the suitability or otherwise of an investment in the New Ordinary Shares before making an investment decision.

3.3.2. Risks associated with Recovery and Resolution Regulations specific to the value of the Shares

The Bank is bound by the BRRD Package. In seeking to swiftly intervene in a struggling or failing bank, competent authorities and resolution bodies may apply resolution tools, actions and powers including the power to reduce, to as low as zero, the nominal amount of the Shares, and to cancel the Shares or other instruments of ownership.

3.3.3. Orderly and liquid market

The existence of an orderly and liquid market for the New Ordinary Shares depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the New Ordinary Shares at any given time and the general economic conditions in the market in which the New Ordinary Shares are traded. Should there not be a liquid market in the New Ordinary Shares, there can be no assurance that an investor will be able to trade in New Ordinary Shares.

3.3.4. Volatility in the price of the Shares

Following the completion of the Offer and allocation of New Ordinary Shares, the trading price and volume of trades in the Shares, including the New Ordinary Shares, may vary and cannot be guaranteed. Price movements are influenced by diverse factors, some specific to the Bank, its operations, and strategies. Unexpected operating results or economic conditions, strategic actions, speculation, analyst reports, and regulatory changes, among other factors, could impact the Shares' price and performance, and limited trading could increase volatility and hinder investor trading.

3.3.5. Dividends

Whilst it is the Board of Directors' objective to recommend a dividend distribution of circa one third of profits, subject to the requirements of the Bank at the time and to regulatory approval, there is no guarantee that dividends will be paid by the Bank. Any dividend on the Shares will be conditional on, and may be limited by, the performance of the Bank.

3.3.6. Dilution

Existing Shareholders who do not exercise the subscription rights granted under the Rights Issue will have their percentage shareholding in the Bank reduced and their voting rights diluted. This dilution will be proportional to the percentage by which the share capital of the Issuer is increased and to the extent by which the Existing Shareholder does not participate in the Rights Issue. Transferring unexercised Rights might not fully compensate for resulting ownership dilution caused by the Rights Issue.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. Under which conditions and timetable can I invest in this security?

4.1.1. Application for the New Ordinary Shares

The New Ordinary Shares are open for subscription, in the following order of preference, by: (i) Existing Shareholders up to their Proportionate Entitlement during the Rights Issue Offer Period; (ii) Assignees up to the Assigned Entitlement in their favour during the Rights Issue Offer Period; (iii) Existing Shareholders who have accepted their Proportionate Entitlement in full and applied for Excess Shares during the Rights Issue Offer Period, to the extent that following (i) and (ii) there shall remain Excess Shares; (iv) Preferred Applicants applying for Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period, to the extent that the Excess Shares have not been subscribed in full pursuant to (iii); and (v) Applicants, not being Preferred Applicants, applying for Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period, to the extent that the Excess Shares have not been subscribed in full pursuant to (iii) and, if applicable, (iv).

Eligible Participants shall return the Forms of Acceptance, Authority and Election (FAAE) to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period. The FAAEs, once duly completed, executed and lodged with an Authorised Financial Intermediary by the Eligible Participant, shall constitute a binding contract between the Issuer and the Eligible Participant, whereby the Eligible Participant shall be bound to subscribe for and acquire the number of New Ordinary Shares forming part of the Rights Issue as are indicated in the FAAE and to effect payment therefor.

Applicants that wish to apply for Excess Shares during the Excess Shares Offer Period are to lodge their Application Form indicating their Application for Excess Shares through the Authorised Financial Intermediaries. Preferred Applicants are to complete an Application Form 'A', whereas investors not being Existing Shareholders or Preferred Applicants are to complete an Application Form 'B'.

4.1.2. Allocation policy

The Bank shall allocate the New Ordinary Shares arising from the exercise of Rights and the subscription to Excess Shares on the basis of the following policy:

- i. it shall first satisfy in full the exercise by all Existing Shareholders of their Rights and in the case of Assignees, of the Assigned Entitlement;
- ii. in the event that following the allocations made pursuant to (i) above there shall still remain unallocated New Ordinary Shares, the Issuer shall then allocate such unallocated New Ordinary Shares to those Existing Shareholders that have accepted their Proportionate Entitlement in full and have acquired Excess Shares during the Rights Issue Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares available for allocation during the Rights Issue Offer Period, then each application for Excess Shares shall be scaled down in such manner as shall be determined by the Issuer at its own discretion;
- iii. in the event that following the allocations made pursuant to sections (i) and (ii) above, there shall remain Excess Shares for allocation to investors, the Issuer shall allocate such Excess Shares to Preferred Applicants who have submitted an Application to acquire Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares during the Excess Shares Offer Period, then each application for Excess Shares by Preferred Applicants shall be scaled down in such manner as shall be determined by the Issuer at its own discretion; and

- iv. in the event that following the allocations made pursuant to (i), (ii) and (iii) above, there shall remain Excess Shares for allocation to investors, the Issuer shall allocate such Excess Shares to any other Applicants (who are not Preferred Applicants) who have submitted an Application to acquire Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares during the Excess Shares Offer Period, then each application for Excess Shares by Applicants (who are not Preferred Applicants) shall be scaled down in such manner as shall be determined by the Issuer at its own discretion.

In the event that following the events specified in (i) and, if applicable, (ii) above:

- there shall not be any remaining Excess Shares available for allocation to Preferred Applicants or other Applicants, the Excess Shares Offer shall not take place and the events specified in (iii) and (iv) above shall not apply;
- there shall remain Excess Shares available for allocation to Preferred Applicants and, if applicable, other Applicants, the Excess Shares Offer shall take place. In such case, in the event that an Applicant has not been allocated any New Ordinary Shares or has been allocated a number of Shares which is less than the number applied for, the Applicant shall receive a refund of the full amount or the balance of the price of the Shares applied for but not allocated, as the case may be, without interest, by credit transfer to such account as designated by the Applicant, at their sole risk within five Business Days from the date of announcement of basis of acceptance. The Bank and the Registrar shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

4.1.3. Total estimated expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor & Co-Manager fees, Registrar fees, selling commission, and other miscellaneous expenses in connection with the Offer are estimated not to exceed €1,000,000 and shall be borne by the Bank. There is no particular order of priority with respect to such expenses.

4.1.4. Expected timetable

1.	FAAE mailed to Existing Shareholders	27 September 2023
2.	Commencement of Rights Issue Offer Period	28 September 2023
3.	Closing of Rights Issue Offer Period	26 October 2023
4.	Announcement of the results of the Rights Issue	1 November 2023
5.	Opening of Excess Shares Offer Period	1 November 2023
6.	Closing of Excess Shares Offer Period	27 November 2023
7.	Announcement of the results of the Excess Shares Offer	4 December 2023
8.	Refunds of unallocated monies (if any)	11 December 2023
9.	Dispatch of allotment letters	11 December 2023
10.	Allotment of the New Ordinary Shares and expected date of admission of the New Ordinary Shares to listing	11 December 2023
11.	Expected date of commencement of trading in the New Ordinary Shares	12 December 2023

In the event of over-subscription of the Rights Issue, the Bank reserves the right not to open the Excess Shares Offer, in which case the events set out in points 5 to 7 above shall not take place, and the events set out in points 8 to 11 above will be brought forward but shall be kept in the same chronological order as set out above. In the event of over-subscription of the Excess Shares during the Excess Shares Offer Period, the Bank reserves the right to close the Excess Shares Offer early, in which case the events set out in points 8 to 11 above will be brought forward but shall be kept in the same chronological order as set out above.

4.2. Why is this Prospectus being produced?

4.2.1. The use and estimated net amount of the proceeds

The proceeds from the issue of New Ordinary Shares, which net of issue expenses are expected to amount to approximately €45.4 million, will be utilised by the Bank to supplement the Bank's funding requirements for the implementation of the Bank's strategic objectives, and to further strengthen its capital base with a view to ensuring that the Bank is well-positioned to meet the capital buffers required in terms of the European banking regulations. Specifically with respect to the latter, the net proceeds from the issue of New Ordinary Shares will be eligible to contribute towards the Bank meeting its minimum requirement for own funds and eligible liabilities ('MREL') prescribed by BRRD II.

4.2.2. Underwriting agreement

The Offer is not subject to any underwriting agreement on a firm commitment basis.

4.2.3. Conflicts of interest

The Issuer is an Authorised Financial Intermediary in respect of the Offer. As the Issuer of the New Ordinary Shares, the Bank has an interest in the success of the Offer. In this respect, the Issuer will not be providing investment advice in relation to subscriptions for New Ordinary Shares, however, may entertain applications for subscriptions for New Ordinary Shares on an execution only basis. In this respect, investors are strongly encouraged to seek independent and professional advice prior to participating in the Offer. As an Authorised Financial Intermediary, the Issuer shall not be subscribing for Excess Shares for its own account.

Save for the foregoing and for any fees payable to Authorised Financial Intermediaries in connection with the Offer, in so far as the Bank is aware, no person involved in the Offer has an interest, conflicting or otherwise, which is material to the Offer.

Registration Document

dated 20 September 2023

This document is a Registration Document issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

LOMBARD BANK MALTA P.L.C.

A public limited liability company registered under the laws of Malta with company registration number C 1607.



LOMBARD
Lombard Bank Malta p.l.c.

Legal Counsel



CAMILLERI PREZIOSI
ADVOCATES

Sponsors & Co-Managers



RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS



Calamatta Cuschieri

Registrar



MALTA
STOCK EXCHANGE

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS REGISTRATION DOCUMENT AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN ANY INSTRUMENT ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN ANY SUCH INSTRUMENTS. THIS REGISTRATION DOCUMENT HAS BEEN DRAWN UP AS PART OF A SIMPLIFIED PROSPECTUS IN ACCORDANCE WITH ARTICLE 14 OF THE PROSPECTUS REGULATION.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN SECURITIES ISSUED BY THE BANK.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISER.

APPROVED BY THE BOARD OF DIRECTORS

Michael C. Bonello

Joseph Said

signing in their own capacity as Directors of the Issuer and on behalf of Graham A. Fairclough, Kimon Palamidis and Peter Perotti, as their duly appointed agents.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT FORMS PART OF THE PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO LOMBARD BANK MALTA P.L.C. (THE “**BANK**” OR THE “**ISSUER**”) AND THE BUSINESS OF THE GROUP OF WHICH IT FORMS PART, AND IS DRAWN UP IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT, THE FMA AND THE PROSPECTUS REGULATION.

NO PERSON HAS BEEN AUTHORISED BY THE BANK, ITS DIRECTORS, OR ITS ADVISERS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE BANK OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS, OR ITS ADVISERS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS REGISTRATION DOCUMENT AND ANY PERSON WISHING TO ACQUIRE SECURITIES ISSUED BY THE BANK TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACQUIRING AND HOLDING SECURITIES ISSUED BY THE BANK AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE AND, OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN, OR WILL BE, TAKEN BY THE BANK THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES ISSUED BY THE BANK OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF), OR ANY OFFERING MATERIAL, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES ISSUED BY THE BANK MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS, OR ANY OTHER OFFERING MATERIAL MAY COME, MUST INFORM THEMSELVES ABOUT, AND OBSERVE, IF ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF THE SECURITIES ISSUED BY THE BANK.

UNLESS INCORPORATED BY REFERENCE IN THIS REGISTRATION DOCUMENT, THE CONTENTS OF THE BANK’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE BANK’S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE BANK.

ALL THE ADVISERS TO THE ISSUER NAMED IN SECTION 4 OF THIS REGISTRATION DOCUMENT HAVE ACTED, AND ARE ACTING, EXCLUSIVELY FOR THE BANK IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON, AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS, THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THE PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE AS WELL AS FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. INVESTORS MAY LOSE ALL OR PART OF THEIR CAPITAL INVESTED BY INVESTING IN ANY SECURITIES ISSUED BY THE BANK. PROSPECTIVE INVESTORS SEEKING TO INVEST IN THE SAID FINANCIAL INSTRUMENTS, SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN ANY SECURITIES ISSUED BY THE BANK.

STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE AND AS STATED OTHERWISE, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

A COPY OF THIS REGISTRATION DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE REQUIREMENTS OF THE ACT.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS REGISTRATION DOCUMENT, MAKES NO REPRESENTATIONS AS TO THEIR ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THIS REGISTRATION DOCUMENT.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES IS NOT QUALIFIED TO DO SO; OR (II) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OR PERFORMANCE OF THE BANK SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE BANK IS NOT OBLIGED TO SUPPLEMENT THIS REGISTRATION DOCUMENT IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.



TABLE OF CONTENTS

1. DEFINITIONS	16	9.2. CURRICULUM VITAE OF THE DIRECTORS OF THE ISSUER	48
2. RISK FACTORS	21	9.3. COMPOSITION AND APPOINTMENT OF THE BOARD OF DIRECTORS	49
2.1. GENERAL	21	9.4. ROTATION AND REMOVAL OF DIRECTORS	49
2.2. RISK FACTORS RELATING TO THE BANK AND, WHERE RELEVANT, THE GROUP	22	9.5. BOARD COMMITTEES	50
3. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL	31	9.6. SENIOR MANAGEMENT	53
3.1. PERSONS RESPONSIBLE	31	9.7. CURRICULUM VITAE OF SENIOR MANAGEMENT	53
3.2. STATEMENT OF APPROVAL	32	9.8. POTENTIAL CONFLICTS OF INTEREST	55
4. STATUTORY AUDITORS AND ADVISERS	32	10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS	56
4.1. STATUTORY AUDITORS	32	11. MAJOR SHAREHOLDERS	56
4.2. ADVISERS	32	12. RELATED-PARTY TRANSACTIONS	57
5. INFORMATION ABOUT THE ISSUER	33	13. FINANCIAL INFORMATION	57
5.1. HISTORY AND DEVELOPMENT OF THE ISSUER	33	13.1. HISTORICAL FINANCIAL INFORMATION	57
5.2. HISTORY AND DEVELOPMENT OF THE GROUP	33	13.2. KEY FINANCIAL INFORMATION	58
6. BUSINESS OVERVIEW	34	14. DIVIDEND POLICY	62
6.1. THE ISSUER AND THE GROUP	34	15. LEGAL AND ARBITRATION PROCEEDINGS	63
6.2. ORGANISATIONAL STRUCTURE	35	16. SHARE CAPITAL STRUCTURE	63
6.3. PRINCIPAL ACTIVITIES	36	17. MATERIAL CONTRACTS	63
6.4. BUSINESS STRATEGY OF THE BANK	37	18. REGULATORY DISCLOSURES	63
6.5. REGULATORY FRAMEWORK OF THE BANK	41	19. DOCUMENTS AVAILABLE	63
7. INVESTMENTS	46	ANNEX I - LIST OF DIRECTORSHIPS OF THE DIRECTORS	64
8. TREND INFORMATION	46	ANNEX II - LIST OF DIRECTORSHIPS OF THE SENIOR MANAGEMENT	65
9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	47		
9.1. THE BOARD OF DIRECTORS OF THE ISSUER	47		

1. DEFINITIONS

In this Registration Document, the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

2020 Annual Report	Annual report and accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2020;
2021 Annual Report	Annual report and accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2021;
2022 Annual Report	Annual report and accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2022;
Act	The Companies Act (Cap. 386 of the laws of Malta), as may be amended from time to time;
Authorised Financial Intermediary/ies	The financial intermediaries whose details appear in Annex I of the Securities Note;
Bank or Issuer	Lombard Bank Malta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 1607 and having its registered office at 67, Republic Street, Valletta, VLT 1117, Malta;
Banking Act	The Banking Act (Cap. 371 of the laws of Malta), as may be amended from time to time;
Banking Union	The banking union in the EU which was initiated in 2012 as a response to the Eurozone crisis and which entails the transfer of responsibility for banking policy from the national to the EU level in several countries of the EU for the purpose of ensuring that EU banks are stronger and better supervised;
Board or Board of Directors or Directors	The board of directors of the Issuer whose names are set out in section 9.1 of this Registration Document;
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended by BRRD II, and as may be further amended from time to time;
BRRD II	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, as may be amended from time to time;
Capital Markets Rules	The capital markets rules issued by the MFSA, as may be amended from time to time;
CCD	Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, as may be amended from time to time;
Central Bank of Malta	The Central Bank of Malta established by the Central Bank of Malta Act (Cap. 204 of the laws of Malta), as may be amended from time to time;
Common Equity Tier 1 or CET1	The primary component of capital under Basel III rules, consisting principally of paid-up ordinary share capital, related premium reserves, profit for the period, reserves, shareholders' equity attributable to minority interests (which can be included within limits set by the rules) and such other components as may be detailed in the CRR Regulation from time to time;

Corporate Sustainability Reporting Directive	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, as may be amended from time to time;
CRD	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as may be amended from time to time;
CRD V	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as may be amended from time to time;
CRR	Regulation (EU) 575/2013 of the European Parliament and the Council of 26 June 2013 relating to prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended by CRR II, and as may be further amended from time to time;
CRR II	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as may be amended from time to time;
DPA	The Data Protection Act (Cap. 586 of the laws of Malta) and subsidiary legislation issued thereunder, as may be amended from time to time;
EBA	The European Banking Authority established through Regulation (EC) No 1093/2010 of the European Parliament and of the Council of 24 November 2010, amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, as may be amended from time to time;
ECB	The European Central Bank, namely the central bank of the EU Member States who have adopted the Euro;
EU	The European Union;
EU Member States	The member states of the EU;
Euro or €	The lawful currency of the Eurozone;
European Commission	An institution of the EU, responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU;
FIAU	The Financial Intelligence Analysis Unit established under the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), as may be amended from time to time, which is the national agency responsible for the prevention, detection and combating of money laundering and financing of terrorism;
FMA	The Financial Markets Act (Cap. 345 of the laws of Malta), as may be amended from time to time;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as may be amended from time to time;
Government of Malta	The Government of the Republic of Malta;
Group	The Issuer and the Subsidiaries;

IFRS or IAS or International Accounting Standards	All the International Financial Reporting Standards (IFRS), all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union;
Insurance Business Act	The Insurance Business Act (Cap. 403 of the laws of Malta), as may be amended from time to time;
Insurance Distribution Act	The Insurance Distribution Act (Cap. 487 of the laws of Malta), as may be amended from time to time;
Investment Services Act or ISA	The Investment Services Act (Cap. 370 of the laws of Malta), as may be amended from time to time;
IVALIFE Insurance Limited	IVALIFE Insurance Limited, a private limited liability company registered under the laws of Malta with company registration number C 94404 and having its registered office at Centris Business Gateway II, Level 1D, Triq is-Salib tal-Imriehel, Zone 3, Central Business District, Birkirkara, CBD 3020, Malta;
Lombard Capital Asset Management Limited	Lombard Capital Asset Management Limited, a private limited liability company registered under the laws of Malta with company registration number C 98226 and having its registered office at, 67, Republic Street, Valletta, VLT 1117, Malta;
Lombard Select SICAV p.l.c.	Lombard Select SICAV p.l.c., a public limited liability company registered under the laws of Malta with company registration number SV 554 and having its registered office at 67, Republic Street, Valletta, VLT 1117, Malta;
MaltaPost p.l.c. or MaltaPost	MaltaPost p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 22796 and having its registered office at 305, Qormi Road, Marsa, MTP 1001, Malta;
Malta Communications Authority	Malta Communications Authority, established in terms of the Malta Communications Authority Act (Cap. 418 of the laws of Malta), as may be amended from time to time;
Malta Financial Services Authority or MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta), as may be amended from time to time, being the competent authority to approve prospectuses of any offer of securities to the public in Malta in terms of the FMA;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the FMA, with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Market Abuse Directive	Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (market abuse directive), as may be amended from time to time;
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as may be amended from time to time;
Memorandum and Articles of Association	The memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry. The terms “ Memorandum ”, “ Articles ” and “ Articles of Association ” shall be construed accordingly;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU (recast), as may be amended from time to time;
MiFIR	Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as may be amended from time to time;

MSE Bye-Laws	The bye-laws issued by the MSE;
NDSF	The National Development and Social Fund, as defined further in section 5.2 of this Registration Document;
Non-Financial Reporting Directive	Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups;
Official List	The list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
PostaInsure Agency Limited	PostaInsure Agency Limited, a private limited liability company registered under the laws of Malta with company registration number C 5655 and having its registered office at 4, Old Bakery Street, Valletta, Malta;
Postal Services Act	The Postal Services Act (Cap. 254 of the laws of Malta), as may be amended from time to time;
Prospectus	Collectively, this Registration Document, the Securities Note and the Summary, as such documents may be amended, updated, replaced and, or supplemented from time to time;
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as may be amended from time to time, and as supplemented in accordance with the provisions of Commission Delegated Regulation (EU) 2019/979 and Commission Delegated Regulation (EU) 2019/980 issued thereunder, as may be amended from time to time;
PSD	Directive (EU) 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC, as may be amended from time to time;
Recovery and Resolution Regulations	The Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta), as may be amended from time to time;
Redbox Limited	Redbox Limited, a private limited liability company registered under the laws of Malta with company registration number C 39314 and having its registered office at 67, Republic Street, Valletta, VLT 1117, Malta;
Registrar	The Malta Stock Exchange;
Registration Document	This document in its entirety issued by the Issuer dated 20 September 2023, forming part of the Prospectus;
Resolution Committee	The committee established within the MFSA by virtue of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) and which is responsible for the resolution of credit institutions and investment firms;
Securities Note	The securities note issued by the Issuer dated 20 September 2023, forming part of the Prospectus;
Senior Management	The persons forming part of the senior management of the Issuer whose names are set out in section 9.6 of this Registration Document;
Shareholder Rights Directive	Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, as may be amended from time to time;

Sponsor(s) and, or Co-Manager(s)	Rizzo, Farrugia & Co (Stockbrokers) Ltd, a private limited liability company registered under the laws of Malta, having company registration number C 13102 and registered office at Airways House, Fourth Floor, High Street, Sliema, SLM 1551, Malta, licensed by the MFSA and member of the MSE; and Calamatta Cuschieri Investment Services Limited, a private limited liability company registered under the laws of Malta, having company registration number C 13729 and registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta, licensed by the MFSA and member of the MSE;
SSM	The Single Supervisory Mechanism. It comprises the ECB and the national supervisory authorities of the participating countries;
Subsidiaries	Each of Lombard Capital Asset Management Limited, Lombard Select SICAV p.l.c., MaltaPost p.l.c. and Redbox Limited;
Summary	The summary issued by the Issuer dated 20 September 2023, forming part of the Prospectus;
Sustainable Finance Disclosure Regulation	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended from time to time;
Tanseana Limited	Tanseana Limited, a private limited liability company registered under the laws of Malta with company registration number C 74701 and having its registered office at 305, Triq Hal Qormi, Marsa, MTP 1001, Malta;
Taxonomy Regulation	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time;
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, as amended from time to time; and
Universal Service Provider	Universal service provider as defined in the Postal Services Act.

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice versa*;
- c. the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- d. all references in this Registration Document to “*Malta*” shall be construed as defined in Article 124(1) of the Constitution of Malta;
- e. any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Registration Document.

2. RISK FACTORS

2.1. General

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO ANY OF THE LISTED FINANCIAL INSTRUMENTS THAT WILL BE OFFERED BY THE ISSUER PURSUANT TO THIS REGISTRATION DOCUMENT. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. SUBSEQUENT RISK FACTORS IN THE SAME CATEGORY ARE NOT RANKED IN ORDER OF MATERIALITY OR PROBABILITY OF OCCURRENCE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS OF THE ISSUER AND, OR THE GROUP IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE BANK'S AND, OR THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS AS WELL AS THE ABILITY OF THE BANK TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME, INCLUDING ITS OBLIGATIONS UNDER THE RIGHTS ISSUE. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE BANK AND, OR THE GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, OR THAT THE DIRECTORS CURRENTLY DEEM IMMATERIAL, INDIVIDUALLY OR CUMULATIVELY, MAY WELL RESULT IN A MATERIAL IMPACT ON THE ISSUER'S AND, OR THE GROUP'S FINANCIAL RESULTS, CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS, AND ON THE ABILITY OF THE BANK TO FULFIL ITS OBLIGATIONS UNDER THE RIGHTS ISSUE. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES BY THE ISSUER: (I) ARE NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; (II) ARE NOT INTENDED TO CONSTITUTE, AND SHOULD NOT BE CONSTRUED AS CONSTITUTING, A RECOMMENDATION BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4 OR ANY AUTHORISED FINANCIAL INTERMEDIARY TO PURCHASE ANY OF THE LISTED FINANCIAL INSTRUMENTS THAT WILL BE OFFERED BY THE ISSUER PURSUANT TO THIS REGISTRATION DOCUMENT; AND (III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "*FORWARD-LOOKING STATEMENTS*".

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER PARTS OF THE PROSPECTUS. THE RISK FACTOR DESCRIPTIONS GIVEN BELOW SHOULD BE READ IN CONJUNCTION WITH THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, INCLUDING THE DOCUMENTS AND INFORMATION REFERRED TO THEREIN, AS WELL AS THE INFORMATION AND OTHER RISK FACTORS DESCRIBED IN THE SECURITIES NOTE RELATING TO THE LISTED FINANCIAL INSTRUMENTS THAT THE ISSUER MAY OFFER PURSUANT TO THIS REGISTRATION DOCUMENT.

FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms ‘*believes*’, ‘*estimates*’, ‘*anticipates*’, ‘*expects*’, ‘*intends*’, ‘*may*’, ‘*will*’ or ‘*should*’ or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus, and in documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Bank and, or the Directors concerning, amongst other things, the Bank’s strategy and business plans, results of operations, financial condition and performance, liquidity, prospects, dividend pay-out approach of the Issuer and the market in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Group’s actual results of operations, financial condition and performance, liquidity, dividend pay-out approach and the development of its strategic initiatives may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and performance, liquidity and dividend pay-out approach of the Bank and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under section 2.2. of this Registration Document and elsewhere in the Prospectus.

Potential investors are advised to read the Prospectus in its entirety, and, in particular, all the risk factors set out in this Registration Document, for a description of the factors that could affect and, or vary the Bank’s and, or the Group’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this Registration Document are based on information available as at the date hereof. Subject to applicable legal and regulatory obligations, the Bank and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.2. Risk Factors relating to the Bank and, where relevant, the Group

2.2.1. Macroeconomic and geopolitical risk

2.2.1.1. Current economic and market conditions may adversely affect the Group’s results

The Group may be negatively impacted by a deterioration in the economic and general business climate, both at a global and domestic level. Whilst the Group operates primarily in the local market, the Group’s operations may also be affected by conditions in the global economy. For instance, uncertain and at times volatile economic conditions could create challenges for the Group to operate. In particular, the Group has faced, and may continue to face, the following challenges to its operations and operating model in connection with these factors:

- The Russia-Ukraine war and its economic repercussions could result in further material increases in inflation, credit losses higher than those expected, disruption of energy supplies and additional credit and market risks which could all contribute to global economic dislocation. These factors could adversely affect the financial condition of the Group’s customers and lead to higher credit losses for the Group. In addition, the tightening of monetary policies coupled with the imposition of sanctions, trade restrictions and countermeasures could contribute to a global recession.
- The demand for borrowing from creditworthy customers of the Bank may diminish during periods of recession or where economic activity slows. In addition, adverse market developments could reduce consumer and business confidence, increase default rates and result in the revaluation and, or impairment of the Bank’s assets.
- The decision of Financial Risk Action Task Force (the “**FATF**”) to grey-list Malta over the course of 2021 induced some correspondent banks to terminate their relationship with local banks and the long-term impact of this decision remains uncertain. The Bank’s international banking business experienced a decline following the placement of Malta on the FATF grey-list. Although Malta was removed from the FATF grey-list over the course of 2022, Malta as a jurisdiction suffered a degree of reputational damage which adversely affected the Bank’s relationship with some of its correspondent banks. Furthermore, there can be no guarantee that the level of international business maintained by the Bank prior to the FATF grey-listing will be returned to pre-2021 levels.

An occurrence of any of these events or circumstances could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

2.2.1.2 The Group is subject to environmental, social and governance related matters

The Group is subject to risks associated with environmental, social and governance (“**ESG**”) related matters and considerations. ESG-related matters such as climate change, society’s impact on nature and human rights violations introduce risks to the Group’s business, customers and wider society. In accordance with its ESG-related regulatory obligations, the Group shall assess material sustainability risks, being any environmental, social or governance events or conditions, the occurrence of which could cause an actual or potential material negative impact on the value of the investment. Specifically with respect to the Bank, the Board of Directors has established an ESG working group which has the function of coordinating, advising and providing recommendations on ESG-related matters and, with the assistance of external consultants, has the responsibility of preparing and implementing an ESG action plan. The ESG working group is also responsible for ensuring compliance with regulatory obligations and liaising with Senior Management, the Board-appointed committees, and the Board of Directors on such matters. The Board of Directors oversees the activities of the ESG working group so as to ensure effective and timely preparedness and compliance with all applicable ESG requirements and the Bank’s ESG action plan. The Board and Senior Management are also being trained appropriately to keep abreast of ESG requirements.

Climate change, through transitional and physical channels, could have both financial and non-financial impacts on the Group either directly or indirectly through the Group’s customers. The Malta climate-related risks are not expected to have a consequence on the impairment or fair value of assets, give rise to credit losses and/or potential provisions or contingent liabilities. That said, however, like any other business, the Group is not shielded from the economic risks of climate change, which in turn may have an impact on the financial performance. Beyond climate change, there are a number of nature-related risks which may be represented more broadly by economic dependency on nature, and may have a significant economic impact. These risks may show themselves in a variety of ways, including through macroeconomic, market, credit, reputational, legal and regulatory risks, for both the Group and its customers. Failure to manage these risks may result in negative impacts on the Group’s business and reputation.

From a governance perspective, risks may arise relating to lack of skilful management or good governance within the Group and the inadequacy of proper control. Said risks cover a wide spectrum of areas including financial crime, regulatory compliance, fraud, systems and processes which would in turn affect income and capital. Failure to manage these risks may result in negative impacts on the Group’s business and reputation.

In addition to the foregoing, specifically with respect to the Bank, as an entity falling within the scope of the ESG regulatory framework, including but not limited to, the Non-Financial Reporting Directive, the Taxonomy Regulation and the Sustainable Finance Disclosure Regulation, the Bank relies on various data sources to comply with the applicable ESG-related disclosure requirements. Moreover, the Bank shall become subject to the reporting requirements of the Corporate Sustainability Reporting Directive in the near future. In order to track and report on the Bank’s progress against its ESG-related ambitions, commitments and targets, the Bank relies on internal and, where appropriate and available, external data sources, guided by certain industry standards. While ESG-related reporting has improved over time, data remains of limited quality and consistency. This could lead to a lack of comparability between the data reported in the current reporting period and that reported in future period.

If any of the above risks were to materialise, this could have financial and non-financial impacts for the Group which could, in turn, have a material adverse effect on its business, financial condition, results of operations, reputation, prospects and strategy.

2.2.1.3. The Group operates in markets that are highly competitive

The financial services industry, both in Malta and globally, is a competitive one. Competitive pressures could increase due to general developments in the market, regulatory changes, shifts in customer demand, shifts in competitors’ strategies, technological developments, and other factors that are beyond the Group’s control. The Group is exposed to competition in the markets in which it operates, including from competitors that may have greater financial and other resources. In addition, the Group may experience increased competition from new entrants.

The Group generally competes on the basis of building long-term business relationships, personalised service, the wide array of products and services that the Group offers customers, the wide distribution channels, its flexibility and reputation. In addition, the Group is under competitive pressure to continue offering its products and services at the same or lower prices.

The success and growth of the Group depends on its ability to meet quality of service requirements, anticipate and respond quickly and effectively to changes in customer behaviour and technological developments and invest in skilled and competent talent. Failure to maintain its market position could result in the Group losing market share in its respective business segments, and this could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

2.2.1.4. The Group may face a number of market risks in the normal course of its business

Market risk refers to the adverse impact of movements in market prices or rates such as interest rates, credit spreads and foreign exchange rates. Market risk stems from all the positions included in Group's investment portfolios, and foreign exchange positions, interest income and the market value of assets and liabilities. In the event that market risks were to materialise, the Group may experience significant losses in the value of its investment portfolio, declines in the level of interest income, and negative movements in the fair values of its assets and liabilities which would consequently have a significant adverse impact on the operations and financial performance of the Group. The following are the principal identifiable market risks:

- **Interest rate risk**

Interest rates are impacted by factors outside the Bank's control, including the fiscal and monetary policies of governments and central banks, as well as Maltese and international political and economic conditions. This may affect the Bank's results, profitability and return on capital.

Should interest rates increase, the Bank may be required to pay higher interest rates to customers on their deposits, leaving it more exposed to the re-pricing of its liabilities than competitors with higher levels of term deposits. In the event of sudden large or frequent increases in interest rates, the Bank also may not be able to re-price its floating rate assets and liabilities concurrently, giving rise to re-pricing gaps in the short term, which, in turn, could negatively affect its revenue. The rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable rate loans who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Bank. A high interest rate environment could also reduce demand for loan products generally, as individuals are less likely or less able to borrow when interest rates are high, and thereby reduce the Bank's revenue. In addition, given that a considerable proportion of the Bank's loans and advances to customers are at a variable rate and repayable without penalty, there is a risk that a sudden rise in interest rates, or an expectation thereof, could encourage significant demand for fixed rate products. High levels of movement between products in a short time period could put pressure on the Bank's business and operational capability, and the Bank may not be willing or able to price its fixed rate products as competitively as others in the market. This could lead to customer attrition and, consequently, adversely affect the Bank's capacity to lend and therefore its profitability.

- **Foreign exchange risk**

The Group conducts the principal part of its business in Euro, however, it performs some of its activities in other currencies. In light of this, the Issuer may be impacted by foreign exchange risk, which is the risk of adverse movements in the monetary value of foreign currency denominated assets and liabilities, and additionally of income and expenses, from the fluctuation of foreign exchange rates in relation to the Euro, as the Group's base currency.

- **Risk relating to inflation**

The Group's business is subject to the risk of inflation. Inflationary risk refers to the risk that inflation will undermine the performance of an investment, the value of an asset, or the purchasing power of a stream of income. Inflation is a decline in the purchasing power of money over time, and failure to anticipate a change in inflation presents a risk that the realised return on an investment or the future value of an asset will be less than the expected value. Inflationary pressures, which have been exacerbated since the onset and escalation of the Russia-Ukraine war and the continued global economic effects of the Covid-19 pandemic, comprising supply chain disruptions, may also result in an increase to the Group's cost base and additional costs related to its operations.

2.2.1.5. The Bank is subject to risks relating to liquidity

Liquidity risk refers to the possibility that the Bank may find itself unable to meet its current and future, anticipated and unforeseen cash payment and delivery obligations without impairing its day-to-day operations or financial position. The activity of the Bank is subject in particular to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk. The Bank is subject to the following risks relating to liquidity, or ready access to funds:

- **Funding liquidity risk**

The Bank's ability to borrow can be affected by a number of factors including interest rates, availability of credit, regulatory requirements relating to liquidity and the Bank's creditworthiness. Funding liquidity risk refers to the risk that the Bank may not be able to meet its payment obligations, including financing commitments, when due. The availability of liquidity needed to carry out the Bank's various activities and its ability to access long-term funding are essential for the Bank to be able to meet its anticipated and, or unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations

or financial position. If the Bank is unable to raise sufficient funds through deposits or through the capital markets, the Bank's liquidity position could be adversely affected. If, for some reason, the Bank is unable to access the necessary liquidity to conduct its operations and, or meet its obligations for deposit withdrawals or on demand on their contractual maturity, this could negatively impact the Bank's financial condition and performance.

- **Market liquidity risk**

Economic and market conditions, or unforeseen risks which the Bank might be faced with, could curtail the Bank's access to deposits and other forms of funding. Given that a significant portion of the Bank's financing is derived from local customer deposits, a decrease in customer confidence could limit the Bank's capacity to access retail funds. In addition, a decrease in confidence could limit the Bank's capacity to access funds through the issuance of financial instruments. Furthermore, sudden changes in market conditions (in particular, interest rates and creditworthiness) can have significant effects on the time necessary for the Bank to sell securities, including high-quality assets (such as government securities) without incurring losses. The consequences of a possible downgrade of issuers of securities in which the Bank is invested could also make it difficult to guarantee that such financial instruments can be easily liquidated under favourable economic terms. If the Bank faces liquidity problems due to any one or more of the factors set out above, this could impact its ability to meet regulatory requirements, and could also have negative effects on the operating results and, or on the financial position of the Bank.

- **Mismatch risk**

Mismatch risk arises from differences in the amounts or maturities of incoming and outgoing cash flows, and could impact, amongst others, the ability of the Bank to meet its liabilities as they fall due. Should such risk materialise, this could have a negative impact on the Bank.

- **Contingency risk**

The Bank must also manage the risk that (potentially unexpected) future requirements (for instance, use of credit lines and, or withdrawal of deposits) may use a greater amount of liquidity than may have been anticipated as being necessary for day-to-day activities. This may also have a negative impact on the Bank.

2.2.2. Macro prudential, regulatory and legal risks to the Bank's business model

2.2.2.1. The Bank is subject to legislative changes and regulatory developments and requirements which may adversely affect the Bank's business

The Bank is subject to a number of prudential and regulatory requirements, designed, among others, to safeguard consumers, maintain the safety and soundness of banks, ensure banks' compliance with economic and other objectives and limit banks' exposure to risk. The legislation to which the Bank is subject includes (but is not limited to) PSD, CRD, BRRD, CCD (each as transposed into Maltese law) and the CRR. The Bank faces risks associated with a rapidly evolving prudential and regulatory environment pursuant to which it is required, amongst other things, to adhere to stringent consumer credit legislation and maintain adequate capital and liquidity resources and to satisfy specified capital and liquidity ratios at all times. In addition, although the Bank is not currently classified as a significant institution under the SSM, it may, in the future, be deemed a significant institution and hence subject to a greater degree of regulatory scrutiny. Additional, stricter and, or new regulatory requirements may be adopted in the future and the interpretation and application by regulators of laws and regulations to which the Bank is or may be subject may also change from time to time. The substance and scope of any such laws and regulations (including new and amended ones) as well as the manner in which laws and regulations are (or will be) adopted, enforced or interpreted could result in significant loss of revenue, limit the ability to pursue business opportunities in which the Bank might otherwise consider engaging or limit the Bank's ability to provide certain products and services, affect the value of assets held, impose additional compliance and other costs or otherwise adversely affect the Bank's business and, or its financial position.

2.2.2.2. The Bank is subject to the risk of future litigation or regulatory or administrative sanctions and investigations, the outcome of which are difficult to predict

Legal, regulatory and administrative action against credit institutions is increasing for a number of reasons including the evolving regulatory regime and higher expectations from regulators, investors, customers and other stakeholders. In particular, the Bank is exposed to a financial crime compliance risk. Financial crime compliance risk could arise if the Bank fails to comply with anti-money laundering and prevention of financing of terrorism rules, laws, and regulatory procedures and, or otherwise fail to identify suspicious transactions, activities, or connections and, or protect itself, its shareholders and its customers from the impact or commission of acts indicative of, or constituting, financial crime. These rules and regulations require the Bank to, *inter alia*, conduct customer due diligence, maintain up-to-date customer records, and design, implement

and review internal controls, processes, procedures and policies for the ongoing monitoring and evaluation of customers and the risks associated with establishing and maintaining relations with its customers. This notwithstanding, the financial crime compliance requirements applicable to the Bank are regularly evolving with the detection, prevention, mitigation and combatting of money laundering and financial crime having been positioned at the forefront of the regulatory agenda globally.

Failure of the Bank to comply with applicable rules could thus arise from: (i) lack of adherence to and, or failure to adapt to, the appropriate, evolving, legal and regulatory regime and, or industry practice; (ii) lack of implementation of applicable directives, rules, regulations, FIAU guidance and, or internal procedures; and, or (iii) internal controls, processes, procedures and policies which are inadequate to ensure compliance with, and monitor the level of adherence to, the required legal and, or regulatory standards, inclusive of financial crime and other illegal practices, such as bribery and corruption.

The materialisation of these risks could expose the Bank to, *inter alia*, administrative sanctions, regulatory reprimands, temporary suspension of activities, revocation of authorisations (in whole or in part), or other regulatory interventionist measures, as well as significant reputational risk, which may nonetheless materialise, even if said sanctions are successfully appealed. Moreover, the Bank is also responsible for implementing and monitoring compliance with sanctions. Any failure on the part of the Bank to adhere to sanctions and any failure to adequately monitor and screen its customers, could result in administrative action or sanctions being imposed on the Bank which will in turn have an adverse effect on the Bank's reputation, financial performance and position.

2.2.2.3. The Bank is exposed to risks associated with the Recovery and Resolution Regulations

The Bank is subject to the BRRD, which has been transposed into Maltese law mainly (but not only) through the Recovery and Resolution Regulations (the BRRD and the Recovery and Resolution Regulations are hereinafter collectively referred to as the “**BRRD Package**”). The BRRD Package is designed to provide competent authorities and resolution authorities, as the case may be, with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank so as to ensure the continuity of the bank's critical financial and economic functions, whilst minimising the impact of a bank's failure on the economy and financial system. Resolution authorities may intervene using one or more resolution tools, actions and, or powers in the event that the conditions set out in the Recovery and Resolution Regulations are met, namely that: (a) a bank is failing or likely to fail; (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a bank; and (c) a resolution action is in the public interest. The resolution authority established under Maltese law is the board of governors of the MFSA, which in turn appointed the Resolution Committee. The Resolution Committee is responsible, *inter alia*, to apply resolution measures and such other powers as set out in the first schedule to the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta). Under the Recovery and Resolution Regulations, the Resolution Committee has a very broad range of resolution tools, actions and, or powers in respect of the Bank including: (i) the sale of business tool, which enables the Resolution Committee to effect a sale of the whole or part of the business; (ii) the bridge institution tool, pursuant to which the Resolution Committee shall have the power to transfer to a bridge institution shares, other instruments of ownership, assets, rights and liabilities of the Bank; (iii) the asset separation tool, which enables the transfer of assets, rights and liabilities to one or more asset management vehicles; and (iv) the bail-in tool, pursuant to which the Resolution Committee has a broad range of powers, including, the power to take control of an institution and other powers set out in the Recovery and Resolution Regulations. The extent to which the Bank may become subject to any resolution action (including that set out above) will depend on a number of factors and it is difficult to predict when, if at all, any such action can be taken, particularly since, as at the date of this Registration Document, none of the conditions for the adoption of resolution action by the Resolution Committee subsist with respect to the Bank.

2.2.3. Operational risks

2.2.3.1. The Group is dependent on its information technology systems

The Group depends on its information technology systems to process a large number of transactions in an accurate and timely basis, and to store and process substantially all of the Group's business and operating data. The proper functioning of the Group's core operating and processing systems, risk management tools, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Group's business and ability to compete effectively. The Group's business activities would be materially disrupted if there were a partial or complete failure of any of these information technology systems or communication networks.

Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Group's control including: (i) natural disasters; (ii) extended power outage; (iii) cyber-attacks (including malware attacks, ransomware, phishing, hacking, data theft, unauthorised use of data, bugs, or other malicious interference); (iv) deliberate or accidental loss, alteration, falsification, or leakage of information; and, or (v) destruction, disruption, errors, or misuse of information systems.

Where the Group implements automation in several of its processes, the proper functioning of the Group's information technology systems also depends on accurate and reliable data and other system inputs, which may be subject to human errors. Given the Group's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. In addition, any failure or delay in recording or processing the Group's transaction data could subject it to claims for losses and regulatory fines and penalties.

2.2.3.2. The Group may be subject to cyber-attacks

Cybersecurity risks will continue to increase due to factors such as the increasing demand for services delivered over the internet, increased reliance on internet-based products, applications and data storage, and malicious cyber activity. The conflict between Russia and Ukraine may increase the Group's exposure to the risk of cyber-attacks. Failure to protect the Group's operations from cyber-attacks may result in financial loss, disruption for customers or a loss of data. This could negatively affect the Group's reputation and its ability to attract and retain customers, and as it continues to grow and digitise at scale, it may be exposed to new cyber threats.

If any of the foregoing risks were to materialise, these could trigger material service and, or operational interruption which could adversely affect the Group's financial performance and financial condition.

2.2.3.3. The Group is exposed to risks relating to negative public opinion

Reputational risk is the current or future risk of a loss of goodwill, loss of customers and business and, or a decline in profits as a result of a negative perception of the Group's image by relevant stakeholders (including but not limited to shareholders, directors, employees, customers, counterparties and investors). Maintaining a reputation of the highest ethical and professional standards is of utmost importance to the Group. Negative publicity may arise from a number of activities, including but not limited to:

- breach of, or allegations of the Group having breached, legal and regulatory requirements such as money laundering, anti-terrorism financing and capital adequacy requirements, which may result in fines and, or other regulatory action being imposed or taken against the Group by, amongst others, the MFSA and, or FIAU;
- the Group acting, or facing allegations of having acted, unethically;
- the Group failing to address potential conflicts of interest;
- technology inefficiencies, disruption, or failures;
- poor performance or operational results;
- the Group failing to maintain appropriate standards of customer privacy, customer service and record keeping;
- risk of association in respect of issues being faced by competitors or the banking industry generally, which may or may not be directly applicable to the Group;
- unfavourable media coverage or measures taken by consumer protection bodies and, or consumer advocacy groups, including, in respect of the services and products offered by the Group; and, or
- failure by customers, consumer protection organisations, and the market at large, to understand the nature of the Group's business.

Modern technologies, in particular online social media channels and other communication tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and spread damaging allegations in respect of the Group.

The Group believes that negative public opinion may adversely affect the ability of the Group to retain customers or to attract new customers, which in turn could result in a material adverse effect on the Group's business, financial condition, prospects, and, or results of operations.

2.2.3.4. The Group may be unable to recruit and retain key personnel

The Group is dependent, to a degree, on the skills, competence, experience and efforts of its executives and other key personnel and upon their continued availability and commitment, and whose contributions to immediate and future operations are of significant importance. The loss of any of the Group's executives and other key personnel could negatively affect the Group's business operations.

Moreover, from time to time, the Group also needs to identify, train and retain additional skilled management and specialised personnel to operate the business efficiently. Recruiting and retaining qualified personnel is critical to the success of the Group's business and there can be no assurance of the Group's ability to attract and retain such personnel. Loss of skilled, competent, knowledgeable and experienced personnel will require the Group to devote time and resources in replacing such individuals with other personnel with the same or similar levels of skill and experience or covering their positions until an

appropriate replacement may be found. This proves increasingly challenging in the context of current labour market realities and rising cost of living.

If the Group is not successful in attracting and retaining qualified personnel, its ability to effectively conduct its business could be affected, which could have a material adverse impact on the financial performance and condition of the Group.

2.2.3.5. The Bank is exposed to credit risk

Risks arising from adverse changes in the credit quality and recoverability of loans, securities and amounts due from counterparties are inherent in the Bank's business. The financial and capital strength of the Bank, and its profitability, depend on the creditworthiness of its customers, among other things. Credit risk is, therefore, an important factor in assessing the financial condition and performance of the Bank.

Credit risk involves the possibility that the Bank's contractual counterparties may not fulfil their payment obligations with the Bank as a result of various factors, including the borrower's loss of capacity to service and repay debt (due to, for instance, a lack of liquidity or insolvency) and, or the emergence of circumstances not specifically related to the economic or financial conditions of the debtor but to the general economic environment in which the debtor operates.

Credit risk may also arise as the Bank may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions. In addition, in carrying out its credit activities, the Bank is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down of the credit granted, or require provisions for impairment.

Other banking activities, besides the traditional lending and deposit activities, can also expose the Bank to credit risk, such as credit enhancement through financial guarantees and letters of credit. The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its investing activities. The counterparties of said transactions, or the issuers of securities held by the Bank (as the case may be), could fail to comply with their payment obligations due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons, all or any of which could negatively impact the Bank.

2.2.3.6. The Bank could be required to hold additional capital due to capital adequacy regulations

The Bank is required to adhere to capital adequacy regulations which require that it maintains appropriate capital resources in terms of both quantity and quality. Non-compliance with applicable capital requirements in the future may have a significant impact on the Bank's operations and future sustainability. In particular, a perceived or actual shortage of capital held by the Bank could result in actions by the regulatory authorities, including public censure and, or the imposition of sanctions. This may also affect the Bank's capacity to access funding, continue its business operations, generate a sufficient return on capital, pay variable remuneration to staff, pay future dividends, or pursue strategic opportunities, and could have a material adverse impact on the financial performance and condition of the Bank.

Additional, stricter and, or new regulatory requirements may be adopted in the future and the interpretation and application by regulators of laws and regulations to which the Bank is or may be subject may also change from time to time. The substance and scope of any such laws and regulations (including new and amended ones) as well as the manner in which laws and regulations are (or will be) adopted, enforced, or interpreted could result in significant loss of revenue, limit the ability to pursue business opportunities in which the Bank might otherwise consider engaging or limit the ability to provide certain products and services, affect the value of assets held, impose additional compliance and other costs, or otherwise adversely affect its business.

2.2.3.7. Concentration risk

Concentration risk arises due to a high level of exposure by the Bank to: (i) individual issuers or counterparties (single name concentration); (ii) a group of connected clients; (iii) industry sectors and geographical regions or countries (sectoral concentration); (iv) a single currency; and, or (v) credit exposures secured by a single security. Due to concentration risk, the associated credit risks could be significantly greater than those where no such high levels of exposure or connections exist. Given the size and nature of the domestic financial sector and the local economy, the Bank is exposed to concentration risk in its credit business.

The Bank's investment portfolio may also be exposed to concentration risk derived from excessive reliance on the same country, counterparty, sector or currency.

In addition, the deposit base of the Bank primarily consists of customers located in Malta and other EU countries. The Bank is highly exposed to any negative economic trends affecting Malta specifically and the EU generally, which may have an adverse effect on the Bank, its business and results of operations and financial condition. Moreover, the Bank's corporate loan portfolio is principally exposed to the real estate industry.

Any major downturn in economic activity in markets where the Bank is exposed to concentration risk could have a significant adverse impact on the financial performance and financial condition of the Bank.

2.2.3.8. Risks connected with the real-estate market

The Bank is exposed to the risks of the property market, as a result of, amongst others: (i) investments held directly in properties owned by it and through which it operates; (ii) loans granted by the Bank to companies operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate); and (iii) loans granted to clients where the collateral securing the loan is immovable residential or commercial property.

With respect to (i) above, any downturn in the property market could result in the Bank having to make impairments to the real estate it owns at a value that is higher than the recoverable value, with consequent negative effects, including significant ones, on the operating results and capital and financial position of the Bank and, or the Bank. This risk is also relevant to MaltaPost, an indirect subsidiary of the Bank, which also owns several properties across the Maltese Islands.

With respect to (ii) above, any downturn in the real estate market could lead to a fall in market prices or a fall in the demand for real estate. As a result, the Bank's customers operating in the property sector may face a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on their ability to repay the loans granted by the Bank.

With regard to (iii) above, a fall in property prices could translate into a reduction in the value of the collateral that could potentially be realised in the case of enforcement if the debtor defaults. In addition, poor market conditions and, or a protracted economic or financial downturn could lead to a fall in value of the collateral properties as well as create significant difficulties in terms of monetisation of the said collateral under the scope of enforcement procedures, with possible negative effects in terms of realisation times and values, as well as on the operations and financial position of the Bank.

2.2.3.9 The Group may be subject to significant regulatory fines and reputational damage should it not maintain resilient digital operations in line with evolving regulations

In the ordinary course of its activities, the Group utilises digital platforms and services. Such online platforms and services are subject to EU regulations which set out the testing, contractual and security measures that these platforms and services must comply with (as outlined in section 6.5.11 below). The law imposes obligations on financial entities to ensure such compliance and provides for penalties in the event of non-compliance.

These regulations will subject the Group to, among other things, additional costs and expenses and may require costly changes to the Group's business practices and information security systems, policies, and procedures. Moreover, security controls, training, testing and robust contracts in line with these regulations may not prevent damage to the Group's digital operations.

If the Group is found to be in breach of laws regulating digital operational resilience, the Group is at risk of facing regulatory enforcement actions (including administrative fines), increased supervision, temporary or permanent cessation of any practice or conduct and public notices which could result in loss of revenue, increased costs, liability for monetary damages, fines and, or criminal prosecution. Should such risks materialise, this could have a material negative effect on the operations, earnings and financial position of the Group.

In addition, any changes to the applicable laws and, or regulations, even at an EU level, could have a negative impact on the Group's activities, as it could create the need to incur costs for adapting to any new laws and regulations.

2.2.4. Risks related to the Bank's governance and internal controls

2.2.4.1. The Bank's risk management measures may not be successful

Risk constitutes the Bank's exposure to uncertainty from different sources including, but not limited to, credit risk, market risk, regulatory risk, strategic risk, liquidity risk and litigation risk. Whilst the Bank has processes, policies and mitigation techniques in place to identify and manage risks, the Bank may not be able to identify each potential unfavourable event. Failure to manage risks in an appropriate and, or timely manner could have a material adverse effect on the financial

condition of the Bank. Moreover, should a regulator deem the Bank's risk management policies to be insufficiently robust for the Bank's operations, the Bank may be exposed to regulatory fines or regulatory investigations which, in turn, could have an adverse effect on the Bank's reputation.

2.2.4.2. Strategy risk

Strategy risk is the risk of suffering potential losses due to, among others, radical changes in the business environment or a lack of responsiveness to changes in the business environment, and, or improper implementation of strategic decisions. Although the Bank evaluates its strategies regularly, there can be no guarantee that these will be successful. This may have a negative impact on the Bank's risk profile, and, consequently, on its capital positioning, profitability, earnings, as well as its overall strategic direction in the long run.

2.2.4.3. The Group may be subject to significant regulatory fines and reputational damage should it not maintain robust data management and data privacy controls in line with evolving regulations

In the ordinary course of its activities, the Group collects, processes and stores personal data relating to its customers and employees. Such data processing activities are subject to various local laws and EU regulations relating to the collection and processing of personal data (as outlined in section 6.5.9 below). The laws impose onerous obligations on data controllers and processors insofar as the collection and processing of data is concerned and provide for significant penalties for non-compliance.

These requirements with respect to personal data have subjected and may continue to subject the Group to, among other things, additional costs and expenses and have required and may in the future require costly changes to their business practices and information security systems, policies, procedures, and practices.

Security controls over personal data, the training of employees on data privacy and data security, and the policies, procedures, and practices implemented, or which may be implemented in the future, may not prevent the damage to, the loss of or the unauthorised processing and, or disclosure of personal data.

If the data processing activities of the Group, or any of its third-party service providers, are found to be in breach of personal data protection or privacy laws, the Group is at risk of facing regulatory enforcement actions (including significant fines), increased supervision, the revocation or non-renewal of existing licenses, the refusal of a new application for a licence, as well as claims instituted by customers and reputational damages and loss of consumer confidence which could result in loss of revenue, increased costs, liability for monetary damages, fines and, or criminal prosecution. Should such risks materialise, this could have a material negative effect on the operations, earnings and financial position of the Group.

In addition, any changes to the applicable laws and, or regulations, even at an EU level, could have a negative impact on the Group's activities, because it could create the need to incur costs for adapting to any new laws and regulations.

2.2.4.4. Risks associated with borrowings and evaluation methods of the Bank's assets and liabilities

In conformity with the framework dictated by international accounting standards, the Bank is required to formulate evaluations, estimates and policies regarding the amounts of assets, liabilities, costs and revenues reported in the financial statements (as well as information relating to contingent assets and liabilities). The evaluations, estimates and related policies are based on past experience and other factors considered reasonable in the specific circumstances and are adopted to assess the assets and liabilities whose book value cannot easily be deduced from other sources.

The application of IAS by the Bank reflects its interpretation and decisions made with regard to said standards, which may be applied or interpreted differently by other relevant stakeholders.

Any of the foregoing could give rise to risks to the Bank, which could affect its financial position and financial performance, including in particular a write-down of its assets.

2.2.4.5. Systemic risk

The Bank may be negatively affected by "systemic" risk, which is the risk that a default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, or a governmental "bail out" of, or "bail in" of, one institution could lead to significant liquidity problems, including increases in the cost of liquidity, losses or defaults by other institutions. Several factors could lead to enhanced systemic risk including contagion in financial markets, imbalances in financial systems, asymmetric information, or other events of a systemic nature. Such systemic risk could have a material adverse effect on the Bank's ability to raise new wholesale funding, which could affect its business, financial condition, results of operations, liquidity and, or prospects.

2.2.5. Risks related to MaltaPost and its subsidiaries

MaltaPost, an indirect subsidiary of the Bank, is the sole Universal Service Provider of postal services in Malta. As Malta's designated, licensed Universal Service Provider, MaltaPost is solely responsible for delivering various postal services to the public which includes, the clearance and delivery of letters and packages six days a week both domestically and internationally. MaltaPost is a financially significant subsidiary of the Issuer. Any material adverse effect on the business, financial condition of MaltaPost could, in turn, adversely affect the results of operations and prospects of the Group.

The MaltaPost group of companies comprises MaltaPost p.l.c. and the following significant subsidiaries and associate companies: Tanseana Limited, PostaInsure Agency Limited, and its associate company IVALIFE Insurance Limited.

The principal factors which have impacted and may continue to impact the business of the MaltaPost group of companies include:

- i. **Further decline in letter mail volumes due to e-substitution:** MaltaPost's business as Malta's Universal Postal Service provider has for years experienced a year-on-year decline in traditional mail volumes due e-substitution such as e-mail and online services which allow one to send or make information available in a faster and, in most cases, in a more cost-effective manner than would be possible with traditional mailing services. A decline was further accelerated by the various measures implemented to prevent and contain the spread of Covid-19 which led to further digitisation and e-substitution and resulted in significant loss of business and revenue;
- ii. **The impact of Brexit:** The withdrawal of the United Kingdom from the EU resulted in a drop in postal traffic from the United Kingdom. The effects of Brexit may continue to contribute to a decline in letter mail volumes.
- iii. **Withdrawal of VAT exemptions:** The EU's decision to withdraw VAT exemptions on all items bought from outside the EU costing below €22 has had and may continue to have an adverse effect on inbound postal volumes.
- iv. **Intensifying competition:** Last-mile delivery of inbound postal business in Malta is becoming increasingly competitive placing significant pressures on tariff rates. This situation is driven by relatively low barriers to entry, the growth in e-commerce volumes and the presence of competitors that are unburdened by regulatory and universal service obligations and associated costs.
- v. **Inability to maintain staff resourcing in line with business needs:** MaltaPost's performance and its future growth depends on its ability to attract and retain staff with the appropriate level of skills, knowledge and experience. This is becoming increasingly challenging and is placing unnecessary wage pressure reinforced by labour shortages and rising cost of living.
- vi. **Market risk:** MaltaPost's activities potentially expose it to a variety of market risks: financial risks (including foreign exchange risk, cash flow and interest rate risk), credit risk, and liquidity risk. Failure to manage risks in an appropriate or timely manner could have a material adverse effect on the financial condition of MaltaPost and, in turn, on the financial condition of the Group.
- vii. **Regulatory developments:** The MaltaPost Group must comply with a wide and diverse set of laws and regulations. This has increased in view of MaltaPost's diversification initiatives in highly regulated industries, such as the involvement in PostaInsure Agency Limited and IVALIFE Insurance Limited in the insurance industry. Failure to comply could translate in regulatory scrutiny, liability and reputational damage.

3. PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

3.1. Persons Responsible

The Directors of the Issuer are the persons responsible for the information contained in this Registration Document. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors of the Issuer accept responsibility accordingly.

3.2. Statement of Approval

This Registration Document has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer (as the subject of this Registration Document) and, or the Group.

4. STATUTORY AUDITORS AND ADVISERS

4.1. Statutory Auditors

PricewaterhouseCoopers (“PWC”)

78, Mill Street
Zone 5, Central Business District
Qormi, CBD 5090
Malta

The annual statutory financial statements of the Issuer for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 have been audited by PWC, a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). The Accountancy Board registration number of PWC is AB/26/84/38.

4.2. Advisers

LEGAL COUNSEL

Name: **Camilleri Preziosi**
Address: Level 3, Valletta Buildings, South Street,
Valletta, VLT 1103, Malta

SPONSORS & CO-MANAGERS

Name: **Rizzo, Farrugia & Co. (Stockbrokers) Ltd.**
Address: Airways House, Fourth Floor, High Street,
Sliema, SLM 1551, Malta

Name: **Calamatta Cuschieri Investment Services Limited**
Address: Ewropa Business Centre, Triq Dun Karm,
Birkirkara, BKR 9034, Malta

REGISTRAR

Name: **Malta Stock Exchange p.l.c.**
Address: Garrison Chapel, Castille Place,
Valletta, VLT 1063, Malta

The services of the Issuer’s advisers in respect of the Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Issuer or an investment in the rights issue upon which the Issuer’s advisers have not been consulted. The Issuer’s advisers do not undertake to monitor the compliance by the Issuer with its obligations as described in the Prospectus, nor do they monitor the Issuer’s activities for compliance with applicable laws. Additionally, the Issuer’s advisers have relied and continue to rely upon information furnished to them by the Issuer and its Directors, and have not investigated or verified, nor will they investigate or verify, the accuracy and completeness of information set out herein concerning the Issuer and, or the Group, the Issuer’s service providers or any other parties involved in the rights issue (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Issuer’s legal counsel and the other advisers accept no responsibility for any description of matters in the Prospectus that relate to, and any issues arising from, any applicable law that is not Maltese law.

5. INFORMATION ABOUT THE ISSUER

5.1. History and development of the Issuer

LEGAL AND COMMERCIAL NAME	Lombard Bank Malta p.l.c.
REGISTERED ADDRESS	67 Republic Street Valletta, VLT 1117 Malta
PLACE OF REGISTRATION AND DOMICILE	Malta
REGISTRATION NUMBER	C 1607
LEGAL ENTITY IDENTIFIER ('LEI')	529900UIRB65OY6U4B21
DATE OF REGISTRATION	13 May, 1969
LEGAL FORM	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.
TELEPHONE NUMBER	+356 2558 1117
EMAIL	mail@lombardmalta.com
WEBSITE	www.lombardmalta.com

Unless it is specifically stated herein that particular information is incorporated by reference into the Prospectus, the contents of the Issuer's website or any other website directly or indirectly linked to the Issuer's website, or any other website referred to herein, do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the rights issue.

5.2. History and development of the Group

The Bank has been in operation for over 50 years, having been registered in Malta as a limited liability company in 1969. At the time of its incorporation, it was owned by Lombard Banking Limited, a subsidiary of National Westminster Bank. In 1971, Lombard Banking Limited and North Central Finance (also a subsidiary of National Westminster Bank) merged into the newly-formed company, Lombard North Central. By virtue of a series of acquisitions between 1975 and 1988, the Government of Malta acquired 99.99% of the issued share capital of the Bank. In 1994, the Bank's shares were admitted to the Official List of the Malta Stock Exchange. The issue was five times oversubscribed and the Government of Malta subsequently divested itself of all its shareholding in the Bank.

In 2006, the Bank, through its subsidiary Redbox Limited, acquired 35% of the shareholding in MaltaPost. In 2007, Redbox Limited acquired additional shares in MaltaPost, resulting in MaltaPost becoming an indirect subsidiary of the Bank. In 2008, the shares of MaltaPost were admitted to the Official List of the Malta Stock Exchange.

Between 2007 and 2018, Cyprus Popular Bank Public Co. Limited (previously Marfin Popular Bank) held a shareholding in the Bank. In March 2018, the National Development and Social Fund, an agency of the Government of Malta established in 2015 which as reported on its website (www.ndsf.com.mt) receives, from the Identity Malta Agency, the Maltese Individual Investor Programme Agency and the Community Malta Agency, funds generated by the *Individual Investor Programme* for use and administration thereof in the public interest (the "**NDSF**"), agreed to acquire from Cyprus Popular Bank Public Co. Limited (the shareholder of the Bank at that time), 49.01% of the total issued share capital of the Bank, subject to the fulfilment of a number of conditions.

In August 2018, the Bank received notice from the NDSF that such conditions had been fulfilled, including the approval of the Malta Financial Services Authority (and the ECB) for the acquisition of the shareholding in the Bank by NDSF. At the time, NDSF reaffirmed that:

- it did not intend increasing its holdings in the Bank;
- it would not act in concert with any other shareholders;
- it would seek to reduce its shareholding in the Bank in an orderly manner, at the right market conditions and by agreement with the regulatory authorities;
- it had no intention of exerting any influence on the operations of the Bank; and
- this acquisition would not result in a change in control of the Bank.

In November 2018, the Bank was notified by the NDSF of its “...*firm intention to dispose of all or part of its shareholding in the Bank and to commence the process for the disposal in an orderly manner*”. The NDSF informed the Bank that the completion of the disposal would be conditional and dependent on market conditions, regulatory approvals and other conditions which are currently being evaluated by the NDSF. To date, the NDSF still holds 49.01% in the Bank.

In 2019, MaltaPost together with APS Bank p.l.c., Atlas Insurance PCC Ltd and GasanMamo Insurance Limited formed IVALIFE Insurance Limited, a company carrying out the business of life insurance. In 2020, MaltaPost acquired a 49% shareholding in PostaInsure Agency Limited, a company carrying out the business of general insurance as agent for Mapfre Middlesea p.l.c.

In 2021, the Bank established two wholly-owned subsidiaries, Lombard Capital Asset Management Limited and Lombard Select SICAV p.l.c. These two companies are not yet operational.

6. BUSINESS OVERVIEW

6.1. The Issuer and the Group

The Bank is a Malta-based credit institution, licensed under the Banking Act. It is also licensed to carry out investment services in terms of the Investment Services Act and is an enrolled Tied Insurance Intermediary of IVALIFE Insurance Limited under the Insurance Distribution Act. The Bank is a member of the *Depositor Compensation Scheme* and the *Investor Compensation Scheme*, both of which are established under the laws of Malta, as well as a member of the Malta Stock Exchange for the purpose of carrying out of stock brokerage services on the Official List of the Malta Stock Exchange. Together with its Subsidiaries, the Bank provides a wide range of banking and financial services to the local market through its distribution network.

The Group comprises the following Subsidiaries of the Bank: Redbox Limited, Lombard Capital Management Limited and Lombard Select SICAV p.l.c. Redbox Limited was registered in 2006 and serves as the holding company for the Bank's 72.03% stake in MaltaPost, a company which has its ordinary share capital listed on the Malta Stock Exchange. MaltaPost is Malta's leading postal services company, being the sole licensed Universal Service Provider of postal services in Malta. In turn, MaltaPost owns the entire issued share capital of, *inter alia*, Tanseana Limited, a document management company incorporated in 2016, as well as a 25% interest in IVALIFE Insurance Limited, a life insurance company, and a 49% shareholding in PostaInsure Agency Limited.

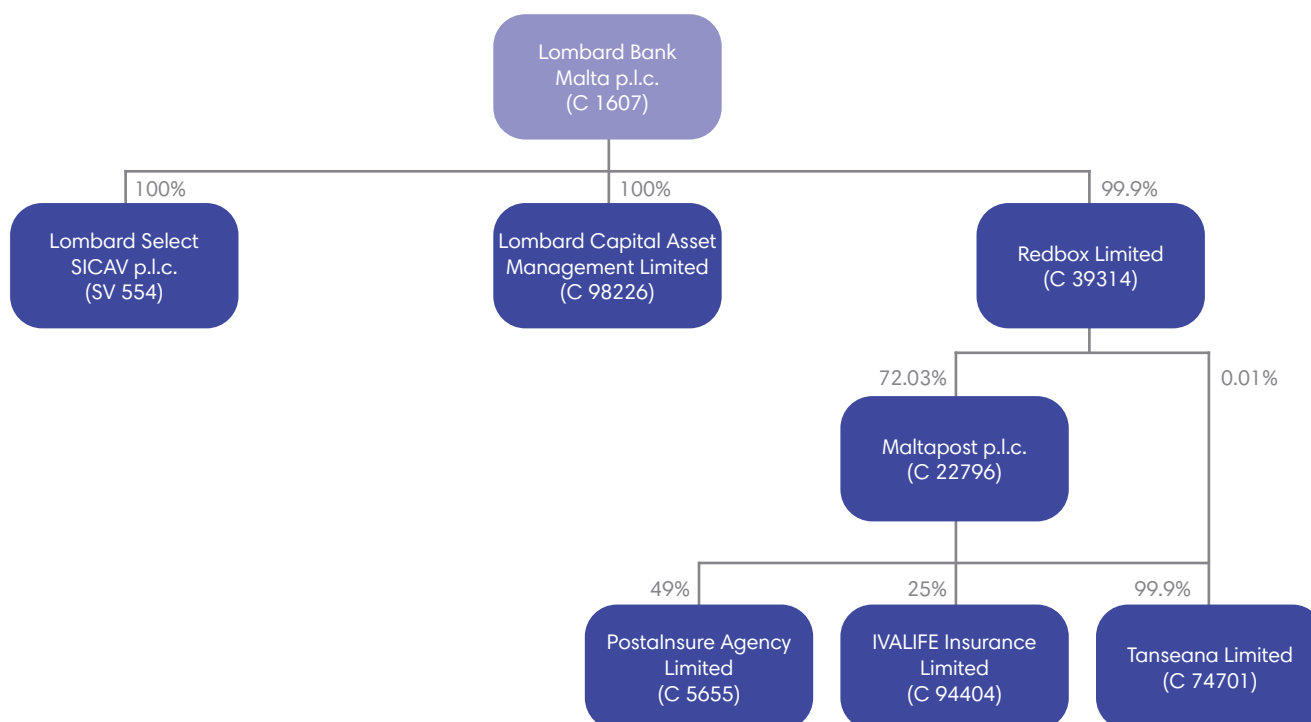
Lombard Capital Asset Management Limited is licensed to act as a UCITS management company and was established to provide investment management services to undertakings for collective investment schemes.

Lombard Select SICAV p.l.c. holds a collective investment scheme licence in terms of the Investment Services Act.

Further information on the principal activities of the Group is set out in section 6.3. of this Registration Document.

6.2. Organisational Structure

The organisational structure below sets out the position of the Issuer within the Group and the significant Subsidiaries of the Issuer:



The Bank is also the parent company of Lombard Asset Managers Limited (C 28186), currently in dissolution.

The Bank is the parent company of the Group and was incorporated on 13 May 1969. A brief overview of the activities of each of the Bank's significant Subsidiaries, and of the activities of MaltaPost and its significant subsidiaries and associate companies are set out below:

- **Lombard Select SICAV p.l.c.** was incorporated on 24 February 2021 and holds a collective investment scheme licence issued by the MFSA in terms of the Investment Services Act. It is structured as a multi-fund public limited liability company with variable share capital (SICAV) pursuant to the Act.
- **Lombard Capital Asset Management Limited** was incorporated on 18 February 2021 and holds a Category 2 Investment Services Licence issued by the MFSA authorising it to act as a UCITS management company. It is licensed to provide investment management services to collective investment schemes and is the UCITS manager for Lombard Select SICAV p.l.c. funds.
- **Redbox Limited** was incorporated on 10 August 2006 and is the holding company for the Bank's 72.03% shareholding in MaltaPost p.l.c., with the remaining 27.97% of the ordinary share capital of MaltaPost p.l.c. being held by the general public.
- **MaltaPost p.l.c.** was incorporated on 16 April 1998 and is Malta's leading postal services operator, being the sole licensed Universal Service Provider of postal services in Malta. It was listed on the MSE on 24 January 2008 and is regulated by the Malta Communications Authority. MaltaPost p.l.c. has its head office located in Marsa and operates 6 postal hubs, 41 post offices and 27 sub-post offices across Malta and Gozo.
- **PostaInsure Agency Limited** was incorporated on 6 October 1981 and is licensed to act as an agent of MAPFRE Middlesea p.l.c. in terms of the Insurance Distribution Act.
- **IVALIFE Insurance Limited** was incorporated on 24 December 2019 and is licensed to provide Class I (life and annuity) and Class III (linked long term), long-term business of insurance.
- **Tanseana Limited** was incorporated on 8 March 2016. It provides document management services including, but not limited to, scanning, printing, shredding, storage and retrieval of digital and, or physical documents.

6.3. Principal Activities

The Bank offers a full range of traditional commercial and retail banking services to the local market through its branches and distribution network. Its main business lines include deposit-taking and lending to its customers with a focus on providing a personalised service. In recent years, the Bank was also gradually increasing its exposure to the home loans sector and expanding its card business.

The Bank's activities include:

a. Deposits

The Bank receives and accepts both corporate and personal customers' monies for deposit on *Current*, *Savings* and *Term Deposit* accounts at both fixed and pre-determined fixed step-up rates and for varying maturity periods. The Bank also receives and accepts deposits in foreign currency.

b. Credit

The lending activity of the Bank consists principally of commercial and retail lending. Commercial lending is largely characterised by loan facilities to the commercial sector with short to medium-term maturities. The Bank provides financing services to an array of corporate entities from small business ventures to larger enterprises in varying industry sectors and these services include overdraft facilities, commercial working capital facilities and foreign currency loans at fixed or variable interest rates. Retail lending consists mainly of home loan facilities with medium to long-term maturities.

Historically, the Bank's business operations were principally focused on servicing its corporate client base and the funding of activities in the commercial sector. One of the Bank's strategic objectives is to increase its retail lending. The Bank aims to increase its home and personal loan market share by offering new products which address market demand and requirements.

c. Investment services

The Bank holds an investment services licence under the Investment Services Act. It provides a comprehensive suite of investment products and services that meet customers' needs. These include stockbroking, advisory and discretionary portfolio management services. Such services are offered to both retail and professional clients as well as eligible counterparties clients. In order to meet the customers' holistic needs, other services are offered, including the reception and transmission of orders, execution of orders and placement of instruments without a firm commitment in relation to one or more instruments. The Bank also offers custodian and nominee services.

The Bank provides a highly personalised service driven by experience, professionalism, trust and long-term relationships.

The Bank is also a member of the Malta Stock Exchange and carries out stock broking activities.

d. Investment funds and UCITS management

Lombard Capital Asset Management Limited holds a category 2 investment services licence under the Investment Services Act and is authorised to provide investment management services to undertakings for collective investment schemes (UCITS schemes). As at the date of this Registration Document, Lombard Capital Asset Management Limited is appointed as the UCITS investment manager to Lombard Select SICAV p.l.c. Lombard Select SICAV p.l.c has four sub-funds authorised, but none have been launched to date.

e. International Business Banking (IBB) services

The Bank selectively extends banking services to companies operating from Malta, as well as to pension scheme administrators. Customers' daily banking needs, particularly those related to transaction banking, are facilitated by the Bank's digital channels, while also giving importance to retaining personal relationships.

f. Tied insurance intermediary services

The Bank is enrolled as a tied insurance intermediary of IVALIFE Insurance Limited under the Insurance Business Act for long-term insurance business and can, accordingly, provide its home loan customers with a more comprehensive service offering. MaltaPost is also a tied insurance intermediary of IVALIFE Insurance Limited and of PostaInsure Agency Limited under the Insurance Distribution Act. IVALIFE Insurance Limited, is licensed to provide Class I (life and annuity) and Class III (linked long term), long-term business of insurance.

g. Ancillary services offered by the Group

The Group also provides a number of other services, including digital banking services, bullion gold and silver coins, payment services, safe deposit lockers, automated teller machines and document management services.

MaltaPost continues to seek growth in the non-postal sectors of the business away from the traditional services with diversification into logistics, document management, insurance, financial and related services. In this regard, MaltaPost also acts as a payment services agent for the Bank in respect of the PostaPay&Save Payment Account. This is a basic payment account in terms of the relevant legislation and is virtually free of any charges. Among other benefits, it allows customers to deposit and, or withdraw funds at any of the MaltaPost post offices, and branches and ATMs of the Bank. The account facilitates the receipt of salaries while also allowing customers to effect outward payments.

MaltaPost also acts as a distribution channel for information concerning the PostaHomeLoan, which is a home loan package, predominantly directed at first-time home buyers. PostaHomeLoan offers advantageous terms including competitive and flexible interest rates, with discounted fees. Prospective applicants may also book appointments through Post Offices and have the convenience of meeting the Bank's officials at a nearby Post Office.

Both are banking products, provided and maintained by the Bank.

Furthermore, as at the date of this Registration Document, MaltaPost also offers other non-postal services such as local and international money transfers, encashment of Central Bank of Malta cheques and bill payments, such as those of utilities, licences, telecom companies, VAT and income tax.

Document management services, including scanning, printing, shredding, storage and retrieval of digital and, or physical documents services, are offered through Tanseana Limited, a wholly-owned subsidiary of MaltaPost.

6.4. Business Strategy of the Bank

The Bank's strategy is underpinned by a fundamental adherence to the concept of prudence. The Bank believes that its chosen target market is attractive and offers substantial growth opportunities with relatively low risk.

In H2 2022, the Board of Directors considered and approved an update of the Bank's strategy for further growth over the forthcoming three-year period. Looking ahead, the strategy takes into account the Bank's current market position and sets out plans for growth, though without the need for assuming a higher risk appetite than that as at present and while improving on the current levels of cost optimisation.

Since its inception in 1969, the Bank's business model has been founded on the traditional characteristics of prudent banking. Over the last 15 years, the Bank has focused on the financing of real-estate related activities in line with the local economic dynamics while predominantly targeting those corporate customers that enjoy good creditworthiness, thereby resulting in cost-effective and relatively low-maintenance relationships for the Bank. It shall retain its policy of maintaining strong liquidity positions funded by a diversified deposit base. In its funding requirements it has not, to date, relied on the interbank or capital markets. The Bank did not need recourse to any form of external support, even in the depths of the 2008 Global Financial Crisis.

Over the years, the Bank increased its stake in MaltaPost p.l.c., from the 35.00% shareholding it acquired in 2006 to the current 72.03%. It is worth noting that this shareholding was fully funded by revenues generated internally by the Bank without resorting to shareholders for additional capital. Furthermore, since then, the Bank also generated significant shareholder value as its shareholder funds grew from €44.5 million to €136.6 million (as at 30 June 2023). In over 20 years, the Bank has always and only increased its capital by the generation of profits – while concurrently also paying out dividends to its shareholders.

In summary, over the 3-year planning period, the Bank shall aim to:

- identify attractive market opportunities which are within the Bank's prudent risk parameters;
- grow fee-based non-interest income line of business;
- scale up the range of traditional commercial and retail banking services;
- increase the physical footprint by further expanding the branch network, which is expected to attract new business to the Bank and which will continue to allow the Bank to provide a personalised customer service experience;
- leverage on the wider market presence to foster new relationships across a wider demographic spectrum;
- continue to offer rewarding career paths to attract and retain high-quality staff;
- maintain the highest standards of professional conduct;

- increase visibility in the market, among others through improved marketing exposure;
- address wider stakeholder interests consistent with its corporate values;
- continue to deliver a progressive policy of increasing shareholder value; and
- seek to further develop and maximise synergies with its subsidiary, MaltaPost.

The execution of this strategy considers the opportunities and threats which arise from the current economic environment and competitive landscape. Apart from generating high-quality and repeat business, investing in existing relationships also ensures lower inherent risk. The Bank also intends to continue to develop and deepen its business relationships with its existing customers.

Further investment in IT and digital channels will remain a priority of the Bank with the objective of increasing efficiency, while also alleviating pressures on human resources.

The strategy will equip the Bank to look to the future with confidence, as a larger capital base offers significant scope for benefiting from economies of scale and the prospect for attractive risk-adjusted returns. This should deliver for shareholders solid long-term growth by way of share price appreciation and dividend.

6.4.1 Revenue growth and cost efficiencies

A larger capital base will allow the Bank to grow its revenue streams further, without increasing its risk appetite or profile. The strategy also aims to maximise opportunities to diversify the loan book and to develop non-interest income, further improving the risk profile of the revenue stream.

The Bank aims to maintain a broadly constant loans-to-deposits ratio. Following the rights issue, and over the following three-year period, the Bank plans to grow its loan book to above €1 billion. The deposit base is projected to exceed €1.3 billion over this period.

A larger Bank will also present fresh opportunities to optimise the cost base, not least by investing in state-of-the-art IT systems, to assist in the simplification and automation of certain processes, facilitating among others, customer engagement. This will raise the Bank's profile and improve access to new business, occupying a market void which has been developing over some time.

The application of the tried and tested strategy and approach to business will allow the Bank to benefit from significant economies of scale, leading to a higher operating margin, an attractive increase in profits, and the prospect of a higher dividend payout.

In this regard, and as further explained in section 14 of this Registration Document, it is intended to recommend that *circa* one third of profits be made available for distribution as dividends, subject to the requirements of the Bank at the time and the regulatory approval.

6.4.1.1 Growth in income

The Bank has identified growth opportunities in both the interest and non-interest income segments.

i. Growth in interest income

The consistent receipt by the Bank of sensible requests for credit, leads the Bank to believe that its loan book has the potential for significant growth, both in commercial as well as in retail lending including home loans. While the Bank will continue in its efforts to widen its income streams, the forecast growth in its loan book, referred to in section 6.4.1 above, is expected to be a key driver of revenue growth.

The Bank's home loan and personal lending products are currently among the more competitive in this segment where market response has been encouraging. The Bank entered this sector in 2020 when by the end of the first half of 2023, home loans reached a total of €194.1 million (20% of total loans). Home loan activity on the Bank's loan book is expected to continue contributing to the future growth of the Bank, this being in line with the ultimate objective of achieving a diversified loan book.

ii. Growth in non-interest income

Lombard Select SICAV p.l.c., which holds a MFSA collective investment scheme licence under the Investment Services Act, intends to launch sub-funds with the objective of providing a diverse offering which can address market-demand segments. The sub-funds will be launched progressively. Lombard Select SICAV p.l.c. has four licensed sub-funds, the Malta Income

Fund, the Global Select Equity Fund, the Lombard Prudential Fund and the International Income Fund. As at the date of this Registration Document, the said funds have not been launched, though are planned for launch following the conclusion of the rights issue. It is intended that over a five-year period, the targeted income from such funds will contribute significantly to the Bank's non-interest income.

The Bank also plans to enhance the offering by way of a more personalised service provided by certified advisors. High net worth clients will be catered for through a dedicated office, with a personalised managed portfolio service focusing on individual requirements.

As a recently licensed tied insurance intermediary of IVALIFE Insurance Limited, the Bank is set to offer the full suite of IVALIFE products through its branch network.

A larger customer base should drive growth in transaction fees primarily those related to the transmission of funds and card-related business.

6.4.2 Further strengthening financial indicators

In the event that the Rights Issue were to be fully subscribed, the Bank's Total Capital Ratio (TCR) would increase, to *circa* 20%.

The interesting number of applications for bankable lending that are consistently received, reassures the Bank that the availability of additional capital will result in increased net interest income. This, coupled with the benefits of the economies of scale, will result in higher Operating Income which is targeted to rise by 50% over the 3-year planning period.

6.4.3 Investment in, and extension of, the Bank's distribution network

The Bank prides itself in offering a personalised customer service experience while remaining mindful of the expectations of its wide stakeholder base. It has made the strategic choice of expanding its physical footprint to a meaningful level, though always selectively and prudently. It firmly believes that the physical presence of the Bank remains an important element in the local market, more so in respect of customers who demand a personalised service through human interaction.

The Bank shall continue to form part of the Maltese social, economic, and cultural fabric. While offering its products and services through both traditional and virtual channels, a significant distribution channel consists of its network of branches and ATMs situated at locations in various areas of Malta and Gozo, as well as a network of offices also offering International Business Banking services, trade services and wealth management services.

As a matter of policy and in support of its solid commitment to the Maltese community, as well as its business strategy in enhancing the underlying value of the Bank, the branches are, in the main, wholly-owned by the Bank. In the marketplace, these properties now form part of the Bank's identity and image. Through various projects, buildings have been successfully converted to commercial premises with the infrastructure expected of a modern office, while respectful of the heritage elements and design. The Bank considers the properties it acquires and converts as providing a dual benefit for the Group's operations, namely, that of enhancing the Bank's image in the marketplace as well as forming part of its corporate social responsibilities in view of its contribution to the restoration of historic landmark properties.

As at the date of this Registration Document, the Bank's distribution network consists of 12 branches and 20 ATMs situated across Malta and Gozo. The Bank plans to continue strengthening, albeit selectively, its distribution network across the Maltese Islands. Currently, the Bank operates from 18 properties with a further two properties earmarked as branches.

Apart from the traditional channels, the Bank also provides its services through virtual channels which it aims to significantly improve through additional investment. Its focus will be on improving the customers' digital experience and gaining market share in the younger demographic segment. To this end, the Bank is set on modernising its internet banking portal, investing in a mobile application, and expanding its network of ATMs.

Investment in digital channels is an important part of the Bank's business strategy. Digital channels are considered complementary to a physical distribution network but not in replacement of it. The Bank remains committed to investing in infrastructural technologies to increase efficiencies and improve customer service, blending digital and human interaction.

6.4.4 Strengthening the Group's ESG programme

Worldwide climate and environmental matters are featuring more prominently, resulting in a rapidly changing regulatory landscape, particularly within the European Union. This creates opportunities for the Bank to develop sustainable financing

solutions thereby acting as facilitators for the transition towards a net-zero emissions economy and assisting the community in adapting to the impacts of a changing climate.

In response thereto, in 2023, the Bank developed an action plan outlining the measures through which the Bank aims to minimise the negative impact that its operations may have on society and the environment. The Bank is currently in the process of performing a business-environment risk assessment to serve as the foundation of this action plan. This will ensure effective implementation and compliance with expectations set by the local regulator, while also preparing for upcoming European regulatory requirements.

The Bank is mindful of the important role it has to play to contribute towards safeguarding the environment as much as is possible, thereby minimising the environmental impact of its operations. Taking an environmentally friendly position and implementing measures to reduce the Bank's carbon footprint fits within the overall corporate social responsibility initiatives of the Bank. The Bank expects to continue with its programme of investment aimed at reducing reliance on fossil fuel power as far as practical and opportune.

The Bank acknowledges that the implementation of an ESG sensitive strategy is important for the Bank's continued success. Over the years, the Bank has restored, converted and curated a number of sites of significant architectural value, which it occupies for its own operations such as Palazzo Spinola in Republic Street, Valletta and a landmark property on Tower Road, Sliema. Planning permission is also in hand to convert into a branch another important property located on Saqqajja Hill, Rabat (Malta). These properties are now a hallmark of the Bank, in line with the Bank's image of being traditional and firmly established.

The Group is also conscious of the manner in which it performs its operations, seeking to identify measures that contribute towards safeguarding the environment as much as is reasonably possible, thereby minimising the impact of its operations on the environment. In this respect, the Bank and MaltaPost, both have adopted a number of other recent environmental initiatives adopted by the Bank including: (i) the installation of PV panels and other energy-efficient installations; (ii) the implementation of waste separation facilities; and (iii) the implementation of recycling processes.

MaltaPost has recently replaced most of its fleet of fuel-powered motor vehicles with electric vehicles. At the date of this Registration Document, the fleet consists of over 70 vehicles which number is set to exceed 100 electric vehicles over the course of a few months thus, substantially reducing MaltaPost's, as well as the Group's, overall carbon footprint. MaltaPost also manages a postal museum housed in a restored building in Valletta thereby ensuring the preservation of the philatelic heritage of the Maltese Islands.

Going forward the Group will continue to strengthen and extend its ESG programmes and initiatives as well as its corporate social responsibility programmes, including through further engagement with the local community and the pursuit of initiatives and campaigns for good social causes. The Bank intends to follow developments closely so as to ensure that relevant aspects are incorporated in its risk management framework. ESG workshops were held in 2022 to assist the Bank in the execution of its action plan. The action plan which delves into a number of aspects including but not limited to an impact analysis of the current business environment, training, committing to a percentage reduction in Scope 3 emissions financed carbon and integrating climate and environmental risks into the Bank's control systems. These measures will ensure that climate-related and environmental risks will play an integral part of the Bank's overall business strategy, business objectives, and risk management framework resulting in compliance with its ESG obligations, once regulation becomes binding.

6.4.5 Enhancing the synergy between the Bank and MaltaPost

Certain low-cost financial services are offered through MaltaPost, acting as the Bank's payment services agent in respect of the *PostaPay&Save* Payment Account. The financial services offered by the Bank through MaltaPost also include the encashment of Central Bank of Malta cheques.

MaltaPost is also a tied insurance intermediary for life and general insurance of IVALIFE Insurance Limited and PostaInsure Agency Limited under the Insurance Distribution Act. Selectively, the Bank and MaltaPost also share the use of immovable properties for their operations. In this regard, premises in Attard, Zejtun and St Julian's house both a branch of the Bank as well as a MaltaPost office, with each maintaining independent operations.

The relationship of the Bank with MaltaPost and its respective retail networks stands to provide significant synergistic opportunities. These include the gradual introduction of a financial services culture within MaltaPost which will serve as the platform for further growth away from the traditional postal services and related logistics business.

6.4.6 Investment in resources

Investment in both human resources and infrastructural technologies remains at the forefront of the Bank's strategy to increase visibility and growth. Building on the objectives of its business plan, the Bank intends to update its existing core banking system and implement specialist IT systems designed to digitise certain workflows and automate regulatory reporting.

As at end 2022, the Bank employed 209 employees. It intends to continue to increase investment in training and development of skilled persons, with a view to strengthen efficiencies further.

While human interaction will continue to be the basis for customer relationships, the Bank shall also invest further in customer relationship management systems to enable customers communicate directly with their relationship officers at their respective branches. The Bank believes that efficient and easy access to relationship officers contributes significantly to customer satisfaction.

The Bank will seek to improve its marketing function, particularly in the social media space, with the objective of attracting new prospective customers and investors as well as remaining closer to its existing customer base.

6.5 Regulatory Framework of the Bank

The Bank operates in a complex regulatory environment and is subject to a number of prudential and regulatory requirements set by various laws and regulations. The regulatory framework applicable to the Issuer is broadly described below.

6.5.1. The CRD and CRR

The Bank is subject to the CRR and the CRD. The CRR and the CRD largely reflect Basel III, the internationally agreed set of measures on capital requirements for banks in relation to the risks that they assume, and developed by the Basel Committee on Banking Supervision.

CRR

The CRR is directly applicable in all Member States and sets out rules concerning general prudential requirements that credit institutions need to comply with, such as: (i) own funds requirements; (ii) requirements limiting large exposures; (iii) liquidity requirements; (iv) reporting requirements; and (v) public disclosure requirements. The CRR has been subsequently amended, amongst others, by the CRR II which introduced rules concerning, *inter alia*, the requirement for credit institutions to hold eligible liabilities and the disclosure of prudential information on ESG risks.

CRD

The CRD requires transposition into the national regulatory framework. Locally, the CRD has been transposed and implemented through the Banking Act and the subsidiary legislation and banking rules issued thereunder. The CRD seeks to set uniform rules in respect of, amongst others: (i) authorisation and supervision requirements for credit institutions; (ii) initial capital requirements; (iii) approval requirements for financial holding companies and mixed financial holding companies; (iv) prudential supervision rules; (v) governance arrangements; and (vi) capital buffer rules.

The latest revisions to the CRD were carried out by virtue of CRD V. The revisions - which were implemented and transposed into the Maltese legislative framework - included changes to the additional own funds requirement which the MFSA may impose as a result of the Supervisory Review and Evaluation Process (SREP) assessment; and changes to Banking Rule BR/01, Banking Rule BR/12, Banking Rule BR/15, Banking Rule BR/21 and the introduction of a new Banking Rule BR/24 setting out the requirements on internal governance of credit institutions.

Delegated and implementing acts, regulatory technical standards and guidelines

The CRR and CRD are supplemented by a number of delegated and implementing acts, binding regulatory technical standards developed by the EBA and adopted by the European Commission and guidelines issued by the EBA. These documents provide detailed rules and guidance on certain aspects regulated by the CRR and CRD and specify how competent authorities and institutions are to comply with the obligations laid down therein, in order to give full effect of the CRR and CRD.

Proposed amendments

The European Commission presented its proposals on a review of the CRR and the CRD on 27 October 2021. The European Council agreed its general approach on the proposals on 8 November 2022. Trilogues with the European Parliament started on 9 March 2023, and in June 2023, a provisional political agreement was reached between the European Council and the European Parliament on the amendments to the CRR and the CRD.

The CRD is proposed to be amended by virtue of a directive (“**CRD VI**”). CRD VI will amend certain aspects of the CRD, including, *inter alia*, supervisory powers, sanctions, third-country branches and ESG risk. The CRR is proposed to be amended by virtue of a regulation (“**CRR III**”), which will amend the CRR as regards, *inter alia*, requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor. The proposals implement the international Basel III standards while taking into account specificities of the EU economy. CRR III is expected to apply from 1 January 2025, with certain elements of the regulation phasing in over the coming years, and EU Member States are expected to have until 30 June 2026 to transpose CRD VI.

6.5.2. BRRD

The BRRD establishes a framework for the recovery and resolution of, *inter alia*, credit institutions, financial institutions, financial holdings companies, mixed financial holding companies and mixed activity holding companies established in the EU.

The main scope of the BRRD is to provide relevant national competent authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution, so as to ensure the continuity of the institution’s critical financial and economic functions. The BRRD has been transposed and implemented into the Maltese legal framework through the Recovery and Resolution Regulations, which established a legal regime requiring institutions (such as the Bank) falling within its scope to - amongst others - prepare recovery plans and resolution authorities to prepare resolution plans and equips competent authorities with a set of early intervention measures in the event that an institution infringes or is likely to infringe (due to amongst others, rapidly deteriorating financial conditions) the CRD, the CRR and certain provisions of the BRRD.

The Single Resolution Board (the “**SRB**”) is the central resolution authority within the Banking Union and together with the national resolution authorities (the “**NRAs**”), it forms the Single Resolution Mechanism. The NRAs are the resolution authorities of the participating Member States of the Banking Union, which are empowered to exercise resolution powers over institutions within their own remit, whilst the entities and groups directly supervised by ECB and other cross-border groups fall under the direct responsibility of the SRB. Pursuant to the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta) (the “**MFSA Act**”), the Board of Governors of the MFSA acts as the resolution authority for the purposes of article 3 of the BRRD. Although the resolution authority is the authority appointed for the purposes of article 3 of the BRRD, it has delegated its powers assigned to it under the BRRD to the Resolution Committee and whose composition, powers and functions are governed by provisions set out in the First Schedule to the MFSA Act and the Recovery and Resolution Regulations.

The Recovery and Resolution Regulations set the framework for the assessment of resolvability of institutions carried out by the Resolution Committee, the application of measures required to address or remove impediments to resolvability, the removal of the senior management and the board of directors of an institution, and the write-down or conversion mechanism of relevant capital instruments and eligible liabilities. The power to write-down or convert relevant capital instruments and eligible liabilities into shares or other instruments of ownership of institution can be exercised either independently of resolution action or in combination with a resolution action, where certain conditions for resolutions are met. In broad terms, this power essentially requires Common Equity Tier 1 items to be reduced first in proportion to the losses, and, subsequently, the principal amount of Additional Tier 1 instruments, Tier 2 instruments and eligible liabilities are written down and, or converted into CET1 instruments.

Furthermore, when an institution meets the applicable conditions for resolution, the SRB or the Resolution Committee, as the case may be, have a broad range of tools (namely, the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool) and various other broad powers (including, by way of example, the power to take control of the relevant institution under resolution and exercise all the rights and power conferred upon the shareholders, the power to transfer shares or other instruments of ownership of the bank, the power to require an institution under resolution to issue new shares or other instruments of ownership and the power to transfer to another entity, with the consent of that entity, rights, assets or liabilities of an institution under resolution).

The BRRD was amended, amongst others, by the BRRD II which complements the requirements introduced by the CRR II. The BRRD, through the BRRD II, requires relevant institutions to meet a minimum requirement for own funds and eligible liabilities (MREL) so as to be able to absorb losses expected in resolution or at the point of non-viability. BRRD II introduced other measures such as the power of resolution authorities to suspend certain obligations, the contractual recognition of bail-in, the introduction of a new moratorium power for resolution authorities and the introduction of requirements on the contractual recognition of resolution stay powers. The BRRD II was transposed and implemented into local law through the Recovery and Resolution (Amendment) Regulations, 2021 (Legal Notice 6 of 2021), amending the Recovery and Resolution Regulations.

In April 2023, the European Commission issued a proposal for a directive to amend Directive 2014/49/EU (as amended). The proposed amendments are part of the crisis management and deposit insurance (CMDI) legislative package that also includes

amendments to the BRRD. The aim of the CMDI reform is, *inter alia*, to build on the objectives of the crisis management framework applicable to banks and to ensure a more consistent approach to resolution, so that any bank in crisis can exit the market in an orderly manner, while preserving financial stability, taxpayer money and ensuring depositor confidence. The said proposed amendments are expected to become applicable in the next few years, however, actual application dates will depend on the length of the legislative process.

6.5.3. Depositor Compensation Scheme

The Bank, as a licensed credit institution in Malta, is subject to the Depositor Compensation Scheme Regulations (Subsidiary Legislation 371.09 of the laws of Malta) (the “**DCSR**”), which transposed and implemented Directive 2014/49/EU, as amended. The DCSR is supplemented by Banking Rule BR/17 on ‘Management Expenses Contribution’ under the DCSR, Banking Rule BR/18/2016 on ‘Risk-Based Method’ and the ‘Compensation Contribution Method’ under the DCSR and Banking Rule BR/19 on ‘Payment Commitments’ under the DCSR.

In broad terms, the DCSR regulates the collection and administration of the contributions of its member credit institutions, such as the Bank, and regulates the settlement of any compensation claims of depositors. Subject to certain conditions, in terms of the DCSR, the maximum compensation sum payable for the aggregate deposits of each depositor is €100,000.

On 24 November 2015, the European Commission tabled a proposal for the establishment of a euro area-wide integrated deposit insurance scheme – the European deposit insurance scheme (the “**EDIS**”). However, the EDIS is still at proposal stage, as at the date of this Registration Document.

6.5.4. Payment Services Directive

The Bank, apart from being licensed to provide the business of banking, is also licensed and authorised to provide payment services as defined in the Financial Institution Act (Cap. 376 of the laws of Malta). In view of this, the Bank is subject to Directive (EU) 2015/2366 (“**PSD II**”), as amended, which entered into force on 12 January 2016 and became applicable in all EU Member States with effect from 13 January 2018.

The PSD II - which repealed the original payment services Directive 2007/64/EC – introduced, amongst others, the legal framework setting out the conditions under which account information service providers and payment initiation service providers can provide their services; changes to conduct of business requirements aimed at improving consumer protection; and changes to security and transparency requirements. The PSD II has been transposed and implemented in Malta through Directive No. 1 on the Provision and Use of Payment Services issued by the Central Bank of Malta in terms of the Central Bank of Malta Act (Cap. 204 of the laws of Malta).

In June 2023, the European Commission put forward proposals to revise PSD II through a directive (“**PSD III**”) and establish, in addition, a Payment Services Regulation (“**PSR**”). The proposals for PSD III and PSR were accompanied by a new open finance proposal in the shape of a regulation on a framework for Financial Data Access (“**FIDA**”).

The PSD III, PSR and FIDA proposals seek to *inter alia* tackle fraud risk and improve customer choice and confidence in payments; improve the functioning of the open banking and open finance sector; increase harmonisation of implementation and enforcement of payments and e-money regulation; and improve access to payment systems and bank accounts for non-bank payment service providers. As at the date of this Registration Document, it is unclear when the PSD III, PSR and FIDA will become applicable.

6.5.5. Consumer credit

As part of its day-to-day provision services and activities, the Bank enters into contractual relationships with individuals acting for purposes which are not related to their trade, business, craft or profession. In view of this, the Bank is subject to an array of consumer legislation, including the Consumer Credit Regulations (Subsidiary Legislation 378.12 of the laws of Malta) (the “**CCR**”) (which transposes and implements Directive 2008/48/EC, as amended) and the Credit Agreements for Consumers Relating to Residential Immovable Property Regulations (Subsidiary Legislation 378.10 of the laws of Malta) (the “**Regulations**”) (which transposes and implements Directive 2014/17/EU, as amended). The CCR and the Regulations both set out requirements covering, *inter alia*, the obligation of creditors (such as the Bank) to provide pre-contractual information to prospective customers; the obligations of credit intermediaries towards customers when appointed by creditors; and the obligation of creditors to carry out creditworthiness assessments of customers.

6.5.6. Investment services

The Bank is also authorised and licenced to provide certain investment services to clients (the category of which depends on the type of service offered) in terms of the Investment Services Act. These include investment advice, management of

investments, execution of orders on behalf of clients, custodian and nominee services to retail clients, professional clients and eligible counterparties. As an investment services licence holder, the Issuer is subject to a number of European Directives and Regulations (including MiFID II, MiFIR and the implementing and delegated acts issued thereunder) and Maltese legislative framework such as the ISA and the subsidiary legislation and rules issued thereunder. The Bank is also a participant of the Investor Compensation Scheme (the “**ICSR**”) established in terms of the Investor Compensation Scheme Regulations (Subsidiary Legislation 370.09 of the laws of Malta) (the “**ICSR**”) and contributes to the Scheme in accordance with the applicable provisions of the ICSR. Under the ICSR, in the event that the MFSA ascertains a compensation case, the total amount of compensation that may be paid out to an investor is the lesser of ninety per cent (90%) in respect of all claims which have been made by such investor, or up to €20,000, subject to the claim meeting the requirements imposed in the ICSR as may be applicable.

6.5.7. Insurance distribution

The Bank is enrolled as a tied insurance intermediary in terms of the Insurance Distribution Act and provides tied insurance intermediary activities in the following classes: (i) Class 1 – Life and annuity; and (ii) Class 3 – Linked Long Term, for its principal IVALIFE Insurance Limited. As a tied insurance intermediary, the Bank is subject to Maltese insurance distribution legislation (including the Insurance Distribution Act and the subsidiary legislation and rules issued thereunder) and European insurance distribution legislation (including Directive (EU) 2016/97, as amended, coupled with the delegated and implementing acts issued thereunder).

6.5.8. Financial markets regulation

The Bank, as a company having its securities admitted to trading on the Official List of the MSE, is subject to several pieces of financial markets legislation including: (i) the FMA, (ii) the Prevention of Financial Market Abuse Act (Cap. 476 of the laws of Malta) (“**PFMAA**”); (iii) the Act; (iv) the Capital Markets Rules; and (v) the MSE Bye-Laws.

The PFMAA, which transposes and implements the provisions of the Market Abuse Regulation and the Market Abuse Directive, prohibits insider dealing, the unlawful disclosure of inside information, and market manipulation. The PFMAA also imposes obligations in relation to the public disclosure of inside information, the maintenance of insider lists, and the notification of transactions carried out by persons discharging managerial responsibilities as well as persons closely associated therewith. Persons found guilty of engaging in, or attempting to engage in, one or more of the prohibitions under the PFMAA, will be liable to sanctions, including but not limited to, hefty fines and, or imprisonment.

The Bank is responsible for ensuring compliance with the continuing obligations and the disclosure requirements as laid down in the Capital Markets Rules for as long as its securities remain listed on the Official List of the MSE. The continuing obligations are laid down under Chapter 5 of the Capital Markets Rules which implements the relevant provisions of the Transparency Directive. Such continuing obligations include, *inter alia*, the public disclosure of certain material information relating to the Bank and its securities, as outlined in the Capital Markets Rules, the publication of half-yearly and annual financial reports that comply with the requirements of the Capital Markets Rules, and compliance with the Code of Principles of Good Corporate Governance as outlined in Appendix 5.1 of the Capital Markets Rules.

Chapter 12 of the Capital Markets Rules also transposes the Shareholder Rights Directive which seeks to promote shareholder engagement and lay down specific requirements in relation to the identification of shareholders, transmission of information, facilitation of the exercise of shareholders’ rights, transparency of institutional investors, asset managers and proxy advisers, the remuneration of directors and related party transactions.

As the competent authority in terms of the Prospectus Regulation, the MFSA is responsible for supervising and ensuring compliance, by issuers of securities, with said Prospectus Regulation, the Capital Markets Rules and all other financial markets legislation to which they are subject. The MFSA has a broad set of regulatory and investigatory powers including, *inter alia*, the ability to require information where necessary for investor protection, to suspend or restrict an offer of securities to the public or admission to listing and, or trading, and to carry out on-site inspections or investigations, and to impose penalties and other administrative measures.

6.5.9. Data protection

The GDPR became effective on 25 May 2018, moving the European data confidentiality environment forward and improving personal data protection within the EU. The GDPR was transposed into Maltese law by virtue of the DPA.

The Group is subject to a number of obligations concerning the processing of personal data, including but not limited to ensuring that: (i) personal data is processed fairly, lawfully and in a transparent manner; (ii) personal data is always processed in accordance with good practice; (iii) personal data is only collected for specific, explicitly stated and legitimate purposes

and not further processed in a manner that is incompatible with those purposes; (iv) all reasonable measures are taken to complete, correct, restrict, block or erase personal data to the extent that such data is incomplete or incorrect, having regard to the purposes for which they are processed; (v) personal data collected is adequate, limited and relevant to what is necessary in relation to the purposes for which they are processed; (vi) personal data is not kept for a period longer than is necessary; (vii) personal data is accurate and, where necessary, kept up to date; and (viii) personal data is processed in a manner that ensures appropriate security of the personal data. Additionally, the Group is responsible for, and must be able to demonstrate compliance with, the aforementioned obligations.

Prior to processing personal data, the Group must ensure that the personal data undergoing processing is justified under at least one of the lawful bases stipulated within the GDPR. Where consent is deemed to be the appropriate legal basis, the Group must ensure that the person to whom the personal data relates has unambiguously, freely, specifically and informatively given his consent for such processing and that consent has been collected in accordance with the provisions of the PSD II. In all cases, each member of the Group must ensure that individuals are provided with the information set out in articles 13 and 14 of the GDPR.

The Bank is also required to comply with the Data Protection Guidelines for Banks developed by the Malta Bankers' Association after a consultation exercise held with the Information and Data Protection Commissioner.

Non-compliance with the standards set by the GDPR may result in severe penalties as further described in section 2.2.4.3 of this Registration Document. The GDPR applies to all banks established in the EU and to banks providing services to persons within the EU.

6.5.10 Anti-money laundering regulations

The anti-money laundering regime aimed at preventing money laundering and the funding of terrorism, to which the Bank is subject, comprises of two principal statutory instruments: (i) the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) (the “**PMLA**”) and (ii) the Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01) (the “**PMLFT Regulations**”). The PMLFT Regulations are supplemented by Implementing Procedures, which are intended to provide assistance to ‘subject persons’ in understanding and fulfilling their obligations under the PMLFT Regulations (the “**FIAU’s Implementing Procedures**”). The FIAU’s Implementing Procedures are issued, and their compliance monitored, by the FIAU, which is the authority responsible for the collection, collation, processing, analysis and dissemination of information of suspected money laundering or terrorist financing related activities.

The PMLA criminalises the offence of money laundering, establishes the basic legal definitions, provides for the procedures for the investigation and prosecution of the offences, and includes the measures for the confiscation of property upon conviction of the offence, the freezing of assets and the issuance of investigation or attachment orders in the event of the suspicion of an offence of money laundering. The second part of the PMLA establishes the FIAU, its functions, powers, and underlying duties.

The PMLFT Regulations on the other hand provide for the obligations and procedures that ‘subject persons’ are required to carry out. The PMLFT Regulations, which are currently in force, implement the provisions of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the “**4AMLD**”) as amended by Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 (the “**5AMLD**”). With effect from 1 January 2018, the PMLFT Regulations were completely overhauled in order to transpose the 4AMLD provisions. Similarly, the PMLA was amended accordingly by a number of legislative instruments in order to transpose the provisions of the 4AMLD and the 5AMLD.

Specifically, pursuant to this regime, credit institutions are obliged, *inter alia*, to:

- adequately identify and verify customers and ultimate beneficial owners where applicable, through rigorous identification and verification procedures, subject to adopting a risk-based approach;
- conduct ongoing monitoring of business relationships, proportionate to the risk posed by such relationships;
- appoint a money laundering reporting officer (referred to as the MLRO);
- record and keep the identification data and other information on relationships and transactions with customers in a durable and accessible repository;
- respond to requests for information from the FIAU and other competent authorities;
- report suspicious transactions to the FIAU; and
- set up internal control measures and ensure the adequate training of employees at regular intervals.

6.5.11 The Digital Operational Resilience Act

The Digital Operational Resilience Act (EU Regulation 2022/2554), otherwise referred to as “**DORA**”, came into force on 16 January 2023 and will become applicable to financial entities (including the Group) on 17 January 2025. DORA forms part of the EU’s digital finance package and aims to consolidate and upgrade ICT risk management requirements of financial entities falling within scope of this regulation.

In broad terms, DORA sets out six pillars which are applicable to financial entities and in certain situations, their appointed ICT third-party service providers. These pillars are:

1. ICT risk management;
2. reporting of major ICT-related incidents and notifying, on a voluntary basis, significant cyber threats to the competent authorities;
3. reporting of major operational or security payment-related incidents to the competent authorities by certain financial entities;
4. digital operational resilience testing;
5. information and intelligence sharing in relation to cyber threats and vulnerabilities; and
6. measures for the sound management of ICT third-party risk.

DORA also regulates the contents of contractual arrangements concluded between financial entities and ICT third-party service providers.

7. INVESTMENTS

The Bank has not made any material investments since the date up to which the last published interim condensed financial statements of the Bank (incorporated by reference herein) were made (30 June 2023), and which are in progress and, or for which firm commitments have already been made.

8. TREND INFORMATION

The local banking sector is predominantly characterised by high liquidity and low loans-to-deposits ratios. There is strong competition for high-quality credits and despite the adverse global macroeconomic developments, heightened geopolitical risks due to the war in Ukraine and rising inflation, the Maltese financial system remained resilient, also as a result of a robust domestic economy. The regulatory environment is increasingly onerous, and compliance costs are on a constant upward trend.

The global economy is currently experiencing high levels of stress. Inflationary pressures fuelled by pent-up demand following the Covid-19 shock, coupled with the effects of many years of accommodative monetary policy, stimulated demand when supply of products was scarce. This forced central banks to raise interest rates, rapidly and substantially in a sharp reversal of the trend of falling interest rates, bringing the era of easy money to an end.

Against this background, Malta fared well. Government’s wage assistance and subsidy of energy prices kept inflation below the average of the EU. However, this had a negative impact on Government finances with general Government debt reaching 54.8% of GDP. Governments, corporates and society in general became accustomed to low interest rates and were encouraged to take advantage by taking on cheap debt. The Covid-19 pandemic exacerbated this, with extra funding needed to effect subsidy policies. The Russian invasion of Ukraine has created a new geopolitical environment. War in Europe has induced the West to re-assess its reliance on what it deems to be unreliable partners. This could have a profound impact on the relationship between capital and labour in the West. Labour shortages had already become a feature prior to the war in Ukraine, and the demands of workers to seek higher salaries look set to strengthen. The impact of the war has put certain sectors under strain, notably those most exposed to commodities, food and energy markets.

The increasing cost of household borrowing, and the potential recession scenario, could adversely affect the residential real estate sector. Such increasing costs may be disproportionately felt by first-time buyers in the lower income group, who may have also had stretched repayment metrics at origination.

Overall, these conditions could result in an increase in default rates and distressed debtors. The Bank has in place effective provisioning and risk management practices to enable it to identify, assess and implement solutions to effectively support distressed debtors.

Developments in the EU with respect to climate change and environmental degradation have made it crucial for credit institutions to devise their own ESG transition plans and implement processes to enhance their ability to gather and use additional data about energy efficiencies in their lending portfolios. Credit institutions are also under pressure to closely monitor the transition plans of their customers, especially those that are highly exposed to fossil fuel-intensive sectors, to ensure that viable plans for a smooth transition are in place. The Bank expects ESG considerations and the assessment of its customers' transition plans to be at the forefront of its long-term business strategy.

The pandemic has irreversibly accelerated and intensified the digitalisation of the global economy. Consumer preferences have changed, fintech players have gained market share and banks' reliance on IT and cloud services has grown. These developments create both opportunities and risks. During the pandemic, there was a wave of Covid-19-related fraud attempts. One of the consequences of the Russian invasion of Ukraine is an elevated risk of cyber-attacks. In view of the elevated risk environment, investment in technology and the continued implementation of robust IT systems is likely to continue to be an important factor.

The decision of the FATF to remove Malta from its grey-list in the year 2022 has lessened the reputational damage to Malta as a financial services jurisdiction. The Bank continues to ensure that it remains compliant with regulatory standards, particularly AML regulatory standards. However, the long-term impact of the previous grey-listing of Malta on the Bank induced some correspondent banks to terminate their relationship with some local banks and the long-term impact of this decision remains uncertain.

Save for the effects of the Covid-19 pandemic, the Russia-Ukraine war and the previous grey-listing of Malta (as described above), the Bank is not aware of any other factors or events that are likely to have a material effect on the Bank's prospects in the current financial year.

The information contained in this section is in part sourced from the report published by the Central Bank of Malta which can be accessed at <https://www.centralbankmalta.org/publications> - CBM Annual Report 2022.

9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

9.1. The Board of Directors of the Issuer

As at the date of this Registration Document, the Board of Directors of the Issuer is composed of the following individuals:

NAME AND IDENTIFICATION DETAILS	DESIGNATION	DATE OF APPOINTMENT
Michael C. Bonello	Independent Non-Executive Director and Chairman	25 April, 2013
Joseph Said	Executive Director and Chief Executive Officer	21 December, 2000
Graham A. Fairclough	Non-Executive Director	23 October, 2003
Kimon Palamidis	Independent Non-Executive Director	28 April, 2011
Peter Perotti	Independent Non-Executive Director	14 April, 2022

Dr Helena Said is the Company Secretary of the Issuer.

The business address of the Directors and the Company Secretary is that of the Issuer.

A list of all current and past directorships of the Directors over the past five years is set out in Annex I of this Registration Document.

9.2. Curriculum vitae of the Directors of the Issuer

Michael C. Bonello (Chairman and Independent Non-Executive Director)

Michael C. Bonello was appointed Director and Chairman of the Bank in 2013.

Between 1999 and 2011 he was the Governor of the Central Bank of Malta. During this time, he also sat on the governing and general councils of the European Central Bank (ECB) and the Board of Governors of the MFSA.

From 1983 to 1999 he was a senior official at the United Nations Conference on Trade and Development (UNCTAD) in Geneva where he served in different capacities, among them as Senior Economic Affairs Officer in the International Trade Division, Chief of the Policy Clearance Unit, Advisor in the Office of the Secretary-General and Executive Assistant to the Deputy Secretary-General.

He is a graduate of the University of Malta and Oxford University and also a Fellow of the Institute of Financial Services. He is also a director of Lombard Select SICAV p.l.c. which is fully-owned by the Bank.

Mr Bonello is also a member of the Audit and Risk Committee and Suitabilities & Evaluations Committee.

Joseph Said (Executive Director and Chief Executive Officer)

Joseph Said joined the Bank as chief executive officer (CEO) in 1998. Previously he had worked for Barclays Bank (later known as Mid-Med Bank) for 17 years, serving in practically all areas of that bank. In 1986, he took up a senior post in the private sector where he became involved in a number of new ventures and initiatives. Between 2008 and 2013 he served as chairman of Heritage Malta. He is a board member of the Malta Bankers' Association having also previously served as Deputy Chairman and Chairman of the Association.

As CEO of the Bank, he has been since 2000 an executive member of the Board of Directors of the Issuer. He is also the chairman and a director of MaltaPost p.l.c. and a director of IVALIFE Insurance Limited, and also of Lombard Capital Asset Management Limited.

He is a Fellow of the Chartered Institute of Bankers (UK).

Mr Said is also the Chairman and a member of the Credit Committee and the Assets & Liabilities Committee of the Issuer.

Graham A. Fairclough (Non-Executive Director)

Graham A. Fairclough was first appointed as a non-executive member of the Board of Directors in 2003. He joined National Provincial Bank (later known as National Westminster Bank) in London in 1967 and was subsequently seconded to the Issuer. Between 1992 and 2008 he served as general manager of the Issuer. He also held the position of company secretary of the Issuer between 1982 until 2013. He is a Fellow of the Chartered Institute of Bankers (UK).

Mr Fairclough is also a director and company secretary of MaltaPost p.l.c. and a director of Lombard Select SICAV p.l.c.

Mr Fairclough is a member of the Audit & Risk Committee and the Chairman and member of the Suitabilities & Evaluations Committee.

Kimon Palamidis (Independent Non-Executive Director)

Kimon Palamidis has been a non-executive member of the Board of Directors of Lombard Bank Malta p.l.c. since 2011. He has a lengthy banking career of over 25 years holding senior positions with various banks in Greece within areas such as corporate, private and international banking. He was also the assistant general manager of the international banking segment within Piraeus Bank SA.

He holds a Master's in Business Administration (MBA) from the Southern New Hampshire University NH, USA as well as a BSc Management degree from American International College MA USA.

Mr Palamidis is the Chairman and member of the Audit & Risk Committee and a member of the Suitabilities & Evaluations Committee.

Peter Perotti (Independent Non-Executive Director)

Peter Perotti has been a Board member since April 2022.

He has served in the financial services industry for over forty years, having worked with the Bank of Valletta group of companies from 1979 until his retirement in 2020. During these years, he occupied various positions including Chief Officer Retail Banking and Chief Officer Fund Business with direct responsibility for the Bank's subsidiaries BOV Asset Management Limited and BOV Fund Services Limited. He also set up and headed Bank of Valletta's representative office in Milan and worked at its offices in Sydney and Melbourne, Australia.

Mr Perotti is an Associate of the Chartered Institute of Bankers (ACIB).

He is also a member of the Audit & Risk Committee and the Suitabilities & Evaluations Committee.

9.3. Composition and appointment of the Board of Directors

The Board of Directors may consist of up to a maximum of seven individuals unless the Issuer determines otherwise in general meeting. As at the date of this Registration Document, the board of directors is composed of the individuals listed in section 9.1 above.

In accordance with the Articles of Association of the Issuer, every member of the Issuer holding in the aggregate at least 15% of the ordinary issued share capital of the Issuer shall be entitled to appoint one director for each and every 15% of the ordinary issued capital owned by him. Any fractional shareholding in excess of 15% not applied in appointing such director or directors shall entitle its holder to vote in the election of the remaining directors together with the remaining general body of shareholders. During such time as a shareholder is entitled to appoint directors in accordance with such mechanism, the appointment of directors may be made by a letter addressed to the company secretary of the Issuer. In this regard it is pertinent to note that, as announced by the Bank on 6 June 2023 pursuant to company announcement LOM 285, by letter dated 29 May 2023, NDSF has, in terms of the Articles of Association, appointed Mr Paul Abela and Dr John Bonello as non-executive directors of the Bank. The appointment of Mr Abela and Dr Bonello is subject to regulatory processes which as at the date of this Registration Document are still ongoing.

The election of the directors shall be validly decided by a simple majority of the members present (in person or by proxy) at the time of voting.

No person other than a director retiring by rotation shall be appointed or reappointed as a director at any general meeting unless such an individual is recommended by the directors or is nominated as described hereunder.

The Issuer is to give at least 14 days' notice to its shareholders to submit names for the election of directors. Such notice may be given by the publication of an advertisement in the local press. Notice to the Issuer proposing a person for election as a director, as well as the latter's acceptance to be nominated as director shall be given to the Issuer not less than 28 days prior to the date of the meeting appointed for such election. For the purposes of the aforesaid every member shall be entitled to nominate a person or persons to stand for election as Director. Such nominee or nominees must be seconded by a member or members holding in aggregate not less than 10,000 shares.

9.4. Rotation and removal of Directors

9.4.1 Rotation of Directors

At every general meeting, one-third of the directors holding office at that particular point in time (or, if their number is not three or a multiple of three, the number nearest to one-third) shall retire from office. The directors to retire by rotation shall be the ones who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed directors on the same day the ones to retire shall (unless they otherwise agree among themselves) be determined by lot.

If the Issuer, at the meeting at which a Director retires by rotation, does not fill the vacancy the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the appointment of the director is put to the meeting and lost. In such cases the board of directors may appoint another person to fill the casual vacancy of director.

Any person so appointed by the Board of Directors to fill in a casual vacancy or as an addition to the board, will hold office only until the next annual general meeting of the Issuer, and will be eligible for re-election.

A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed, he shall retain office until the meeting appoints someone in his place, or if it does not do so, until the end of the meeting.

9.4.2 Removal of Directors

Any Director may be removed, at any time, by the Issuer by means of an ordinary resolution.

In addition, the office of director shall, *ipso facto*, be vacated if the director:

- a. ceases to be a director by virtue of any provision of the Act or of any applicable law; or
- b. is adjudged bankrupt or makes any arrangement or composition with his creditors; or
- c. is interdicted or incapacitated; or
- d. is convicted of any of the crimes affecting public trust or of theft or of fraud or of knowingly receiving property obtained by theft or fraud, or of any crime punishable by imprisonment; or
- e. resigns from the office of director by notice in writing to the Issuer; or
- f. shall, for more than six consecutive months, have been absent without permission of the directors from meetings of the directors held during that period and the directors resolve that his office be vacated.

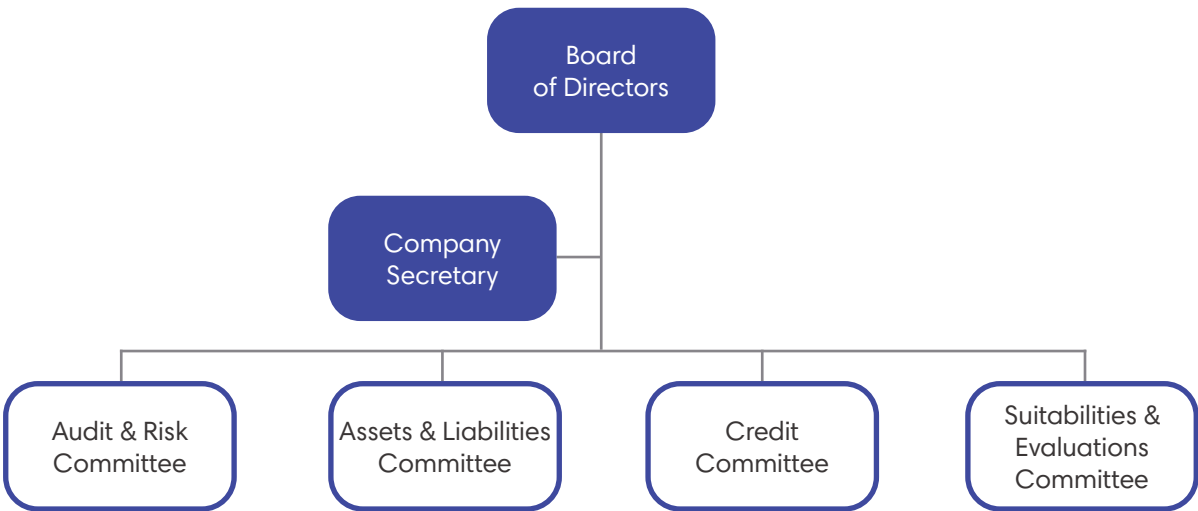
9.4.3 Powers of Directors

The Directors may transact all business of whatever nature of the Issuer not expressly reserved by the Act or the Memorandum and Articles to the members in general meeting or by any provision contained in any law for the time being in force. The Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital or any part thereof, and to issue equity securities and debt securities on such terms, in such manner and for such consideration as they think fit, whether outright or as security for any debt, liability or obligation of the Issuer or of any third party, provided that the Board of Directors of the Issuer shall not, without the previous sanction of an ordinary resolution of the Issuer, allow the borrowings of the Issuer in the aggregate amount to exceed an amount equal to twice the Adjusted Capital and Reserves, as such term is defined in the Articles of Association of the Issuer.

In terms of the Articles of Association of the Issuer, the Directors may from time to time delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

9.5 Board Committees

The Board of Directors of the Issuer has established a number of specialised committees with the purpose of fulfilling the below-mentioned functions. Each committee reports on its functions and makes recommendations to the Board of Directors upon request, addressing matters falling within its remit as outlined in its terms of reference.



9.5.1 Audit & Risk Committee

Role and responsibilities

Risk-taking is an integral aspect of a Bank's intermediation activity and as a result, a whole range of financial and non-financial risks need to be managed. This involves, to varying degrees, knowingly accepting and managing such risks. In this regard, the Bank continues to implement an enterprise-wide risk management framework that involves a comprehensive and coordinated approach to identify, monitor and measure potential risks and subsequently mitigate these risks to within the limits of the Bank's own risk appetite. The management and control of risk is encompassed within approved policies and procedures that are integrated in the decision-making processes. The risk management function reports to the Audit & Risk Committee and Board of Directors and provides a detailed insight into the Bank's risk management environment and situation of tolerance limits as per the Bank's risk appetite statement.

The primary purpose of the Audit & Risk Committee is to protect the interests of the Bank's shareholders and to assist the Directors in conducting their role effectively so that the Bank's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times. The Audit & Risk Committee assists the Board in fulfilling its supervisory and monitoring responsibility for effective financial reporting, risk management, control and governance and this by, *inter alia*, reviewing any financial information, statements and disclosures to be issued, systems of governance, systems of internal control established by Management and the Board, the risk management processes, the external and internal audit processes as well as the compliance processes.

With respect to risk management, the Audit & Risk Committee, *inter alia*, reviews reports from the risk management function which enable the Audit & Risk Committee (and the Board) to consider the process of risk identification and management, to assess the risks involved in the Bank's business and to understand how they are controlled and monitored by Management. The Audit & Risk Committee also advises the Board on the Bank's overall current and future risk appetite and strategy and assists the Board in overseeing the implementation of that strategy by management.

The Internal Audit Function as the third line of defence provides assurance to the Audit & Risk Committee and Board as to the quality of the Bank's internal control systems. By virtue of its reports, the Internal Audit Function provides an independent and objective review of the Bank's business activities and support functions. The Compliance Function (including the financial crime function) also reports regularly to the Audit & Risk Committee and Board of Directors.

Meetings

In accordance with its terms of reference, the Audit & Risk Committee meets regularly, with meetings being held a minimum of six times per year. The Bank's Head of Internal Audit and Chief of Risk attend meetings of the Audit & Risk Committee. The Committee may invite other persons as it may deem necessary including, *inter alia*, the Bank's external auditors, senior management members and compliance officer. The Audit & Risk Committee may also meet with only its members present and with any relevant person outside the presence of executive directors who do not form part of the Committee, if it so wishes.

Composition

The Audit & Risk Committee is composed of the following four non-executive Directors, three of whom are independent of the Issuer within the meaning of the Capital Markets Rules: Michael C. Bonello (Independent Non-Executive Director), Kimon Palamidis (Independent Non-Executive Director), Peter Perotti (Independent Non-Executive Director) and Graham A. Fairclough (Non-Executive Director). The company secretary of the Bank acts as secretary to the Audit & Risk Committee.

Kimon Palamidis is the chairman of this committee and is considered by the Board to be independent of the Issuer within the meaning of the Capital Markets Rules. Together with the other members, he is also competent in accounting and, or auditing in terms of the Capital Markets Rules.

9.5.2 Assets & Liabilities Committee (ALCO)

Role and responsibilities

The main objective of the ALCO is that of managing risk within approved limits while maximising returns by efficient and judicious management of the Bank's assets and liabilities.

Meetings

In accordance with its terms of reference, the Assets & Liabilities Committee meets regularly. The Bank's risk management officials are invited to attend meetings.

Composition

The ALCO is composed of a number of chief officers and senior officers of the Bank, including from the Finance and Treasury departments and the Corporate Advisory & Research and Asset and Fund Management functions. The Chief Executive Officer chairs the ALCO. A secretary to the ALCO is appointed by the ALCO.

9.5.3 Credit Committee

Role and responsibilities

The Credit Committee is responsible for considering and approving credit applications within delegated limits of authority.

Meetings

In accordance with its terms of reference, the Credit Committee meets regularly. The Bank's risk management officials are invited to attend meetings.

Composition

The Credit Committee is composed of a number of chief officers and senior officers of the Bank, and the Chief Executive Officer chairs the Committee. A secretary to the Credit Committee is appointed by the members of the Credit Committee.

9.5.4 Suitabilities & Evaluations Committee

Role and responsibilities

The Suitabilities & Evaluations Committee is responsible for carrying out suitability assessments of nominated and existing Directors, key function holders or any other persons as may be required. The Suitabilities & Evaluations Committee also assesses the Board's annual performance and that of its committees.

Meetings

In accordance with its terms of reference, given the nature of the functions of the Suitabilities & Evaluations Committee, it is required to convene as is necessary.

Composition

The Suitabilities & Evaluations Committee is composed of Graham Fairclough (Chairman), Michael C. Bonello, Peter Perotti and Kimon Palamidis, provided that when the suitability of any of the foregoing members is set to be assessed, the Suitabilities & Evaluations Committee shall select another Board Member. Mr Fairclough chairs the Suitabilities & Evaluations Committee. The company secretary of the Bank acts as secretary to the Suitabilities & Evaluations Committee.

9.5.5 Remuneration Committee

The Board did not establish a Remuneration Committee on the basis that the remuneration of Directors for the holding of their office on the Board is not performance-related. The functions of the Remuneration Committee are carried out by the Board itself. Details on the remuneration payable to Directors and senior management are set out in the Issuer's Remuneration Report in its Annual Report.

9.6 Senior Management

As at the date of this Registration Document, the Senior Management of the Issuer is composed of the following persons:

NAME AND IDENTIFICATION DETAILS	DESIGNATION
Joseph Said	Chief Executive Officer
Anthony Bezzina	Deputy Chief Executive Officer
Eugenio Farrugia	Deputy Chief Executive Officer
David Attard	Chief Officer – Group Corporate Services
Carlos Camenzuli	Chief Risk Officer
Paul Debono	Chief Officer – Legal
Aurelio Theuma	Chief Financial Officer
Anthony Zahra	Chief Information Officer

9.7 Curriculum Vitae of Senior Management

Joseph Said (Chief Executive Officer)

In his position as Chief Executive Officer of the Issuer, Mr Said also forms part of the senior management of the Issuer. The curriculum vitae of Mr Said is set out in section 9.2. of this Registration Document.

Anthony Bezzina (Deputy Chief Executive Officer)

Anthony Bezzina was appointed Deputy Chief Executive Officer in 2023. Together with the Bank's other Deputy Chief Executive Officer, he supports the Chief Executive Officer in the execution of his duties while also carrying out the responsibilities of his previous position of Chief Officer – Credit, which role he held since 2007.

He leads the commercial and retail credit activity as well as trade finance of the Bank. He has overall responsibility for the effective management of the Bank's loan book and asset quality.

Throughout his banking career he has been involved in investment services, management accounting and administration. He has more than 30 years' experience in lending, having been involved in credit duties since 1989.

Mr Bezzina is a member of the Bank's Credit Committee, Asset & Liabilities Committee (ALCO) and ESG Working Group.

Eugenio Farrugia (Deputy Chief Executive Officer)

Eugenio Farrugia was appointed Deputy Chief Executive Officer in 2023. Together with the Bank's other Deputy Chief Executive Officer, he supports the Chief Executive Officer in the execution of his duties while carrying out the responsibilities of his previously held role of Chief Operations Officer of the Bank, which role he held since 2014. He is responsible for overseeing the general management of the Bank's operations, including retail branches, administration and human resources.

Mr Farrugia previously held several roles within the retail function of the Bank, with his principal role being the Chief of Information and Communication technology (ICT) Officer of the Bank. He led several digitisation programmes as well as the centralisation of key back-office operations. Prior to joining the Bank in 1990, he worked at Bank of Valletta p.l.c. as Chief of Information and Communication technology (ICT) Officer.

He is also a member of the Bank's Credit Committee, Asset & Liabilities Committee (ALCO), the Bank's "*Three Lines of Defence Forum*" and the Bank's ESG Working Group.

Mr Farrugia holds a B.A. (Hons) Business Management and a MBA eCommerce, both from the University of Malta. He is also a qualified banker having been elected an Associate of the Chartered Institute of Bankers in 1993.

David Attard (Chief Officer – Group Corporate Services)

David Attard joined the Bank in 2014 as Chief Officer – Group Corporate Services. He previously served as a commissioned officer in the Armed Forces of Malta for over 26 years, occupying various management and leadership positions, retiring from the military in the rank of Colonel.

In his current role, Mr Attard serves as an executive director of MaltaPost p.l.c. seeking to maximise synergies between the Issuer and its Subsidiary as well as overseeing the general management aspects of the subsidiary.

Mr Attard holds a Master's Degree from King's College, London.

Carlos Camenzuli (Chief Risk Officer)

Carlos Camenzuli joined the Bank in 2016 and has been working within the Bank's risk management function for over seven years. In 2019 he was appointed as the Bank's Head of Risk and in 2023, he was appointed as the Bank's Chief Risk Officer. He is responsible for leading the Bank's risk management function and, among other matters, is responsible for the implementation of processes, tools and systems to identify, assess, measure, manage, monitor and report risks. He reports directly to the Bank's Audit & Risk Committee.

Mr Camenzuli attends meetings of the Audit & Risk Committee, Credit Committee and ALCO, is a member of the Bank's *"Three Lines of Defence Forum"* and is the Chairman of the Bank's ESG Working Group.

Mr Camenzuli holds a Master of Arts degree in Economics and a Bachelor of Commerce degree (Accounting & Economics) with specialisation in Economics (Hons) from the University of Malta and is accredited with the CPD Award in Capital & Risk Management.

Paul Debono (Chief Officer – Legal)

Paul Debono joined the Bank as an advocate in 1995. He was appointed Chief Officer – Legal in 2010.

In his current role, Dr Debono acts as the Bank's general counsel and is responsible for the advisory, consultancy and assistance in all legal matters related to interpretation, litigation, conveyancing and adherence to rules and regulations. He also served as the Bank's compliance officer for a number of years.

Dr Debono is also a member of the Bank's *"Three Lines of Defence Forum"*. He holds a Doctor of Laws LL.D. and a Magister Juris in International Law from the University of Malta. He is also a member of the Chamber of Advocates in Malta and served as a part-time senior lecturer at the Faculty of Laws of the University of Malta for over 25 years.

Aurelio Theuma (Chief Financial Officer)

Aurelio Theuma has served as the Bank's Chief Financial Officer since 2007. He joined the Bank from Unilever Australia Ltd in 1991, where he was involved in various areas within the organisation. Since 2007 he has served as a non-executive director of MaltaPost p.l.c.

He is responsible for the financial planning and reporting, solvency and capital management programmes and compliance with legislation, regulations, code of practices, guidance notices, guidelines and any other rules or directives applicable to the Bank's financial matters.

He holds a B.A. (Hons) Accountancy (University of Malta) and a MBA (Henley) and is also a warranted Certified Public Accountant and Fellow of the Malta Institute of Accountants.

Mr Theuma is a member of the Bank's Credit Committee, Assets & Liabilities Committee (ALCO) and ESG Working Group.

Anthony Zahra (Chief Information Officer)

Anthony Zahra is the Chief Officer – ICT of the Bank and has occupied this role since he joined the Bank in 2014. In the 14 years prior to his appointment, he occupied various roles at the Central Bank of Malta. Between 1996 and 2010 he occupied the position of Head IT and Chief Information Officer and Assistant Director of Corporate Services at the Malta Environment & Planning Authority.

Mr Zahra is responsible for the direction of the Bank's technology and digital development path, ensuring alignment to and support of the business strategy and operations.

He holds a BSc in Maths & Computing from the University of Malta.

A list of all current and past directorships of Senior Management over the past five years is set out in Annex II of this Registration Document.

Unless otherwise stated in this Registration Document, none of the Directors, members of senior management, or members of the board committees have, in the last five years:

- i. been the subject of any convictions in relation to fraudulent offences; or
- ii. been associated with bankruptcies, receiverships, liquidations or companies put into administration in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management; or
- iii. been the subject of any official public incrimination and, or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- iv. been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

9.8. Potential Conflicts of Interest

Mr Said, the chief executive officer of the Bank and an executive Director of the Bank, sits on the board of directors of the following two companies, which hold shares in the Bank and MaltaPost p.l.c. as follows:

	% SHAREHOLDING IN THE ISSUER	% SHAREHOLDING IN MALTAPOST
Safaco Limited	0.1%	0.12%
First Gemini p.l.c.	5.31%	0.10%

In addition, Joseph Said holds preference shares in Safaco Limited.

Joseph Said, Graham A. Fairclough, Eugenio Farrugia and Aurelio Theuma hold office as directors on the board of MaltaPost. Mr Said also holds office as director on the board of Lombard Capital Asset Management Limited. Mr Fairclough and Mr Bonello hold office as directors of Lombard Select SICAV p.l.c. The Issuer is a party to a number of intragroup agreements with entities within its Group, which, albeit negotiated and entered into on an arms' length basis, may be construed as giving rise to a conflict.

The Issuer is an Authorised Financial Intermediary in respect of the offer of new ordinary shares of a nominal value of €0.125 per share to form part of the issued share capital of the Bank further to subscription thereof by Existing Shareholders pursuant to the rights issue and excess shares offer the terms of which are specified in the Securities Note forming part of the Prospectus. However, as the Issuer of the said new ordinary shares, it has an interest in the said offer. In this respect, the Issuer will not be providing investment advice in relation to subscriptions for new ordinary shares, however, may entertain applications for subscriptions for new ordinary shares on an execution-only basis. Other than the aforesaid, there are no conflicts of interest between the duties of the Directors towards the Issuer and their private interests and, or other duties. Conflicts of interest may, however, arise in respect of certain future transactions, such as the granting of credit facilities by the Issuer to any of the Directors and, or any companies in which they may be involved. In such instances, such conflicts will be managed in the best interests of the Issuer in accordance with applicable laws, rules, regulations and guidelines, the Board of Directors' Charter and the procedures set out in the Articles of Association, and the Bank's policies and procedures. The latter provide that should an actual or potential conflict arise during the tenure of a directorship, a director must fully and immediately disclose and declare the conflict of interest that might reasonably be thought to exist to the Board. Furthermore, any director who is, in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Issuer must: (i) declare to the other directors the nature of such interest pursuant to the provisions of the Companies Act (Cap. 386 of the laws of Malta); and (ii) not vote at a meeting of Directors in respect of any transaction, contract or arrangement in which they have a material interest, whether direct or indirect.

10. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

Pursuant to the Capital Markets Rules, the Issuer should endeavour to adopt the principles of ‘*The Code of Principles of Good Corporate Governance*’ contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules (the “**Code**”). The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer. The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

On an annual basis in its annual report, the Issuer reports on the extent of its adoption of the principles of the Code (the “**Principles**”) for the financial period being reported upon, in line with the “comply or explain” philosophy of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Registration Document, the Board of Directors considers the Issuer to be in compliance with the Code save with respect to:

1. Principle 4 (The Responsibilities of the Board): Code Provision 4.2.7

The appointment of Directors to serve on the Board is a matter which is entirely reserved to the shareholders of the Bank in terms of its Memorandum and Articles of Association (except where the need arises to fill a casual vacancy). However, the Board shall formulate basic principles in the form of a succession policy to be adopted to ensure the orderly succession of its current directors. In the meantime, it remains guided by other relevant policies, applicable laws, rules, regulations, and guidelines as well as its Memorandum and Articles of Association. The concept of rotation of directors as set out by the Memorandum and Articles of Association also provides an element of continuity on the Board of Directors.

2. Principle 8A (Remuneration Committee): Code Provision 8.A.1

The Board did not establish a Remuneration Committee as specified in Code Provision 8.A.1. In terms of Code Provision 8.A.2 of the Principles, given that the remuneration of Directors for the holding of their office on the Board is not performance-related, the functions of the Remuneration Committee are carried out by the Board of Directors.

3. Principle 8B (Nominations Committee): Code Provision 8.B.1

A Nomination Committee has not been set up since the appointment of Directors to the Board is a matter that is reserved entirely to the Bank’s shareholders in terms of the Memorandum and Articles of Association.

This notwithstanding, in light of regulatory requirements, the Suitabilities & Evaluations Committee was set up specifically to carry out suitability assessments of nominated and existing Directors, key function holders or any other persons as may be required and also to assess the Board’s annual performance and that of its committees.

4. Principle 9 (Relations with Shareholders and with the Market): Code Provision 9.3

There are no procedures disclosed in the Bank’s Memorandum or Articles as recommended in Code Provision 9.3 to resolve conflicts between minority shareholders and controlling shareholders.

11. MAJOR SHAREHOLDERS

To the best of the Issuer’s knowledge, as at the date of this Registration Document, there are no arrangements in place, the operation of which may, at a subsequent date, result in a change of control of the Issuer.

The ordinary shares held by the major shareholders listed below form part of the same class of ordinary shares issued by the Bank. The shares carry the same rights, including voting rights, as the other shares as issued and allotted, and rank *pari passu* in all respect with all other shares of the Bank.

As at the date of this Registration Document, the following shareholders hold in excess of 5% of the issued share capital of the Issuer having voting rights:

NAME OF SHAREHOLDER	PERCENTAGE HOLDING IN THE ISSUER
National Development & Social Fund	49.01%
Virtu Holdings Ltd C 30642	9.89%
First Gemini p.l.c. C 368	5.31%

12. RELATED-PARTY TRANSACTIONS

Details of the Bank's related parties and related party transactions up to which the last published interim condensed financial statements of the Bank (incorporated by reference herein) were made (30 June, 2023). There have been no material related party transactions entered into by the Issuer following the date of the 30 June 2023.

13. FINANCIAL INFORMATION

13.1. Historical Financial Information

The Bank's consolidated audited financial statements for financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are incorporated by reference in, and form part of, this Registration Document. These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union, and are available for inspection at the Bank's registered office and on the Bank's website (www.lombardmalta.com) as set out in section 19 of this Registration Document. The Bank publishes half-yearly condensed interim financial statements which are prepared in accordance with IFRSs as adopted by the EU applicable to interim financial reporting (IAS 34). The most recent update published by the Bank relates to the six-month period ended 30 June 2023 which are available on the Bank's website (www.lombardmalta.com). These financial statements were reviewed by PricewaterhouseCoopers in accordance with ISRE 2410 - *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*. As at the date of this Registration Document, there has been no significant change in the financial position of the Bank since 30 June 2023 (being the date of the Bank's last published interim financial statements).

Key references

The following table provides a list of cross-references to specific items of information in the Bank's consolidated audited financial statements for financial years ended 31 December 2022, 31 December 2021 and 31 December 2020, and the reviewed interim financial information for the six months ended 30 June 2023.

Information incorporated by reference in the Prospectus				
	31 December 2020	31 December 2021	31 December 2022	30 June 2023
Statements of Financial Position	36	41	41	3
Income Statements	38	43	43	5
Statements of Comprehensive Income	39	44	44	6
Statements of Changes in Equity	40	45	45	7
Statements of Cash Flows	44	49	49	11
Notes to the Consolidated Financial Statements	45	50	50	12
Independent Auditor's Reports	25	201	202	26
Directors' Report	7	9	8	n/a*

* The Directors' Report is included in Company Announcement LOM290 dated 29 August 2023 (<https://cdn.borzamalta.com.mt/download/announcements/LOM290.pdf>)

13.2. Key Financial Information

The following financial information has been extracted from the Bank's 2020 Annual Report, 2021 Annual Report, 2022 Annual Report and the interim condensed financial statements of the Bank for the period ended 30 June 2023:

Income Statements	Group			
	6 months to 30-June-23 € '000	12 months to 31-Dec-22 € '000	12 months to 31-Dec-21 € '000	12 months to 31-Dec-20 € '000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	14,987	26,497	23,451	22,799
- on debt and other fixed income instruments	1,270	2,523	2,274	2,099
Interest expense	(3,567)	(6,744)	(6,169)	(6,026)
Net interest income	12,690	22,276	19,556	18,872
Fee and commission income	2,777	5,669	5,424	5,000
Fee and commission expense	(177)	(253)	(213)	(261)
Net fee and commission income	2,600	5,416	5,211	4,739
Postal sales and other revenues	19,810	30,693	37,371	34,145
Dividend income	81	141	80	105
Net trading income	71	793	615	539
Other operating income	-	309	231	1,942
Operating income	35,252	59,628	63,064	60,342
Employee compensation and benefits	(12,234)	(24,012)	(24,360)	(22,758)
Other operating costs	(14,037)	(20,867)	(24,544)	(20,706)
Depreciation and amortisation	(1,544)	(2,915)	(2,719)	(2,267)
Provisions for liabilities and other changes	(20)	(2)	135	(115)
Net movement in expected credit losses	(1,882)	16,243	1,464	(3,973)
Operation profit	5,535	28,075	13,040	10,523
Share of loss of investment accounted for using the equity method, net of tax	(134)	(399)	(402)	(151)
Profit before taxation	5,401	27,676	12,638	10,372
Income tax expense	(2,023)	(10,050)	(4,759)	(3,230)
Profit for the year	3,378	17,626	7,879	7,142
Attributable to:				
Equity holders of the Bank	3,247	17,530	7,481	6,640
Non-controlling interests	131	96	398	502
Profit for the period/ year	3,378	17,626	7,879	7,142
Earnings per Share *	€0.04	€0.19	€0.08	€0.07

* The comparative information has been restated to reflect the share split effected during the financial year ended 31 December 2022.

Statements of Financial Position	Group			
	30-June-23 € '000	31-Dec-22 € '000	31-Dec-21 € '000	31-Dec-20 € '000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	132,025	139,234	126,279	169,687
Cheques in course of collection	1,916	1,053	530	666
Financial investments	218,182	220,815	227,135	161,424
Loans and advances to banks	33,441	27,615	78,279	96,985
Loans and advances to customers	719,866	711,612	642,893	621,129
Trade and other receivables	14,398	13,243	10,787	9,136
Accrued income and other assets	5,563	5,302	4,536	4,337
Assets classified as held for sale	703	703	661	134
Current tax assets	212	575	2,691	1,156
Inventories	1,219	1,271	1,1324	1,274
Investments in associates	2,974	2,607	3,006	1,932
Intangible assets	2,161	2,121	2,145	2,050
Property, plant and equipment	67,288	66,375	65,346	50,928
Deferred tax assets	11,242	10,889	7,034	10,117
Total assets	1,211,190	1,203,415	1,172,646	1,130,955
Equity and liabilities				
Equity				
Share capital	11,341	11,341	11,192	11,044
Share premium	18,530	18,530	18,530	18,530
Revaluation and other reserves	5,501	4,639	23,668	18,977
Retained earnings	104,558	101,700	83,910	77,470
Equity attributable to equity holders of the Bank	139,930	136,210	137,300	126,021
Non-controlling interests	7,971	8,090	8,470	7,741
Total equity	147,901	144,300	145,770	133,762
Liabilities				
Amounts owed to banks	983	535	1,224	5,602
Amounts owed to customers	1,009,300	1,1008,431	977,143	941,110
Current tax liabilities	2,963	-	809	844
Accruals and deferred income	11,548	11,015	10,839	10,892
Other liabilities	32,676	33,347	30,649	29,665
Provision for liabilities and other charges	1,720	1,688	2,113	2,632
Deferred tax liabilities	4,099	4,099	4,099	6,448
Total liabilities	1,063,289	1,059,115	1,026,876	997,193
Total equity and liabilities	1,211,190	1,203,415	1,172,646	1,130,955
Memorandum items				
Contingent liabilities	14,667	13,611	13,195	10,851
Commitments	245,499	202,396	195,848	200,870

Key Financial Ratios				
	30-June-23	31-Dec-22	31-Dec-21	31-Dec-20
Advances to Deposits Ratio	71.3%	70.6%	65.8%	66.0%
Common Equity Tier 1 Capital (CET1) Ratio	15.9%	15.4%	16.2%	15.8%
Total Capital Ratio	15.9%	15.4%	16.2%	15.8%
Leverage Ratio	10.9%	10.8%	11.1%	10.5%
Liquidity Coverage Ratio (LCR)	230.7%	210.7%	225.3%	180.0%
Net Stable Funding Ratio (NSFR)	151.1%	148.3%	148.4%	N/A
Non-Performing Loans and Advances (€000)	28,795	27,812	51,757	66,483

Note: FY20XX refers to the financial year running from 1 January to 31 December. FYE20XX refers to the financial year end, i.e. 31 December, of the respective year. H1 refers to the first half of the financial year; while H2 refers to the second half of the respective financial year.

The results for financial year 2020 were adversely impacted by the Covid-19 pandemic, an unprecedented challenge which led to an economic slowdown that compounded an already difficult situation characterised by continued low to negative interest rates and rising operational costs.

In FY2021, the Group's performance continued to be conditioned by a difficult operating environment largely associated with the persistence of the Covid-19 pandemic and its economic repercussions. Despite these challenges, the Group registered a year-to-year increase of 21.8% in Profit before Tax that proved the resilience and robustness of its business model.

For FY2022, the Group registered an increase in Profit before Tax of 119.0%, facilitated by a generally improved operating environment characterised by the return to positive interest rates after years of a highly accommodative monetary policy, a marked recovery of the domestic economy and the resolution of a large non-performing credit exposure.

MaltaPost reported a pre-tax profit of €2.8 million for its financial year ended 30 September 2020, a decrease of 6.6% over the previous year. This was due to difficult operating conditions that resulted from the Covid-19 pandemic on top of the challenges posed by the ongoing changing nature of the postal mail industry.

For the financial year ended 30 September 2021, MaltaPost realised a pre-tax profit for the year of €2.4 million, a decrease of 15.5% over the previous year. During 2021, MaltaPost continued to face challenges and difficulties caused by supply chain disruptions, as well as the continued decline of Letter Mail volumes and consequent reduction of respective income streams.

For financial year ended 30 September 2022, MaltaPost reported 72.9% lower pre-tax profits. During the year it continued to carry the unfair financial burden of subsidising out of pocket, a number of postal services within the Universal Service Obligation, including those relating to Local Mail and Outbound Parcels. While non-regulated postal and non-postal revenue streams continued to provide reasonable profit margins, the full impact on revenue of Brexit and the EU's removal of VAT exemption on all non-EU origin small-value items was felt. As traditional postal volumes continued to drop, other non-postal income arose from document management services, bill collection, financial services, and insurance.

Net interest income at €18.9 million in FY2020, €19.6 million in FY2021 and €22.3 million in FY2022 is the Bank's largest revenue source and an important contributor to the Group's operating revenues.

In FY2020, both interest income and expenses were affected by the economic downturn such that the rising trend in net interest income was reversed. Despite a satisfactory growth registered in the Bank's loan book, resulting also from a steady flow of new home loans, relative interest income decreased in reflection of the tightening of interest margins. During the year, the Bank invested in a high-quality foreign bond portfolio to mitigate the effects of negative interest rates on bank placements. At the same time, interest expense on amounts owed to customers rose over the previous year. Net interest income decreased by 4.1% when compared to 2019.

In FY2021, net interest income resumed its upward trend as interest earned on loans and advances rose. Increase in credit activity compensated for pressure on interest rates especially in treasury operations. Higher earnings on the securities portfolio were also registered. Interest Expense saw a 2.4% increase resulting from increased volume of amounts owed to customers. The combination of these factors led to an increase in net interest income of 3.6% when compared to 2020.

In FY2022, net interest income at €22.3 million was 13.9% higher than the previous year and continues to be the Bank's main revenue source. This resulted from a total interest income of €29.0 million reflecting the strong growth in loans and advances to customers in the first half of the year and increased earnings on balances with counterparties and on the securities portfolio, countered by a higher interest expense from an increased customer deposits base.

Fee and commission income of €5.0 million for FY2020, decreased by 11.1% over the previous year due to a lower volume of transactions consequent to the year's subdued economic activity resulting from the pandemic.

In FY2021, fee and commission income improved by 8.5% and reached €5.4 million. Increased business was experienced during the year in card, wealth management and investment services operations.

In FY2022, fee and commission income improved by 4.5% to reach €5.7 million, supported by a positive trend registered in the Bank's various business lines during the year.

Group employee compensation and benefits are the Group's major cost item. In FY2020, FY2021 and FY2022, these stood at €22.8 million, €24.4 million and €24.0 million, respectively. Year on year, increases were due to a more difficult labour market compounded by the need to maintain competitive and suitable compensation to Group staff.

Group operating costs for FY2020, FY2021 and FY2022 stood at €20.7 million, €24.5 million and €20.9 million, respectively.

In FY2020, pandemic-related expenses contributed to higher operating outlays as steps were taken to safeguard the health of staff and customers. Furthermore, additional investment was made to strengthen the remote connectivity services required for secure access to the Bank's system.

In FY2021, operating expenses grew further mainly reflecting the cost of investing in new technologies and systems to meet the growing expectations of customers and the demands of regulators.

In FY2022, operating costs of the Bank remained well under control. During the year the Bank continued to enhance its compliance capabilities by investing in new information technologies, with an emphasis on automation of reporting and other systems. On the other hand, the year-on-year decrease in Group operating costs of 15.0% mainly reflected major cost reduction initiatives implemented by MaltaPost during the year.

The combination of these factors led to an increase in the Cost Efficiency Ratio of 8.4% from FYE2020 to 60.8% at FYE2021, which eased to 57.4% at FYE2022 for the Bank, while that of the Group stood at 80.2% as at FYE2022 up from 75.8% at FYE2020.

Expected Credit Losses (ECL), as defined and determined by International Financial Reporting Standard 9 (IFRS 9), resulted in a charge of €4.0 million in FY2020. This was mainly related to the macroeconomic consequences of the pandemic and the forward-looking outlook which is an integral part of the Expected Credit Loss accounting model. In FY2021, the Group registered an impairment release of €1.5 million as the effects of the pandemic subsided, leading to improved forward-looking macroeconomic indicators when compared to the significant adverse forward-looking metrics as at the end of 2020.

In FY2022, ECL resulted in a release of €16.2 million compared to a reversal of €1.5 million taken in the previous year. This was mainly attributable to a significant recovery on a commercial non-performing loan which had been largely provided for in previous years. Also, management overlays reserved in the previous year in connection with the pandemic were reversed in line with the changed circumstances pertaining as at the end of the financial year.

Loans and advances to customers continued to register a satisfactory upward trend during the periods under review reaching €711.6 million by the end of FY2022, from €621.1 million at the end of FY2020.

Similarly, amounts owed to customers continued to grow at a steady pace, from €941.1 million at the end of FY2020, surpassing the €1 billion mark at the end of FY2022.

The Advances-to-Deposits ratio increased to 70.6% by the end of FY2022, indicative of the additional lending activity that the Bank has embarked upon, yet retaining a healthy liquidity buffer, as the Bank continued to rely on a diversified funding base, which over the years has proven to be stable.

Equity attributable to equity holders of the Bank amounted to €126.0 million in FYE2020, increased by 9% to €137.3 million in FYE2021 and decreased marginally to reach €136.2 million in FYE2022.

The increase in market interest rates during 2022 financial year impacted the Bank's investment holdings resulting in a decline in book value of €27.2 million. This led to a reduction in revaluation and other reserves within Equity, even though the decline remained unrealised as these investments are intended to be held to maturity.

Both Common Equity Tier 1 Ratio (CET1) as well as Total Capital Ratio stood at 15.8% at FYE2020, 16.2% at FYE2021 and 15.4% at FYE2022. Throughout all reporting periods under review, the Bank continued to meet regulatory minimum thresholds in terms of EU Regulation No. 575/2013 being 4.5% and 8.0%, respectively. In June 2021, the Bank received from

the MFSA a SREP Decision letter, whereby in addition to these regulatory requirements, the Bank is expected to maintain a Pillar 2 Requirement ('P2R') of 3.25% to be held in excess of the minimum own funds. In addition, a Pillar 2 Guidance ('P2G') of 1% and made up entirely of CET 1 Capital is to be held over and above the Overall Capital Requirement ('OCR') of 13.75%. Hence the Bank's OCR plus P2G stood at 14.75% since June 2021.

As at the end of the financial years ended 31 December 2021 and 31 December 2022, the Bank's OCR and P2G were met.

The leverage ratio stood at 10.5% at FYE2020, 11.1% at FYE2021 and 10.8% at FYE2022, more than three times the minimum regulatory requirement of 3%.

During the financial periods covered, the Bank remained sufficiently liquid at all times, in line with its risk appetite and well above minimum regulatory requirements.

FY2023 Interim Financial Information

The financial information of the Group for the six-month period ended 30 June 2023 indicates that profit before tax amounted to €5.4 million. The main drivers underlying this performance were higher net interest income and improved operational efficiency, reflected in Earnings per Share of €0.04 for this period. The Bank maintained an adequate capital and liquidity position, with ratios above the regulatory requirements.

Loans and advances to customers rose to €719.9 million contributing to the 22% increase in gross interest revenues of €16.3 million. Treasury activity was also a significant contributor to the rise in interest income, in line with increased market interest rates. Customer deposits remained stable just above one billion Euro, while interest payable rose by 10% to €3.6 million. These movements resulted in improved net interest income of €12.7 million, an increase of 25%. Advances-to-Deposits ratio at 71.3% (FYE2022: 70.6%) provided a healthy liquidity buffer, as the Bank continued to rely on a diversified funding base, which over the years has proven to be stable.

Fee and commission income at €2.8 million decreased by 8% indicative of a more customer-oriented tariff.

Group employee compensation and benefits rose by 2% in what continued to be a tight labour market compounded by inflationary pressures. Group operating costs generally remained under control. These included a significant increase in expenses incurred by MaltaPost relating to postal delivery services, without a compensatory increase in tariffs. The need for the Malta Communications Authority, as the postal regulator, to reach in a timely manner to MaltaPost's requests for fair and reasonable revisions of tariffs, remains critical.

Expected Credit Losses resulted in a charge of €1.9 million in the first half of this year compared to a release of €12.1 million taken in the corresponding previous year period. As already mentioned above, the reversal in 2022 was mainly attributable to a significant recovery on a commercial non-performing loan which had been largely provided for in previous years. The Bank will continue to closely monitor its exposures also taking into consideration the global uncertainty not least the geopolitical crisis, economic conditions and increasing inflationary pressures.

14. DIVIDEND POLICY

In determining any proposed dividend and the appropriate pay-out ratio, the Board will consider (among other things) the Group's existing and expected future financial performance (including adjustments to earnings per share), its financial position (including the availability of sufficient distributable reserves), the economic environment, and applicable capital and other regulatory requirements and developments in Malta and in the European Union. In this regard, it is intended to recommend that *circa* one third of profits be made available for distribution as dividends, subject to the requirements of the Bank at the time and the regulatory approval.

For the financial year ended 31 December 2021, the Bank paid a final gross dividend of €1,343,009 to shareholders (net €872,955.74) appearing on the Bank's register of shareholders as at 26 April 2022 which equates to €0.015 (net dividend of €0.00975 cent) per nominal €0.125 share as adjusted as a result of a share split of the Bank's shares on a two for one share basis that became effective 17 November 2022.

For the financial year ended 31 December 2022 shareholder distribution was by way of €252,025 capitalised from the Bank's Retained Earnings Account for the purpose of issuing 2,016,197 fully paid Ordinary Shares of a nominal value of €0.125 per share in the ratio of one new bonus share for every 45 shares held.

15. LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) during a period covering twelve months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Bank and, or the Group.

16. SHARE CAPITAL STRUCTURE

As at the date of this Registration Document, the Bank's authorised share capital €37,500,000 divided into 300,000,000 Ordinary Shares of a nominal value of €0.125 each, fully paid-up. The Bank's issued share capital is €11,592,991.38 divided into 92,743,931 Ordinary Shares of a nominal value of €0.125 each. The issued share capital of the Bank consists of one class of Ordinary Shares. There are no convertible securities, exchangeable securities or securities with warrants in issue.

At an annual general meeting held on the 22 June 2023, the shareholders of the Bank granted a mandate to the Directors for a period of three years commencing from the date of the general meeting to issue up to 65,000,000 new Ordinary Shares of a nominal value of €0.125 per share in the Bank.

17. MATERIAL CONTRACTS

None of the companies forming part of the Group entered into a contract outside of its ordinary course of business, in the two years preceding the date of this Registration Document. None of the companies forming part of the Group, is party to any contract not being a contract entered into in the respective company's ordinary course of business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer as at the date of this Registration Document.

18. REGULATORY DISCLOSURES

There is no information that has been disclosed under the Market Abuse Regulation over the last 12 months which is relevant as at the date of the Prospectus.

19. DOCUMENTS AVAILABLE

The following documents (or copies of the same) are available for physical inspection at the Bank's registered office and on the Bank's website (<https://www.lombardmalta.com/>) for the duration of the validity of the Prospectus:

- a. the Memorandum and Articles of Association of the Bank;
- b. the 2020 Annual Report, the 2021 Annual Report and the 2022 Annual Report; and
- c. the interim condensed financial statements of the Bank for the period ended the 30 June 2023.

ANNEX I – LIST OF DIRECTORSHIPS OF THE DIRECTORS

The table below indicates the list of directorships of the Directors, during the past five years prior to the date of the Prospectus.

Name & Surname	Current Directorships	Past Directorships
Michael C. Bonello	Global Mediscience Fund SICAV p.l.c. (SV 226) * Lombard Select SICAV p.l.c. (SV 554)	Not Applicable
Joseph Said	Allied Projects Limited (C 9313) * Calco Limited (C 15123) Cannon Estates Ltd (C 20751) Centre Court Holdings Limited (C 87182) Exclusive Developments Limited (C 11901) First Gemini p.l.c. (C 368) Homemate Company Limited (C 22807) Homemate HR Ltd. (C 106017) Homemate Ricasoli Ltd. (C 105806) Homemate Tigne Ltd. (C 105810) Homemate Zejtun Ltd. (C 105811) Inspirations Limited (C 41431) IVALIFE Insurance Limited (C 94404) Lombard Asset Managers Limited (C 28186) * Lombard Capital Asset Management Limited (C 98226) M.A.L. Services Limited (C 550) Mac Med Limited (C 37377) Macpherson Mediterranean Limited (C 4321) MaltaPost p.l.c. (C 22796) Manoel Island Yacht Yard Limited (C 48138) MIDI p.l.c. (C 15836) Paint Centres Limited (C 21595) Pieta' Investments Limited (C 12392) * R.S.T. Limited (C 12919) Safaco Limited (C 15411) Siculomalti Limited (C 36900) Solutions & Infrastructure Services Limited (C 38866) <i>(in process of merger)</i> Standard Publications Limited (C 13777) T14 Investments Limited (C 63982) TQ Centre Limited (C 87073) Transeuro Systems Limited (C 3488)	Centre Court Limited (C 82784) Med Tek Limited (C 84714) – <i>struck off following merger</i> Tigne' Contracting Limited (C 28438)
Graham A Fairclough	Fondazzjoni Muzew tal-Posta (LPF 365) Lombard Select SICAV p.l.c. (SV 554) MaltaPost p.l.c. (C 22796)	PostaInsure Agency Limited (C 5655)
Kimon Palamidis	LS Property Managers Limited (registered in the United Kingdom with company registration number 09926471) Trip Designers IKE (registered in Greece with company registration number 149667701000) Distral S.A. (registered in Greece with company registration number 008246801000) Redfin Capital Limited (registered in Cyprus with company registration number 381021)	Not Applicable
Peter Perotti	Zarattini International Ltd (C 68839) Merck Capital Holding Limited (C 39286) Merck Capital Limited (C 39288) St. Martin Holding Ltd (C 68805) Trialpha Funds IC SICAV p.l.c. (SV 468) Wignacourt Funds SICAV p.l.c. (SV 10)*	La Valette Funds SICAV p.l.c. (SV 1) *

* In dissolution

ANNEX II – LIST OF DIRECTORSHIPS OF THE SENIOR MANAGEMENT

The table below indicates the list of directorships of the senior management, during the past five years prior to the date of the Prospectus. A list of directorships of Mr Joseph Said during the past five years prior to the date of the Prospectus is set out in Annex I of this Registration Document).

Name & Surname	Current Directorships	Past Directorships
Anthony Bezzina	Not Applicable	Not Applicable
Eugenio Farrugia	MaltaPost p.l.c. (C 22796) PostaInsure Agency Limited (C 5655)	Not Applicable
David Attard	MaltaPost p.l.c. (C 22796) CIABRO Limited (C 577)	Not Applicable
Carlos Camenzuli	Not Applicable	Not Applicable
Paul Debono	Not Applicable	Not Applicable
Aurelio Theuma	MaltaPost p.l.c. (C 22796) Lombard Asset Managers Limited (C 28186)*	Not Applicable

* In dissolution

Securities Note

dated 20 September 2023

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation

**Rights Issue of
two New Ordinary Shares for every three Shares held as at the Record Date at an Offer Price
of €0.75 per New Ordinary Share in**

LOMBARD BANK MALTA P.L.C.

A public limited liability company registered under the laws of Malta with company registration number C 1607



LOMBARD
Lombard Bank Malta p.l.c.

and in the event of Lapsed Rights, the Excess Shares Offer

ISIN of the Shares: MT0000040106

Legal Counsel



CAMILLERI PREZIOSI
ADVOCATES

Sponsors & Co-Managers



RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS



Calamatta Cuschieri

Registrar



MALTA
STOCK EXCHANGE

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF QUALITY OF THE INSTRUMENTS THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN ANY INSTRUMENT ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN ANY SUCH INSTRUMENTS. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES. THIS SECURITIES NOTE HAS BEEN DRAWN UP AS PART OF A SIMPLIFIED PROSPECTUS IN ACCORDANCE WITH ARTICLE 14 OF THE PROSPECTUS REGULATION.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN SECURITIES ISSUED BY THE BANK. A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISER.

APPROVED BY THE BOARD OF DIRECTORS

Michael C. Bonello

Joseph Said

signing in their own capacity as Directors of the Issuer and on behalf of Graham A. Fairclough, Kimon Palamidis and Peter Perotti, as their duly appointed agents.

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON A RIGHTS ISSUE AND ON THE OFFER OF LAPSED RIGHTS AND IS DRAWN UP IN COMPLIANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT AND THE PROSPECTUS REGULATION.

THE BANK IS OFFERING THE RIGHTS ON A PRE-EMPTIVE BASIS TO EXISTING SHAREHOLDERS AND IS HEREBY ISSUING NIL PAID RIGHTS TO EXISTING SHAREHOLDERS IN A RATIO OF TWO (2) NEW ORDINARY SHARES FOR EVERY THREE (3) SHARES HELD BY EXISTING SHAREHOLDERS AS AT THE RECORD DATE, AT AN OFFER PRICE OF €0.75 PER NEW ORDINARY SHARE.

THE RIGHTS ARE RENOUNCEABLE AND ASSIGNABLE BY EXISTING SHAREHOLDERS THROUGH AN INSTRUMENT IN WRITING USING THE APPLICABLE FORMS WHICH WILL BE MAILED BY THE ISSUER TO EXISTING SHAREHOLDERS. NO MARKET WILL BE MADE IN THE RIGHTS ON THE MSE. ACCORDINGLY, THE RIGHTS CANNOT BE TRADED AS A SEPARATE FINANCIAL INSTRUMENT ON THE MSE.

RIGHTS WHICH ARE NOT SUBSCRIBED TO BY ELIGIBLE PARTICIPANTS SHALL CONSTITUTE LAPSED RIGHTS, AND THE NEW ORDINARY SHARES RELATED THERETO WILL CONSTITUTE EXCESS SHARES WHICH WILL BE ALLOCATED TO: (I) EXISTING SHAREHOLDERS WHICH HAVE ACCEPTED THEIR PROPORTIONATE ENTITLEMENT IN FULL AND APPLIED FOR EXCESS SHARES; (II) PREFERRED APPLICANTS; AND (III) THE GENERAL PUBLIC, IN THIS ORDER OF PREFERENCE, AND SUBJECT TO SCALING DOWN IN ACCORDANCE WITH SECTION 8.4 OF THIS SECURITIES NOTE.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE BANK OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE OFFER HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE BANK, ITS DIRECTORS OR ADVISERS.

NONE OF THE ADVISERS OR ANY PERSON MENTIONED IN THE PROSPECTUS, OTHER THAN THE ISSUER AND ITS DIRECTORS, ARE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS OR ANY SUPPLEMENT THEREOF OR ANY DOCUMENTS INCORPORATED BY REFERENCE, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPTS ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

THIS SECURITIES NOTE DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER, SOLICITATION OR INVITATION TO SUBSCRIBE FOR THE NEW ORDINARY SHARES, BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND: (I) ANY EXISTING SHAREHOLDER TO WHOM THIS OFFER AND A FORM OF ACCEPTANCE, AUTHORITY AND ELECTION IS ADDRESSED; (II) ANY ASSIGNEE WISHING TO SUBSCRIBE FOR ANY NEW ORDINARY SHARES PURSUANT TO AN ASSIGNMENT OF RIGHTS FROM AN EXISTING SHAREHOLDER; (III) PREFERRED APPLICANTS; AND (IV) ANY OTHER PERSON SUBSCRIBING TO EXCESS SHARES, TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION.

EXISTING SHAREHOLDERS WISHING TO ACCEPT ALL OF THE RIGHTS ALLOCATED TO THEM AND SUBSCRIBE FOR EXCESS SHARES OR, OTHERWISE OPTING TO ACCEPT PART AND, OR ASSIGN PART OR ALL OF THEIR RIGHTS, SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACCEPTING SUCH ALLOCATION OR OF ASSIGNING THEIR RIGHTS TO THIRD PARTIES TO SUBSCRIBE FOR NEW ORDINARY SHARES AS WELL AS ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE AND THE COUNTRIES OF THE NATIONALITY, RESIDENCE OR DOMICILE OF THOSE PERSONS IN WHOSE FAVOUR THEY MAY ASSIGN THEIR RIGHTS FOR THE SUBSCRIPTION OF NEW ORDINARY SHARES.

IN ADDITION: (I) ASSIGNEES OF THE RIGHTS AGREEING TO SUBSCRIBE FOR NEW ORDINARY SHARES THROUGH AN ASSIGNMENT FROM AN EXISTING SHAREHOLDER; (II) PREFERRED APPLICANTS; AND (III) ANY OTHER PERSON APPLYING TO SUBSCRIBE TO NEW ORDINARY SHARES, SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS TO SUBSCRIBE FOR NEW ORDINARY SHARES AS WELL AS ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFER IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE BANK THAT WOULD PERMIT A PUBLIC OFFERING OF THE NEW ORDINARY SHARES OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO NEW ORDINARY SHARES MAY BE OFFERED, DIRECTLY OR INDIRECTLY, AND NEITHER THE PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THE PROSPECTUS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS SECURITIES NOTE AND ON THE OFFER.

THE RIGHTS AND THE NEW ORDINARY SHARES HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, 1933. FURTHERMORE, THE BANK WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

THE CONTENTS OF THE BANK'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE BANK'S WEBSITE, DO NOT FORM PART OF THIS DOCUMENT. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE NEW ORDINARY SHARES.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTION PROPOSED IN THE PROSPECTUS, AND, OR THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THIS DOCUMENT, THE FAAEs, APPLICATION FORMS AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY NEW ORDINARY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THE OFFER OR ANY AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL ADVISER AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE NEW ORDINARY SHARES.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE BANK IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

A COPY OF THIS SECURITIES NOTE HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THIS SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.



TABLE OF CONTENTS

1. DEFINITIONS	72	6.5 ACTION REQUIRED BY AN EXISTING SHAREHOLDER TO SUBSCRIBE TO THE NEW ORDINARY SHARES	86
2. RISK FACTORS	74	7. EXCESS SHARES OFFER	88
2.1 SUITABILITY	75	7.1 SUBSCRIPTION TO EXCESS SHARES	88
2.2 RISKS ASSOCIATED WITH RECOVERY AND RESOLUTION REGULATIONS	75	7.2 TERMS AND CONDITIONS APPLICABLE TO THE EXCESS SHARES OFFER	88
2.3 ORDERLY AND LIQUID MARKET	76	8. GENERAL TERMS AND CONDITIONS OF THE OFFER	88
2.4 VOLATILITY IN THE PRICE OF THE SHARES	76	8.1 GENERAL	88
2.5 SUSPENSION OF TRADING OR DISCONTINUATION OF LISTING	77	8.2 RIGHT TO REJECT	89
2.6 DIVIDENDS	77	8.3 RIGHT TO REVOKE THE OFFER	89
2.7 DILUTION RISK	77	8.4 ALLOCATION POLICY	89
2.8 FUTURE ISSUES BY THE BANK	77	8.5 EXPECTED TIMETABLE	90
2.9 SHAREHOLDER CURRENCY OF REFERENCE	77	8.6 BODY CORPORATES/BODIES OF PERSONS	90
2.10 OVERSEAS SHAREHOLDERS MAY NOT BE ABLE TO RECEIVE THE NEW ORDINARY SHARES IN THE RIGHTS ISSUE	77	8.7 MINORS	90
3. PERSONS RESPONSIBLE, CONSENT FOR USE OF PROSPECTUS, AND STATEMENT OF APPROVAL	78	8.8 RESULTS OF THE OFFER	91
3.1. PERSONS RESPONSIBLE	78	8.9 OTHER TERMS AND CONDITIONS	91
3.2. CONSENT FOR USE OF PROSPECTUS	78	8.10 OVERSEAS SHAREHOLDERS	91
3.3. AUTHORISATION STATEMENT	79	8.11 DECEASED PERSONS	91
4. ESSENTIAL INFORMATION	79	8.12 SHARES SUBJECT TO USUFRUCT	91
4.1 WORKING CAPITAL STATEMENT	79	8.13 OVERSEAS SHAREHOLDERS	92
4.2 CAPITALISATION AND INDEBTEDNESS	79	9. REPRESENTATIONS AND WARRANTIES BY ELIGIBLE PARTICIPANTS AND APPLICANTS	92
4.3 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER	81	10. REGISTRATION, REPLACEMENT, TRANSFER AND EXCHANGE	94
4.4 REASONS FOR THE OFFER AND USE OF PROCEEDS	81	11. LISTING AND TRADING OF NEW ORDINARY SHARES	95
4.5 EXPENSES	81	12. TAXATION	95
5. INFORMATION CONCERNING THE OFFER AND THE NEW ORDINARY SHARE	81	12.1 TAXATION STATUS OF THE ISSUER	96
5.1 OFFER STATISTICS	81	12.2 TAX ON DIVIDENDS	96
5.2 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE SHARES, INCLUDING NEW ORDINARY SHARES	83	12.3 TAX ON CAPITAL GAINS	96
5.3 AUTHORISATIONS	84	12.4 DUTY ON DOCUMENTS AND TRANSFERS	97
6. RIGHTS ISSUE	85	12.5 EXCHANGE OF INFORMATION	97
6.1 TERMS AND CONDITIONS APPLICABLE TO THE RIGHTS ISSUE	85	12.6 FOREIGN ACCOUNT TAX COMPLIANCE ACT	97
6.2 DISPATCH OF DOCUMENTATION TO EXISTING SHAREHOLDERS	85	12.7 THE COMMON REPORTING STANDARD	97
6.3 FORMS OF ACCEPTANCE, AUTHORITY AND ELECTION	85	13. DILUTION	98
6.4 SUBSCRIPTION BY MAJOR SHAREHOLDERS OR SENIOR MANAGEMENT	86	14. ADDITIONAL INFORMATION	98
		ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES	99
		ANNEX II – FORMS OF ACCEPTANCE AUTHORITY AND ELECTION	100
		ANNEX III – APPLICATION FORMS (EXCESS SHARES OFFER)	108

1. DEFINITIONS

Words and expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressed in capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires.

Applicant	A person who is either a: (i) Preferred Applicant; or (ii) any investor other than an Existing Shareholder or a Preferred Applicant, who applies for Excess Shares by the lodging of an Application with an Authorised Financial Intermediary;
Application	The Application Form to subscribe for Excess Shares to be completed by an Applicant;
Application Form	The following forms of application for subscription of Excess Shares: (i) Application Form 'A' to be completed by Preferred Applicants, a specimen of which is contained in Annex III to this Securities Note; and (ii) Application Form 'B' to be completed by investors not being Existing Shareholders or Preferred Applicants, a specimen of which is contained in Annex III to this Securities Note;
Assignee(s)	A person who acquires Rights from an Existing Shareholder in accordance with the terms of this Securities Note;
Assigned Entitlement	The Rights assigned to Assignees by Existing Shareholders in accordance with the procedure set out in sections 6.5.2.3 and 6.5.2.4 of this Securities Note;
CSD	The Central Securities Depository of the MSE established pursuant to article 24 of the Financial Markets Act (Cap. 345 of the laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Eligible Participants	Means: (i) Existing Shareholders; and (ii) Assignees; as applicable;
Employees	Employees appearing on the payroll of the Bank or any of the Subsidiaries as at 20 September 2023;
Excess Shares	Such number of New Ordinary Shares in an amount equivalent to Lapsed Rights which shall be available for subscription by: (i) Existing Shareholders who have accepted their Proportionate Entitlement in full and have indicated their willingness to subscribe for Excess Shares by completing a FAAE during the Rights Issue Offer Period; and (ii) Applicants by virtue of the completion of an Application Form during the Excess Shares Offer Period;
Excess Shares Offer	The offer of Excess Shares to be made to: (i) Existing Shareholders subject to them having accepted their Proportionate Entitlement in full; (ii) Preferred Applicants; and (iii) the general public, in the event that the Rights Issue is not subscribed in full;
Excess Shares Offer Period	The period between 08:30 hours on 1 November 2023 and 10:00 hours on 27 November 2023 during which the Excess Shares are on offer for subscription by Applicants by lodging an Application with Authorised Financial Intermediaries;
Existing Shareholders	The Bank's shareholders appearing on the Register of Members as at the Record Date and that, on such date, hold Shares that would provide them with a Proportionate Entitlement of not less than one (1) Right;
Forms of Acceptance, Authority and Election or FAAE	The application forms, a sample of which is set out in Annex II of this Securities Note, addressed to Existing Shareholders by the Bank setting out the Rights allocated to them and pursuant to which Existing Shareholders shall be entitled to, and may bind themselves to, accept, in whole or in part, their Proportionate Entitlement and apply for any Excess Shares (as applicable), or otherwise renounce to part or all of the Rights in favour of Assignees;

Lapsed Rights	Any Rights which Existing Shareholders fail to accept or otherwise assign and pay for by the closing of the Rights Issue Offer Period;
New Ordinary Shares	The new ordinary shares of a nominal value of €0.125 per Share to form part of the issued share capital of the Bank further to subscription thereof by Existing Shareholders pursuant to the Rights Issue and by Applicants pursuant to the Excess Shares Offer, as the case may be;
Offer	Collectively, (i) the Rights Issue; and (ii) the Excess Shares Offer;
Offer Price	The price of €0.75 per New Ordinary Share;
Overseas Shareholders	Existing Shareholders whose registered address on the Register of Members is in a country other than Malta;
Preferred Applicant	Collectively, without any priority: (i) Employees; (ii) Directors; and (iii) shareholders of MaltaPost, as at the Record Date, who are not also Existing Shareholders;
Proportionate Entitlement	The entitlement of each Existing Shareholder of Rights in a ratio of two (2) New Ordinary Shares, for every three (3) Shares held by such Existing Shareholder as registered against the Shareholder's name in the Register of Members as at the Record Date;
Record Date	Close of business of 19 September 2023 being the trading session of 15 September 2023;
Register of Members	The list of shareholders of the Issuer maintained and held by the CSD;
Registration Advice	The notification sent by the CSD in the event of sales and, or purchases of financial instruments on the MSE;
Rights	The entitlements in nil paid form to acquire the New Ordinary Shares subject to the payment of the Offer Price and the conditions set out in the Prospectus, at a ratio of two (2) New Ordinary Shares for every three (3) Shares held by Existing Shareholders as at the Record Date;
Rights Issue	The offer of the Rights to Existing Shareholders as described in the Prospectus;
Rights Issue Offer Period	Between 08:30 hours on 28 September 2023 and 10:00 hours on 26 October 2023;
Shares	Collectively, the issued share capital of the Bank as at the date of the Prospectus and the New Ordinary Shares, once issued;
Shareholders	The persons registered in the Issuer's Register of Members as holding shares in the Bank from time to time; and
Terms and Conditions	The terms and conditions contained in sections 5, 6, 7 and 8 of this Securities Note.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and *vice versa*;
- b. words importing the masculine gender shall include the feminine gender and *vice versa*;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- d. all references in this Securities Note to "Malta" shall be construed as defined in Article 124 (1) of the Constitution of Malta;
- e. any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Securities Note.

2. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE NEW ORDINARY SHARES INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN FINANCIAL ADVISER AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO INVEST IN THE NEW ORDINARY SHARES. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE DIRECTORS NOR THE ISSUER ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AS AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AND WHICH CAN BE CORROBORATED BY THE NATURE OF THE SHARES, AND THE TERMS AND CONDITIONS THEREOF, THAT ARE SUBJECT TO THE OFFER BEING MADE UNDER THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A NEGATIVE EFFECT ON THE VALUE OF THE NEW ORDINARY SHARES AND THE SHARES GENERALLY. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE BANK FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF OR CURRENTLY DEEM TO BE IMMATERIAL, MAY WELL RESULT IN A MATERIAL IMPACT ON THE INVESTMENTS IN THE SHARES AND THE VALUE THEREOF.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NEW ORDINARY SHARES:

- I. IS NOT INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; AND
- II. SHOULD NOT BE CONSIDERED OR CONSTRUED TO CONSTITUTE, A RECOMMENDATION BY THE BANK OR THE ADVISERS LISTED IN SECTION 4.2 OF THE REGISTRATION DOCUMENT, OR ANY OF THE OTHER FINANCIAL INTERMEDIARIES, TO PURCHASE, OR SUBSCRIBE TO THE NEW ORDINARY SHARES, AS APPLICABLE. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT; AND
- III. CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE “*FORWARD-LOOKING STATEMENTS*”.

THE RISK FACTORS MENTIONED IN THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH ALL OF THE RISK FACTORS INCLUDED IN THE REGISTRATION DOCUMENT WHICH SETS OUT RISK FACTORS THAT MAY HAVE AN IMPACT OR EFFECT ON THE ISSUER AND ITS BUSINESS. PROSPECTIVE INVESTORS ARE URGED TO READ CAREFULLY THE RISK FACTORS CONTAINED BOTH IN THIS SECURITIES NOTE AND THE REGISTRATION DOCUMENT BEFORE COMMITTING TO SUBSCRIBE FOR ANY NEW ORDINARY SHARES OR OTHERWISE ACCEPTING THE RIGHTS ISSUE.

Forward-looking statements and financial forecasts

This Securities Note contains statements that are, or may be deemed to be, “forward-looking statements”. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “projects”, “anticipates”, “expects”, “envisages”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the Group’s actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer and, or the Group are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section 2 of this Securities Note and elsewhere in the Prospectus.

All forward-looking statements contained in this Securities Note are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.1 Suitability

All Existing Shareholders are already exposed to an investment in the Shares. However, the acceptance of the Rights Issue and the consequent subscription of part or all of the Proportionate Entitlement will increase the exposure of Existing Shareholders to the Bank and its future performance. Any additional exposure to the Shares may not be suitable for every Existing Shareholder. Accordingly, Existing Shareholders are urged to consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of a further investment in the Shares before making an investment decision to accept their Proportionate Entitlement under the Rights Issue and any Excess Shares they may subscribe for.

In addition, an investment in the New Ordinary Shares may not be suitable for all Eligible Participants, including Assignees, and an investment in the Excess Shares may not be suitable for all investors subscribing to Excess Shares. Accordingly, any person seeking to invest in the New Ordinary Shares is urged to refer to the Prospectus and consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the New Ordinary Shares before making an investment decision.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the New Ordinary Shares and the inherent risks associated with the Bank’s business. In the event that an investor in the New Ordinary Shares does not seek professional advice and, or does not read and fully understand the provisions of the Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile and circumstances.

2.2 Risks associated with Recovery and Resolution Regulations

The Bank is subject to the BRRD, which has been transposed into Maltese law mainly (but not only) through the Recovery and Resolution Regulations (the BRRD and the Recovery and Resolution Regulations are hereinafter collectively referred to as the “**BRRD Package**”). The BRRD Package is designed to provide competent authorities and resolution authorities, as the case may be, with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank so as to ensure the continuity of a bank’s critical financial and economic functions, whilst minimising the impact of a bank’s failure on the economy and financial system. Although the resolution authority is the authority appointed for the purposes of article 3 of the BRRD, it has delegated its powers assigned to it under the BRRD to the Resolution Committee which is responsible, *inter alia*, to apply resolution measures when a bank is failing or is likely to fail and such other powers as set out in the First Schedule to the MFSA Act. Resolution authorities may intervene using one or more resolution tools, actions and, or powers in respect of the Bank and the Shares in the event that the conditions set out in the Recovery and Resolution Regulations

are met, namely that: (a) a bank is failing or likely to fail; (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a bank; and (c) a resolution action is in the public interest.

The resolution tools are the following (i) the sale of business tool, which empowers the Resolution Committee to transfer to a purchaser (that is not a bridge institution) shares, other instruments of ownership, assets, rights and liabilities of a bank under resolution; (ii) the bridge institution tool, pursuant to which the Resolution Committee shall have the power to transfer to a bridge institution shares, other instruments of ownership, assets, rights and liabilities of a bank under resolution; (iii) the asset separation tool, which enables the transfer of assets, rights and liabilities a bank under resolution or a bridge institution to one or more asset management vehicles; and (iv) the bail-in tool, pursuant to which the Resolution Committee has a number of powers, including, the bailing in of unsecured creditors who will in turn bear the losses and other powers set out in the Recovery and Resolution Regulations. Furthermore, in order to apply the resolution tools, the Resolution Committee has various other broad powers, including, by way of example, the power to take control of the relevant bank under resolution and exercise all the rights and power conferred upon the shareholders; the power to transfer shares or other instruments of ownership of the bank; the power to reduce, including to reduce to zero, the nominal amount of shares or other instruments of ownership of a bank under resolution and to cancel such shares or other instruments of ownership; the power to require a bank under resolution to issue new shares or other instruments of ownership and the power to transfer to another entity, with the consent of that entity, rights, assets or liabilities of a bank under resolution.

The Committee is equipped with other powers in terms of the Recovery and Resolution Regulations, such as the power to write down or convert relevant capital instruments and eligible liabilities into shares or other instruments of ownership of a bank. This power can be exercised either independently of resolution action or in combination with a resolution action, where certain conditions for resolutions are met. In broad terms, this power essentially requires CET1 items to be reduced first in proportion to the losses, and, subsequently, the principal amount of Additional Tier 1 instruments, Tier 2 instruments and eligible liabilities are written down and, or converted into CET1 instruments, which may result, amongst others, in the reduction (including to zero) of the nominal value of shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank.

The extent to which the Shares may become subject to any resolution action will depend on a number of factors. As at the date of the Prospectus, none of the conditions for the adoption of resolution action and other powers by the Resolution Committee subsist with respect to the Bank. Prospective investors should consider the risk that, in the event that the Bank becomes subject to a resolution action or other actions in terms of the Recovery and Resolution Regulations, the Resolution Committee may exercise the resolution tools, actions and powers it is entitled to exercise in terms of the Recovery and Resolution Regulations, including the power to reduce, including to reduce to zero, the nominal amount of the Shares and to cancel the Shares or other instruments of ownership.

2.3 Orderly and liquid market

The existence of an orderly and liquid market for the New Ordinary Shares, depends on a number of factors, many of which are beyond the Bank's control, including, but not limited to, the presence of willing buyers and sellers of the New Ordinary Shares at any given time and the general economic conditions in the market in which the Shares are traded, namely the Official List. Accordingly, there can be no assurance that an active secondary market for the New Ordinary Shares will develop or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the New Ordinary Shares at all.

2.4 Volatility in the price of the Shares

Following the completion of the Offer and the allocation of the New Ordinary Shares, the price at which the Shares, including the New Ordinary Shares, will be traded, as well as the volume of trades, may fluctuate. There can be no guarantee of the price which may be realised by investors in the New Ordinary Shares. Movements in the price of the Shares are influenced by a multitude of factors, some of which may be specific to the Bank, its proposed operations and ability to implement its intended strategies. It is also possible that the Bank's results of operations or its business outlook may fall short of expectations, in which case the price of the Shares could be negatively affected. In addition, limited trading in the Shares could increase the price volatility of the Shares and may limit the ability of investors to trade the Shares, including the New Ordinary Shares, in the amount, at the price and at the time desired.

A number of factors, some of which are outside the control of the Bank, may impact the price and performance of the Shares, including:

- i. prevailing economic conditions in Malta and conditions or trends in the Maltese commercial property market generally;
- ii. differences between the Bank's expected and actual operating performance as well as between expected and actual performance of the property rental industry generally;

- iii. strategic actions by the Bank or its competitors, such as mergers, acquisitions, partnerships and restructurings;
- iv. speculation, whether or not well founded, about possible changes in the Bank's management team;
- v. the publication of research reports by analysts or failure to meet analysts' forecasts; and
- vi. regulatory changes.

2.5 Suspension of trading or discontinuation of listing

Even after the New Ordinary Shares are admitted to listing and trading on the Official List, the Bank must remain in compliance with various ongoing regulatory requirements, including the continuing obligations and other requirements set out in the Capital Markets Rules. The MFSA has the authority to suspend trading of the Shares if, among other things, it believes that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the MFSA may discontinue the listing and, or trading of the Shares if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the New Ordinary Shares are no longer possible, or upon the request of the Bank or the MSE. Any such trading suspensions or listing revocations and, or discontinuations described above, could have a material adverse effect on the liquidity and value of the New Ordinary Shares.

2.6 Dividends

The extent of any dividend distribution by the Bank will depend upon, amongst other factors, the ability of the Bank to improve its current capital base, the profit for the year, the Directors' view on the prevailing market outlook, any debt servicing requirements, the cash flows of the Bank, working capital requirements, the Board's view on future investments, and the requirements of the Act. The Bank's approach to dividend pay-outs is described in the section entitled '*Dividend Policy*' found in section 14 of the Registration Document and should be read and construed accordingly.

2.7 Dilution risk

The rights of the Existing Shareholders to subscribe for the New Ordinary Shares ensure that each Existing Shareholder exercising its subscription rights under the Rights Issue will continue to hold its original, nearly unchanged percentage share in the share capital of the Bank. If an Existing Shareholder does not exercise the subscription rights granted under the Rights Issue, his or her percentage shareholding in the Bank will be reduced and his or her voting rights will be diluted. This dilution will be proportional to the percentage by which the share capital of the Issuer is increased and to the extent by which the Existing Shareholder does not participate in the Rights Issue.

Even if a Shareholder elects to transfer the unexercised Rights, or such Rights are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his percentage ownership of the Issuer's share capital that may be caused as a result of the Rights Issue.

2.8 Future issues by the Bank

Any future issues of shares by the Bank will further dilute the holdings of Existing Shareholders and could adversely affect the market price of the Bank's shares. Other than the proposed issue of New Ordinary Shares under the Rights Issue, the Bank has no current plans for an offering of shares. However, it is possible that the Bank may decide to offer additional shares in the future either to raise capital or for other purposes. If the then Existing Shareholders did not take up such offer of shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Bank would be reduced and the percentage that their shares would represent of the total share capital of the Bank would be reduced accordingly. Any additional offering, or significant sale of shares by any of the Bank's major shareholders, could have a material adverse effect on the market price of the Bank's shares as a whole, including that of the New Ordinary Shares.

2.9 Shareholder currency of reference

A Shareholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the New Ordinary Shares (i.e. the Euro) and the Shareholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Shareholder in real terms after taking into account the relevant exchange rate.

2.10 Overseas Shareholders may not be able to receive the New Ordinary Shares in the Rights Issue

Overseas Shareholders may not be able to receive the New Ordinary Shares subject to the Rights Issue, as securities laws of certain jurisdictions may restrict the Bank's ability to allow participation by Shareholders in the Rights Issue. Securities laws of certain other jurisdictions may restrict the Bank's ability to allow participation by Shareholders in such jurisdictions

in any future issue of shares carried out by the Bank. Shareholders who have a registered address in, or who are resident in, or who are citizens of, countries other than Malta should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the New Ordinary Shares in the Rights Issue.

3. PERSONS RESPONSIBLE, CONSENT FOR USE OF PROSPECTUS AND STATEMENT OF APPROVAL

3.1. Persons responsible

All of the Directors, whose names appear in section 9.1 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. They have been advised and assisted in the drafting and compilation of the Prospectus by the persons mentioned under the heading '*Statutory Auditors and Advisers*' found in section 4 of the Registration Document.

3.2. Consent for use of Prospectus

For the purposes of any subscription for the Excess Shares through any of the Authorised Financial Intermediaries during the Excess Shares Offer Period, in terms of this Securities Note and any subsequent resale, placement or other offering of the Excess Shares by such Authorised Financial Intermediary in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Bank consents to the use of the Prospectus (and accepts responsibility for the information contained herein) with respect to any such subsequent resale or placement or other offering of the Excess Shares, provided this is limited only:

- i. in respect of the Excess Shares subscribed for during the Excess Shares Offer Period;
- ii. to any resale or placement of the Excess Shares subscribed for as aforesaid, taking place in Malta; and
- iii. to any resale or placement of the Excess Shares subscribed for as aforesaid, taking place within the period of 120 days from the date of the Prospectus.

It is solely the responsibility of the Authorised Financial Intermediary to ensure its compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Excess Shares.

Other than as set out above, neither the Bank nor the Sponsors have authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Excess Shares by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Bank or the Sponsor and neither the Bank nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, it must not be relied upon as having been authorised by the Bank or its advisers. The Bank does not accept responsibility for any information not contained in the Prospectus.

In the event of a resale, placement or other offering of the Excess Shares by the Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Excess Shares to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Financial Intermediary at the time of such resale, placement or

other offering to provide the investor with that information and neither the Bank nor the Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using the Prospectus in connection with a resale, placement or other offering of shares subsequent to the Offer shall, limitedly for the period of 120 days from the date of the Prospectus, publish on its website a notice to the effect that it is using the Prospectus for such resale, placement or other offering in accordance with the consent of the Bank and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to any Authorised Financial Intermediary unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Bank's website: www.lombardmalta.com.

3.3. Authorisation Statement

This Securities Note has been approved by the Malta Financial Services Authority as the competent authority in Malta under the Prospectus Regulation. This means that the MFSA has authorised this Securities Note as meeting the standards of completeness, comprehensibility and consistency as prescribed by the Prospectus Regulation. Such approval should not however, be considered as an endorsement of the Bank of the quality of the New Ordinary Shares that are the subject of this Securities Note.

4. ESSENTIAL INFORMATION

4.1 Working Capital Statement

The Directors, after reasonable inquiry and after taking the proceeds of the Share Issue into consideration, are of the opinion that the working capital available to the Group is sufficient for the Group's present business requirements for a period of at least 12 months from the date of the Prospectus.

4.2 Capitalisation and Indebtedness

The Bank's CET 1 capital ratio as at 30 June 2023 stood at 15.9%. Capital planning is an integral part of the Bank's business strategy. To this effect, and in response to the need to meet the increasing demand for the Bank's services, in furtherance of the *Proposal to Raise Capital* published by the Bank in August 2021 with the aim of introducing an additional source of financing through which it may strengthen its capital base (as updated in H2 2022), on 22 June, 2023, the Board of Directors sought, and obtained, the approval of the Bank's shareholders of a resolution authorising and empowering the Board to increase the issued share capital of the Bank through the issuance of up to 65,000,000 new ordinary shares of a nominal value of €0.125 per share in the same class as the shares currently in issue, at a price to be determined by the Board of Directors. In addition to the retention of a significant proportion of annual profits, a wider capital base would support the Bank's growth strategy, cater for increased regulatory requirements and ensure resilience in the face of sudden and unexpected shocks impacting its business model.

The proceeds from the issue of New Ordinary Shares, which net of issue expenses are expected to amount to approximately €45.4 million, will be utilised by the Bank to supplement the funding requirements for the implementation of the Bank's strategic objectives as described in section 6.4 of the Registration Document, and to further strengthen its capital base with a view to ensuring that the Bank is well-positioned to meet the capital buffers required in terms of the European banking regulations. Specifically with respect to the latter, the net proceeds from the issue of New Ordinary Shares will be eligible to contribute towards the Bank meeting the minimum requirement for own funds and eligible liabilities (MREL) prescribed by BRRD II, as further explained in section 6.5.2 of the Registration Document. The Bank is one of the core domestic banks and is classified as a Less Significant Institution ("LSI") by the regulatory authorities. With this classification the Bank is required to maintain a level of capital commensurate with the scale, nature and complexity of its operations within the context of the local economy.

The Bank has in place an investment policy that outlines the standards applicable to the investment of financial assets of the Bank. This policy governs the assets that the Bank can invest in, including local sovereign debt, foreign corporate and sovereign investment grade fixed-income securities subject to limits in place and to a lesser degree, locally quoted equities. The policy also extends limits for exposures in such investments but also mandates limits for money market placements and working balances in credit institutions.

In addition, the Bank has in place a *Liquidity & Funding Policy*. This policy sets out the risk governance framework and structure through which the Bank will identify, measure, monitor and control liquidity and funding risk within its operations. The Bank raises funds in different currencies, the main being the Euro, US Dollar and the Pound Sterling, with different maturities and various geographic markets. Where possible, overreliance on a single or very few investors or markets shall be avoided.

The Bank will endeavour to optimise the funding of the balance sheet, while also balancing the stability and cost factors of funding sources. To achieve this, the Bank, through ALCO, ensures that an effective diversification in funding sources and tenor of funding is in place. In addition, parameters such as the liquidity coverage ratio, the net stable funding ratio, the leverage ratio and the loan-to-deposit ratio are in place and are monitored regularly by the Board against established limits to ensure that the Bank holds sufficient liquidity in proportion to its business activities, at all times.

	Amounts in €000s	30/06/2023	31/12/2022	31/12/2021	31/12/2020
Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	134,602	130,254	130,145	119,793
2	Tier 1 capital	134,602	130,254	130,145	119,793
3	Total capital	134,602	130,254	130,145	119,793
Risk-weighted exposure amounts					
4	Total risk exposure amount	845,013	843,967	805,762	757,135
Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.9	15.4	16.2	15.8
6	Tier 1 ratio (%)	15.9	15.4	16.2	15.8
7	Total capital ratio (%)	15.9	15.4	16.2	15.8
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.3	3.3	3.3	N/A
EU 7d	Total SREP own funds requirements (%)	11.3	11.3	11.3	8.0
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	N/A	N/A	N/A	N/A
9	Institution specific countercyclical capital buffer (%)	0.0	0.0	0.0	0.0
EU 9a	Systemic risk buffer (%)	N/A	N/A	N/A	N/A
10	Global Systemically Important Institution buffer (%)	N/A	N/A	N/A	N/A
EU 10a	Other Systemically Important Institution buffer (%)	N/A	N/A	N/A	N/A
11	Combined buffer requirement (%)	2.5	2.5	2.5	2.5
EU 11a	Overall capital requirements (%)	13.8	13.8	13.8	10.5
12	CET1 available after meeting the total SREP own funds requirements (%)	4.7	4.2	4.9	7.8
Leverage ratio					
13	Total exposure measure	1,231,366	1,208,702	1,173,187	1,136,298
14	Leverage ratio (%)	10.9	10.8	11.1	10.5
	Regulatory minimum leverage ratio requirement (%)	3.0	3.0	3.0	3.0
Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	290,317	297,910	283,831	260,351
EU 16a	Cash outflows - Total weighted value	183,232	188,685	217,215	224,825
EU 16b	Cash inflows - Total weighted value	57,398	47,285	91,238	80,152
16	Total net cash outflows (adjusted value)	125,834	141,400	125,977	144,673
17	Liquidity coverage ratio (%)	230.7	210.7	225.3	180.0
Net Stable Funding Ratio					
18	Total available stable funding	960,824	942,849	884,458	N/A
19	Total required stable funding	636,023	635,849	595,863	N/A
20	NSFR ratio (%)	151.1	148.3	148.4	N/A

Sources: Management Information, audited annual reports of the Bank for the years ended 31 December 2020, 2021 and 2022 and interim financial information for the six months ended 30 June 2023.

4.3 Interest of natural and legal persons involved in the Offer

The Issuer is an Authorised Financial Intermediary in respect of the Offer. As the Issuer of the New Ordinary Shares, the Bank has an interest in the success of the Offer. In this respect, the Issuer will not be providing investment advice in relation to subscriptions for New Ordinary Shares, however, may entertain applications for subscriptions for New Ordinary Shares on an execution-only basis. In this respect, investors are strongly encouraged to seek independent and professional advice prior to participating in the Offer. As an Authorised Financial Intermediary, the Issuer shall not be subscribing for Excess Shares for its own account.

Save for the foregoing and for any fees payable to Authorised Financial Intermediaries in connection with the Offer, in so far as the Bank is aware, no person involved in the Offer has an interest, conflicting or otherwise, which is material to the Offer.

4.4 Reasons for the Offer and use of Proceeds

The proceeds from the issue of New Ordinary Shares, which net of issue expenses are expected to amount to approximately €45.4 million, will be utilised by the Bank to supplement the funding requirements for the implementation of the Bank's strategic objectives as described in section 6.4 of the Registration Document, and to further strengthen its capital base with a view of ensuring that the Bank is well-positioned to meet the capital buffers required in terms of the European banking regulations. Specifically with respect to the latter, as explained in section 4.2 of this Securities Note, the net proceeds from the issue of New Ordinary Shares will be eligible to contribute towards the Bank meeting its MREL requirements.

4.5 Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with the Offer are estimated not to exceed €1 million and shall be borne by the Bank. There is no particular order of priority with respect to such expenses. The expenses pertaining to the Rights Issue shall be borne exclusively by the Issuer.

5. INFORMATION CONCERNING THE OFFER AND THE NEW ORDINARY SHARES

This section provides brief information on the Offer and the New Ordinary Shares to be admitted to trading.

5.1 Offer Statistics

The Offer	collectively, (i) the Rights Issue; and (ii) the Excess Shares Offer.
Amount of Rights issued and resultant capital increase	the Issuer has issued and allocated Rights to Existing Shareholders to subscribe for up to 61,828,332 New Ordinary Shares (following rounding). The Rights have been issued and allocated on the basis of the ratio of two (2) New Ordinary Shares for every three (3) Shares held by Existing Shareholders as at the Record Date. Accordingly, Eligible Participants are entitled to acquire two (2) New Ordinary Shares for every three (3) Shares held at an Offer Price of €0.75 per New Ordinary Share. Through the Rights Issue, and assuming the take up in full of all New Ordinary Shares, the number of issued shares in the Bank will increase from 92,743,931 to up to 154,572,263 (following rounding). The New Ordinary Shares, once issued, would constitute an increase of <i>circa</i> 67% in the issued share capital of the Bank.
Assignment of the Rights	an Existing Shareholder is entitled to renounce all or part of the Rights allocated by the Issuer in favour of any third party under such terms and conditions as may be agreed between the parties. The Rights shall not be separately listed or traded on the MSE and may only be assigned by completing the appropriate section of the FAAE B – Split/Assign form and by submitting the form to any of the Authorised Financial Intermediaries. The right to assign the Rights pertains only to Existing Shareholders. The right to assign the Rights is not available to Assignees. Other than the right of Existing Shareholders to assign all or part of their Rights to third parties, the Rights may not be traded.

Class of Shares	the New Ordinary Shares form part of the only class of ordinary shares in issue in the Bank and shall accordingly have the same rights and entitlements as all other ordinary shares currently in issue of the Bank.
Offer Price	the price of €0.75 per New Ordinary Share.
Legislation under which the Shares will be created	the New Ordinary Shares will be created in terms of the Act.
Registered Form	the New Ordinary Shares will be issued in fully registered and dematerialised book-entry form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or the Bank.
Currency of New Ordinary Shares	Euro (€).
ISIN of the Shares	MT0000040106.
Lapsed Rights	any Rights which Existing Shareholders fail to accept or otherwise assign and pay for by the closing of the Rights Issue Offer Period.
Plan of Distribution	the New Ordinary Shares are open for subscription by the following persons: - Existing Shareholders up to their Proportionate Entitlement during the Rights Issue Offer Period; - Assignees up to the Assigned Entitlement in their favour during the Rights Issue Offer Period; - Existing Shareholders who have accepted their Proportionate Entitlement in full and applied for Excess Shares during the Rights Issue Offer Period, to the extent that following (i) and (ii) there shall remain Excess Shares; - Preferred Applicants applying for Excess Shares during the Excess Shares Offer Period, to the extent that the Excess Shares have not been subscribed in full pursuant to (iii) above; and - Applicants, not being Preferred Applicants, applying for Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period, to the extent that the Excess Shares have not been subscribed in full pursuant to (iii) and, if applicable, (iv) above, in this order of preference. The allocation of New Ordinary Shares shall be made in accordance with the allocation policy set out in section 8.4 of this Securities Note.
Listing	application has been made for the New Ordinary Shares to be admitted to listing on the Official List and for trading to commence thereafter. Admission to listing of the New Ordinary Shares on the Official List is expected on 11 December 2023 (or any such earlier date in terms of section 8.5 below). The Rights shall not be admitted to listing on the Official List and there shall be no trading in the Rights.
Dispatch by mail of FAAEs to Existing Shareholders	expected 27 September 2023.
Rights Issue Offer Period	between 08:30 hours on 28 September 2023 and 10:00 hours on 26 October 2023.
Excess Shares Offer Period	between 08:30 hours on 1 November 2023 and 10:00 hours on 27 November 2023.
Target Market	principally, retail and non-retail investors in Malta.

5.2. Rights, preferences and restrictions attached to the Shares, including the New Ordinary Shares

The New Ordinary Shares form part of the only class of ordinary shares in issue in the Bank and shall accordingly have the same rights and entitlements as all other ordinary shares currently in issue in the Bank. The New Ordinary Shares shall be classified as a CET 1 instrument for the purposes of article 28 of the CRR and the following are highlights of the rights attaching to the New Ordinary Shares:

5.2.1 Classification

The Issuer's share capital may be increased by issuing new shares within the limit of its authorised share capital. At the date of this Securities Note, the Issuer has an authorised share capital of €37,500,000 divided into 300,000,000 ordinary shares of a nominal value of €0.125. The issued share capital of the Issuer is €11,592,991.38 divided into 92,743,931 ordinary shares of €0.125 each fully paid up. The Board of Directors have the power to increase the issued share capital of the Issuer through the issuance of up to 65,000,000 new ordinary shares of a nominal value of €0.125 per share in the same class as the shares in the Issuer currently in issue, at a price to be determined by the Board of Directors. The said authorisation is valid for a period of three years from 22 June 2023.

For the purposes of the Act, applicable insolvency laws, as well as the applicable accounting framework, the New Ordinary Shares, once issued, will be regarded as equity capital subscribed to by the Shareholders.

5.2.2 Dividends

The New Ordinary Shares shall carry the right to participate in any distribution of dividend declared by the Bank *pari passu* with any other ordinary shares.

The Issuer can only make a distribution to the holders of the New Ordinary Shares from distributable reserves. This means that distribution can only happen if, at the time, the amount of the net assets of the Issuer is not less than the aggregate of its called-up share capital and non-distributable reserves, and if (and to the extent that) the distribution does not reduce the amount of those assets to less than that aggregate. The dividend distribution essentially depends on the self-financing requirements of the Bank, the return expected by the Shareholders as well as applicable prudential requirement, and regulatory approvals. The Directors may, before recommending any dividend, set aside, out of the profits of the Bank available for distribution, any such sum, as they deem proper, as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Issuer may be properly applied, and pending such application shall be deemed to remain undivided profit and may, at the like discretion, either be employed in the business of the Issuer or be invested in such investments as the Directors may from time to time think fit. The Directors may also, without placing the same reserves, carry forward any profits which they may think prudent not to distribute.

The distribution of dividends could, in future and irrespective of the presence of distributable profits pursuant to its statutory financial statements, be excluded or limited by the need to comply with the capital requirements laid down by the legal and, or regulatory rules applicable to the Bank or imposed by the supervisory authorities as prescribed by the applicable prudential regulations. The Bank adopts an approach to dividend pay-outs that is based on conservative and prudent assumptions and that allows it to fulfil its current and prospective capital adequacy conditions, which are consistent with the combination of risks assumed and which are suitable for facilitating alignment to the prudential requirements established by the CRD IV and by the CRR, as well as guaranteeing the coverage of the internal capital levels calculated under the scope of the SREP. Without prejudice to the foregoing, the conditions governing the New Ordinary Shares do not include a cap or other additional restrictions on the maximum level of distribution.

5.2.3 Voting rights

Each New Ordinary Share issued shall be entitled to one vote at general meetings of Shareholders.

5.2.4 Capital distributions

The New Ordinary Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether in the context of a winding up or otherwise, *pari passu* with all other holders of ordinary shares of the Bank.

In terms of the Memorandum and Articles of the Bank, all holders of ordinary shares, including the New Ordinary Shares, shall rank *pari passu* upon any distribution of assets in a winding up and shall be entitled to a claim on the residual assets of the Bank, which, in the event of its liquidation and after the payment of all senior claims is not fixed or subject to a cap.

The New Ordinary Shares are classified as CET 1 instruments. In terms of Regulation 108 of the Recovery and Resolution Regulations, the Resolution Committee has the power, amongst others, to exercise the write-down or conversion power in accordance with the priority of claims under normal insolvency proceedings, in a way that CET 1 instruments are reduced first in proportion to the losses and to the extent of their capacity. The Recovery and Resolution Regulations also provide that where a bank is insolvent and is being wound up, CET 1 instruments rank below all other unsecured creditors, the amount of subordinated debt that is not Additional Tier 1 or Tier 2 capital, Tier 2 instruments and Additional Tier 1 instruments.

5.2.5 Transferability & restrictions

The New Ordinary Shares are freely transferable and once admitted to the Official List shall be transferable in accordance with the applicable rules and regulations thereof.

5.2.6 Pre-emption rights

In accordance with article 88 of the Companies Act and article 3(v) of the Articles, should any shares in the Bank be proposed for allotment for consideration in cash, such shares must be offered on a pre-emptive basis to the existing holders of shares in proportion to the respective share capital held by each of them immediately prior to any new issue of shares.

A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registry of Companies for registration. This right of pre-emption must be exercised in accordance with the terms and conditions set out in the Articles of the Bank and the said right may be assigned in favour of third parties. Assignees do not have the right to further assign rights to third parties or trade in rights with third parties.

Any New Ordinary Shares not subscribed for by the Existing Shareholders in terms of their pre-emption rights may be offered for subscription to third parties under the same or other conditions, which, however, cannot be more favourable than an offer made under article 3(v) of the Articles.

This right of pre-emption may be restricted or withdrawn by (i) an extraordinary resolution of the general meeting of Shareholders; or (ii) the Board provided that the Board is authorised to issue shares in accordance with article 3(ii) of the Articles and article 85 of the Act and for so long as the Board remains authorised.

5.2.7 Mandatory takeover bids, squeeze-out and sell-out rules

Chapter 11 of the Capital Markets Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons, acting in concert, of the control of a company and provides specific rules on takeover bids and the squeeze-out and sell-out mechanisms. The Shareholders of the Bank may be protected by the said Capital Markets Rules in the event that the Bank is the subject of a Takeover Bid (as defined therein). The Capital Markets Rules may be viewed on the official website of the MFSA: <https://www.mfsa.mt/our-work/capital-markets-supervision/#CMS>.

Chapter 11 of the Capital Markets Rules may be subject to changes following the publication of the Prospectus. Investors should consult with their advisers as to the implications of any such changes as and when amendments to Chapter 11 of the Capital Markets Rules take effect.

5.2.8 Conversion and redemption of Shares

In terms of the Articles of the Bank and the relevant provisions of the Act, the Issuer may by ordinary resolution convert any paid-up shares into stock and reconvert any stock into paid-up shares of any denomination. Provided that in making any such conversion or reversion, the Bank shall comply with the requirements of the MSE, the FMA, the Bye-Laws and the Capital Markets Rules. The New Ordinary Shares are not redeemable or convertible into any other form of security.

5.3 Authorisations

By virtue of a resolution passed by the Shareholders on 22 June 2023, the Board of Directors was authorised to issue up to 65,000,000 new ordinary shares of a nominal value of €0.125 per share in the same class as the shares in the Issuer currently in issue, at a price to be determined by the Board of Directors. On 11 September 2023, the Board of Directors approved the Offer and the issue of up to 61,828,332 New Ordinary Shares (following rounding) in the issued share capital of the Company. The MFSA authorised the New Ordinary Shares as eligible to listing on the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 20 September 2023.

6. RIGHTS ISSUE

6.1 Terms and Conditions applicable to the Rights Issue

The following Terms and Conditions should be read and construed as one with the general terms and conditions of the Offer contained in section 8 of this Securities Note.

- 6.1.1 All Existing Shareholders are entitled to Rights entitling them to subscribe for two (2) New Ordinary Shares for every three (3) Shares held as at the Record Date, subject to rounding down in line with the convention set out in section 6.1.2 below.
- 6.1.2 In the event that upon calculation of the Proportionate Entitlement an Existing Shareholder shall become entitled to a fractional entitlement of a Right, such fractional entitlement shall be rounded down to the nearest whole Right.
- 6.1.3 Existing Shareholders will be entitled to subscribe for New Ordinary Shares at a ratio of two (2) New Ordinary Share for every three (3) Shares held by them as at the Record Date. Existing Shareholders holding fewer than three (3) Shares as at the Record Date shall not be eligible to participate in the Rights Issue.
- 6.1.4 Each Existing Shareholder shall be entitled to accept the Proportionate Entitlement and to subscribe for an equivalent number of New Ordinary Shares in fully paid New Ordinary Shares by paying the Offer Price for each New Ordinary Share which the Existing Shareholder subscribes for.
- 6.1.5 The Rights Issue contemplates the right of Existing Shareholders to accept the Rights allocated to them by the Bank on a nil paid basis, and to exercise those Rights and subscribe for New Ordinary Shares (in part or in full); or to renounce their Rights (in part or in full) in favour of third parties, in either case on the basis of the Terms and Conditions set out in this Securities Note.
- 6.1.6 All Existing Shareholders registered as at the Record Date and whose shareholding as at that date will entitle such Existing Shareholder to subscribe to New Ordinary Shares by virtue of the exercise of Rights, shall receive, by mail from the Issuer, FAAEs setting out their Proportionate Entitlement of Rights that entitle them to subscribe for an equivalent number of New Ordinary Shares.
- 6.1.7 Any Rights which are neither accepted nor validly assigned by Existing Shareholders by the closing of the Rights Issue Offer Period shall constitute Lapsed Rights, and the balance of New Ordinary Shares in an amount equivalent to such Lapsed Rights shall constitute Excess Shares. Existing Shareholders may apply for Excess Shares in accordance with the provisions of section 6.5.2.2 below.
- 6.1.8 Excess Shares shall be first made available to meet the demand of Existing Shareholders that have accepted their Proportionate Entitlement in full and applied for Excess Shares, and subsequently to Preferred Applicants and the general public, in that order of preference.

6.2 Dispatch of documentation to Existing Shareholders

FAAEs and the related instructions sheet will be dispatched by mail to Existing Shareholders at their registered addresses appearing on the Register of Members and, for all Existing Shareholders residing in Malta, it shall be deemed to have been served at the expiration of two calendar days after dispatch.

6.3 Forms of Acceptance, Authority and Election

Forms of Acceptance, Authority and Election will be dispatched by mail to Existing Shareholders.

In the case of FAAEs issued to joint Existing Shareholders, reference to the Existing Shareholder in this Securities Note is a reference to each Existing Shareholder, and liability thereof is joint and several. Joint FAAEs are to be signed by all parties.

Eligible Participants shall return the Forms of Acceptance, Authority and Election to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period.

The FAAEs set out the number of New Ordinary Shares which constitute the Existing Shareholder's Proportionate Entitlement. The FAAEs also set out instructions as to various options available to Existing

Shareholders namely:

- a. to accept the Rights in full and accordingly subscribe for the Proportionate Entitlement in full (FAAE A - ALL); or
- b. having accepted the Proportionate Entitlement in full, may additionally commit to subscribe for Excess Shares (FAAE A - ALL); or
- c. to accept the Rights in part and accordingly subscribe for the Proportionate Entitlement only in part (FAAE B - Split/Assign); or
- d. to accept the Rights in part and assign part of the Proportionate Entitlement in favour of a third party/ies (FAAE B - Split/Assign); or
- e. to renounce in full to the Proportionate Entitlement and assign part or all of the Proportionate Entitlement in favour of a third party/ies (FAAE B - Split/Assign).

The FAAEs, once duly completed, executed and lodged with an Authorised Financial Intermediary by the Eligible Participant, shall constitute a binding contract between the Issuer and the Eligible Participant, whereby the Eligible Participant shall be bound to subscribe for and acquire the number of New Ordinary Shares forming part of the Rights Issue as are indicated in the FAAE and to effect payment therefor.

Any Rights which are neither accepted nor validly assigned by Eligible Participants by the closing of the Rights Issue Offer Period shall constitute Lapsed Rights. The balance of New Ordinary Shares in an amount equivalent to such Lapsed Rights shall constitute Excess Shares, which Excess Shares shall be available for subscription as set out in section 7 below.

6.4 Subscription by major shareholders or senior management

Save for the subscription by Existing Shareholders of the Proportionate Entitlement of New Ordinary Shares, the Bank is not aware of any person who intends to subscribe to more than five per cent of the Offer.

The Company has not been informed of any person forming part of the Board of Directors and, or senior management who intends to subscribe to Excess Shares.

6.5 Action required by an Existing Shareholder to subscribe to the New Ordinary Shares

6.5.1 General

Each Form of Acceptance, Authority and Election will, apart from personal details of Existing Shareholders, set out:

- i. the number of Shares held as at the Record Date on which an Existing Shareholder's entitlement to New Ordinary Shares has been based;
- ii. the number of Rights allocated to an Existing Shareholder rounded down to the nearest whole Right (refer to section 6.1.2 above) representing the Proportionate Entitlement of each Existing Shareholder with respect to New Ordinary Shares; and
- iii. instructions regarding acceptances, splitting, assignments, payments, and applications for Excess Shares by Existing Shareholders.

The minimum number of New Ordinary Shares that an Eligible Participant may subscribe for is, by application of the 2 for 3 ratio referred to above, two (2). Each Existing Shareholder will receive two FAAEs: *FAAE A - ALL* and *FAAE B - Split/Assign*. An Existing Shareholder must select the FAAE to be completed in accordance with whether such Existing Shareholder:

- a. wishes to accept the Proportionate Entitlement in full (see section 6.5.2.1) by completing *FAAE A - ALL*; or
- b. having accepted their Proportionate Entitlement in full, also wishes to apply for Excess Shares (see section 6.5.2.2) by completing *FAAE A - ALL*; or
- c. wishes to: (a) accept the Proportionate Entitlement in part; or (b) accept the Proportionate Entitlement in part and assign part or the remainder of the Proportionate Entitlement (see section 6.5.2.3) by completing *FAAE B - Split/Assign*; or
- d. wishes to renounce to the Proportionate Entitlement but wishes to assign part or all of the Proportionate Entitlement (see section 6.5.2.4) by completing *FAAE B - Split/Assign*.

6.5.2 Procedure for acceptance and payment by Existing Shareholders and Assignees

Existing Shareholders wishing to participate in the Rights Issue shall be required to submit a FAAE validly completed and accompanied by the respective payment for the New Ordinary Shares subscribed for, to any Authorised Financial Intermediary.

6.5.2.1. Existing Shareholders who wish to accept their Proportionate Entitlement in full

Existing Shareholders who wish to take up all of the Proportionate Entitlement need only verify that the information contained in Panels I and II (A) of the *FAAE A – ALL* is correct and complete by signing the FAAE.

Duly completed and signed FAAEs by the Existing Shareholder/s must be delivered, against payment, to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period. In the event that a cheque accompanying a FAAE is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative FAAE.

6.5.2.2. Existing Shareholders wishing to apply for Excess Shares

Existing Shareholders accepting their Proportionate Entitlement in full may also indicate in Panel II (B) of the *FAAE A – ALL* any Excess Shares which they wish to subscribe to and shall also complete Panel II (C). Only Existing Shareholders accepting their Proportionate Entitlement in full shall be eligible to apply for Excess Shares.

Duly completed and signed FAAEs by the Existing Shareholder(s) must be delivered, against payment, to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period. In the event that a cheque accompanying a FAAE is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative FAAE.

6.5.2.3. Existing Shareholders who wish to: (i) accept the Proportionate Entitlement in part; or (ii) accept their Proportionate Entitlement in part and assign part or the remaining of their Proportionate Entitlement

Existing Shareholders who wish to take up only part, but not all, of their Proportionate Entitlement should complete the *FAAE B – Split/Assign*: Panel II (A) by indicating the number of New Ordinary Shares they wish to acquire and Panel II (C) indicating the number of New Ordinary Shares not taken up.

Alternatively, an Existing Shareholder wishing to accept the Proportionate Entitlement in part and assign part or all of the remaining part of the Proportionate Entitlement to third parties, should complete the *FAAE B – Split/Assign*: Panel II (A) by indicating the number of New Ordinary Shares they wish to acquire, Panel II (B) indicating the number of Rights to subscribe for New Ordinary Shares they wish to assign to third parties and Panel II (C) indicating the number of New Ordinary Shares not taken up, if any. The details of the Assignee/s shall be inserted in Panel III.

Duly completed and signed FAAEs by both the Existing Shareholder/s and the Assignee/s (if any) must be delivered, against payment, to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period. In the event that a cheque accompanying a FAAE is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative FAAE.

6.5.2.4. Existing Shareholders who do not take up their Proportionate Entitlement but wish to assign part or all of their Proportionate Entitlement

Existing Shareholders who do not wish to take up their Proportionate Entitlement but wish to assign part or all of their Proportionate Entitlement to a third party or third parties should complete the *FAAE B – Split/Assign*: Panel II (B) indicating the number of Rights to subscribe for New Ordinary Shares they wish to assign to third parties and Panel II (C) indicating the number of New Ordinary Shares not taken up, if any. The details of the Assignee/s shall be inserted in Panel III.

Duly completed and signed FAAEs by both the Existing Shareholder/s and the Assignee/s must be delivered, against payment, to any of the Authorised Financial Intermediaries by the closing of the Rights Issue Offer Period. In the event that a cheque accompanying a FAAE is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative FAAE.

6.5.2.5. Discretion of Issuer

The Issuer reserves the right to refuse to register any renunciation of the Rights by an Existing Shareholder in favour of an Assignee/s in respect of which the Issuer believes such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of an Assignee/s with an address outside Malta.

6.5.2.6. Payment

All payments must be made in Euro.

6.5.2.7. Issuer's discretion as to the validity of acceptances

If any of the Authorised Financial Intermediaries do not deliver the Forms of Acceptance, Authority and Election together with proof of payment of cleared funds to the Registrar by the closing of the Rights Issue Offer Period, those Eligible Participants who would have submitted the FAAE through the said Authorised Financial Intermediary/ies to subscribe for New Ordinary Shares, will be deemed to have been declined. Accordingly, the Rights of an Existing Shareholder shall be regarded by the Issuer as Lapsed Rights and the FAAE will be treated in accordance with the provisions detailed in section 7.1 below. The Issuer may, with the agreement of the Registrar, but shall not be obliged, to treat as valid Forms of Acceptance, Authority and Election accompanied by proof of payment received after the closing of the Rights Issue Offer Period.

7. EXCESS SHARES OFFER

7.1 Subscription to Excess Shares

Any Rights which are neither accepted nor validly assigned by Existing Shareholders by the closing of the Rights Issue Offer Period shall constitute Lapsed Rights, and the balance of New Ordinary Shares in an amount equivalent to such Lapsed Rights shall constitute Excess Shares, which Excess Shares shall be first made available to meet the demand of Existing Shareholders that have accepted their Proportionate Entitlement in full and applied for Excess Shares, and any remaining Excess Shares shall subsequently be made available to Preferred Applicants and the general public, in that order of preference.

7.2 Terms and Conditions applicable to the Excess Shares Offer

The following Terms and Conditions are applicable to the Excess Shares Offer and should be read and construed as one with the general terms and conditions of the Offer contained in section 8 of this Securities Note:

- 7.2.1. Existing Shareholders that have accepted their Proportionate Entitlement in full may apply for Excess Shares during the Rights Issue Offer Period by following the procedure set out in section 6.5.2.2. of this Securities Note;
- 7.2.2. In the event that, following application of section 7.2.1 above, there shall remain Excess Shares available for subscription, Applicants that wish to apply for Excess Shares during the Excess Shares Offer Period are to lodge their Application Form indicating their Application for Excess Shares through the Authorised Financial Intermediaries.
- 7.2.3. Applicants will be obliged to pay the Issuer (acting through the Registrar) all subscription proceeds in respect of the Applications in cleared funds by the closing of the Excess Shares Offer Period.
- 7.2.4. In the case of joint Applications, reference to the Applicant in this Securities Note is a reference to each Applicant, and liability therefor is joint and several. Joint Applications are to be signed by all Applicants.
- 7.2.5. The minimum subscription amount that Applicants may subscribe for is 1,000 New Ordinary Shares and in multiples of 100 New Ordinary Shares thereafter.
- 7.2.6. In the event that subscriptions for Excess Shares exceed the number of Lapsed Rights available under the Rights Issue Offer Period or the Excess Shares Offer Period, the Issuer shall allocate Excess Shares to Applicants in accordance with the allocation policy described in section 8.4 of this Securities Note.

8. GENERAL TERMS AND CONDITIONS OF THE OFFER

8.1. General

The contract created by the acceptance by an Eligible Participant/s or Applicant/s of a FAAE or an Application, respectively, shall be subject to the Terms and Conditions set out below and elsewhere in this Securities Note, and in the respective FAAE or Application Form.

Eligible Participants and Applicants may lodge their FAAEs or Application Forms, respectively, with any Authorised Financial Intermediary during the relevant offer period (that is, the Rights Issue Offer Period insofar as the application relates to the acceptance of Rights and the Rights Issue Offer Period and, or the Excess Shares Offer Period insofar as the application relates to the subscription to Excess Shares).

8.2. Right to reject

- 8.2.1. Subject to all other Terms and Conditions set out in this Securities Note, the Issuer, through the Registrar, reserves the right to reject in whole or in part any FAAE or any Application (including multiple or suspected multiple Applications) and any cheques and, or bank drafts for payment, upon receipt. The right is also reserved to refuse any FAAE or Application which in the opinion of the Issuer and, or the Registrar, is not properly completed in all respects with the FAAE's or Application Form's instructions, or is not accompanied by the required documents and, or payment. Only original Application Forms and FAAEs will be accepted.
- 8.2.2. If any Application Form or FAAE is rejected by the Issuer or the Registrar, the payment monies will be returned by means of direct credit to the Applicant's or Eligible Participant's IBAN quoted on the Application Form or FAAE, respectively, without interest.
- 8.2.3. Any expenses or charges connected with such return of monies shall be borne by the respective Applicant or Eligible Participant. The Issuer and the Registrar are not liable for any charges, loss or delay in transmission of funds.

8.3. Right to revoke the Offer

- 8.3.1. Subject to all other Terms and Conditions set out in the Prospectus, the Bank reserves the right to revoke the Rights Issue or, if applicable, the Excess Shares Offer, at any time before the closing of the Rights Issue Offer Period or the Excess Shares Offer Period, as the case may be.
- 8.3.1. The circumstances in which such revocation might occur are expected to be exceptional, for example, in the case of an extraordinary injection of capital not connected to this Offer or where a significant change in market conditions occurs.
- 8.3.3. In the event of a revocation of the Offer, the payment monies will be returned by means of a direct credit to the Applicant's or Eligible Participant's IBAN quoted on the Application Form or FAAE, respectively, without interest. The Issuer and the Registrar are not liable for any charges, loss or delay in transmission of funds.

8.4. Allocation policy

The Bank shall allocate the New Ordinary Shares arising from the exercise of Rights and the subscription to Excess Shares on the basis of the following policy:

- i. it shall first satisfy in full the exercise by all Existing Shareholders of their Rights and in the case of Assignees, of the Assigned Entitlement;
- ii. in the event that following the allocations made pursuant to (i) above there shall still remain unallocated New Ordinary Shares, the Issuer shall then allocate such unallocated New Ordinary Shares to those Existing Shareholders that have accepted their Proportionate Entitlement in full and have acquired Excess Shares during the Rights Issue Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares available for allocation during the Right Issue Offer Period, then each application for Excess Shares shall be scaled down in such manner as shall be determined by the Issuer at its own discretion; and
- iii. in the event that following the allocations made pursuant to sections (i) and (ii) above, there shall remain Excess Shares for allocation to investors, the Issuer shall allocate such Excess Shares to Preferred Applicants who have submitted an Application to acquire Excess Shares through Authorised Financial Intermediaries during the Excess Shares Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares during the Excess Shares Offer Period, then each application for Excess Shares by Preferred Applicants shall be scaled down in such manner as shall be determined by the Issuer at its own discretion;
- iv. in the event that following the allocations made pursuant to (i), (ii) and (iii) above, there shall remain Excess Shares for allocation to investors, the Issuer shall allocate such Excess Shares to any other Applicants (who are not Preferred Applicants) who have submitted an Application to acquire Excess Shares through Authorised Financial Intermediaries

during the Excess Shares Offer Period. Where subscriptions for Excess Shares are greater than the number of unallocated New Ordinary Shares during the Excess Shares Offer Period, then each application for Excess Shares by Applicants (who are not Preferred Applicants) shall be scaled down in such manner as shall be determined by the Issuer at its own discretion.

In the event that following the events specified in (i) and, if applicable, (ii) above:

- there shall not be any remaining Excess Shares available for allocation to Preferred Applicants or other Applicants, the Excess Shares Offer shall not take place and the events specified in (iii) and (iv) above shall not apply;
- there shall remain Excess Shares available for allocation to Preferred Applicants and, if applicable, other Applicants, the Excess Shares Offer shall take place. In such case, in the event that an Applicant has not been allocated any Excess Shares or has been allocated a number of Shares which is less than the number applied for, the Applicant shall receive a refund of the full amount or the balance of the price of the Shares applied for but not allocated, as the case may be, without interest, by credit transfer to such account as designated by the Applicant, at their sole risk within five (5) Business Days from the date of announcement of basis of acceptance. The Bank and the Registrar shall not be responsible for any loss or delay in transmission or any charges in connection therewith.

8.5. Expected Timetable

1. FAAE mailed to Existing Shareholders	27 September 2023
2. Commencement of Rights Issue Offer Period	28 September 2023
3. Closing of Rights Issue Offer Period	26 October 2023
4. Announcement of the results of the Rights Issue	1 November 2023
5. Opening of Excess Shares Offer Period	1 November 2023
6. Closing of Excess Shares Offer Period	27 November 2023
7. Announcement of the results of the Excess Shares Offer	4 December 2023
8. Refunds of unallocated monies (if any)	11 December 2023
9. Dispatch of allotment letters	11 December 2023
10. Allotment of the New Ordinary Shares and expected date of admission of the New Ordinary Shares to listing	11 December 2023
11. Expected date of commencement of trading in the New Ordinary Shares	12 December 2023

In the event of over-subscription of the Rights Issue, the Bank reserves the right not to open the Excess Shares Offer, in which case the events set out in points 5 to 7 above shall not take place, and the events set out in points 8 to 11 above will be brought forward but shall be kept in the same chronological order as set out above.

In the event of over-subscription of the Excess Shares during the Excess Shares Offer Period, the Bank reserves the right to close the Excess Shares Offer early, in which case the events set out in points 8 to 11 above will be brought forward but shall be kept in the same chronological order as set out above.

8.6. Results of the Offer

The Issuer shall determine and announce (by way of a company announcements) the result of the Offer, including the basis of acceptance of all FAAEs and Applications and the allocation policy to be adopted by latest 1 November 2023 and 4 December 2023, respectively. Dealings in the New Ordinary Shares shall not commence prior to the New Ordinary Shares being admitted to trading on the Official List.

8.7. Other Terms and Conditions

The following are additional Terms and Conditions applicable to the Offer:

- 8.7.1 No person receiving or downloading a copy of the Prospectus or any part thereof, or an Application Form or a FAAE in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event, use such Application Form or FAAE, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form or FAAE could lawfully be used

without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to invest in the New Ordinary Shares to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any transfer or other taxes (of any nature whatsoever) required to be paid in such territory.

- 8.7.2 For the purposes of the *Prevention of Money Laundering and Funding of Terrorism Regulations 2008* and as subsequently amended, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to sections 1.2(d) and 2.4 of the *Member's Code of Conduct* appended as Appendix 3.6 in Chapter 3 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are MSE members or not. Furthermore, such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes, and within the terms, of the MSE's Data Protection Policy as published from time to time.

8.8. Body Corporates/Bodies of persons

In the case of an Applicant or an Eligible Participant, being a body corporate/body of persons, the Application Form or FAAE (as the case may be) must be signed by a person/s authorised to sign and bind such Applicant or Eligible Participant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such Applicants or Eligible Participants is or are in fact so authorised.

8.9. Minors

Applications or FAAEs in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a public registry birth certificate of the minor in whose name and for whose benefit the Application Form or FAAE is submitted, provided that a birth certificate is not required if the minor already holds securities which are listed on the MSE. Any New Ordinary Shares allocated pursuant to such an Application or FAAE shall be registered in the name of the minor as the holder of the New Ordinary Shares, with dividends payable to the parents/legal guardian/s signing the Application Form or FAAE until such time as the minor attains the age of 18 years, following which all dividends shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.

8.10. Joint Existing Shareholders

In the case of Shares held jointly by two or more persons as at the Record Date, the Bank shall send FAAEs only to the person/s entered on the register of the CSD or to the first person of the joint holders entered on the register of the CSD who shall, for all intents and purposes, be deemed, vis-a-vis the Bank, to be the registered holder of the Shares. In such case where the Shares are held jointly by two or more persons, all joint shareholders are to sign the applicable FAAE.

Similarly, where the Assignee/s are joint applicants, the FAAE must be signed by each joint Assignee.

It shall not be incumbent on the Registrar or the Bank to verify the signatory/ies on any FAAE.

8.11. Deceased persons

If the name appearing on the register of the CSD as at the Record Date is that of a deceased Existing Shareholder or if an Existing Shareholder dies before the expiry of the Rights Issue Offer Period and prior to having completed the FAAE, the FAAE must be signed by the lawful successors in title of the deceased Existing Shareholder. For this purpose, the successors in title of the deceased Existing Shareholder must contact the Bank and their Authorised Financial Intermediary within the Rights Issue Offer Period in order to produce adequate documentary proof to the satisfaction of the Bank and Authorised Financial Intermediary, and of the CSD, in order to enable them to verify their status as lawful successors of the deceased Existing Shareholder.

It shall not be incumbent on the Bank or the Registrar to verify whether the person/s signing the FAAE is/are the lawful successor/s of the deceased Existing Shareholder.

8.12. Shares subject to usufruct

In respect of Shares held subject to usufruct as at the Record Date, the Rights Issue shall be made, and the FAAE shall be issued, in the name of the bare owner, provided that any New Ordinary Shares allotted pursuant to an acceptance by a bare

owner shall be subject to the same right of usufruct in favour of the usufructuaries who have such rights with respect to the Shares held by the said Existing Shareholder as bare owner as at the Record Date. In this respect, the FAAE submitted to the Authorised Financial Intermediary is to be accompanied by an authorisation of the bare owner and usufructuary allowing the addition of the New Ordinary Shares, which is to be subsequently forwarded in original to the Registrar. It shall not be incumbent on the Bank or the Registrar to verify the signatory/ies on any FAAE.

8.13. Overseas Shareholders

THE BELOW IS INTENDED AS A GENERAL GUIDE ONLY AND ANY PERSON WHO IS IN DOUBT AS TO HIS/HER POSITION SHOULD CONSULT HIS/HER INDEPENDENT PROFESSIONAL ADVISER WITHOUT DELAY.

THE OFFER OF RIGHTS, THE ASSIGNMENT THEREOF AND, OR THE OFFER OF LAPSED RIGHTS TO PERSONS RESIDENT IN, OR WHO ARE CITIZENS OF, OR WHO ARE DOMICILED IN, OR WHO HAVE A REGISTERED ADDRESS IN, COUNTRIES OTHER THAN MALTA, MAY BE AFFECTED BY THE LAW OF THE RELEVANT JURISDICTION. THOSE PERSONS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS (INCLUDING TAX AND LEGAL ADVISERS) AS TO WHETHER THEY REQUIRE ANY GOVERNMENTAL OR OTHER CONSENTS OR NEED TO OBSERVE ANY OTHER FORMALITIES TO ENABLE THEM TO TAKE UP THE RIGHTS, ACCEPT AN ASSIGNMENT THEREOF AND, OR TAKE UP LAPSED RIGHTS (AS THE CASE MAY BE). IT IS ALSO THE RESPONSIBILITY OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, NOMINEES, CUSTODIANS, DEPOSITARIES AND TRUSTEES) OUTSIDE MALTA WISHING TO PARTICIPATE IN THE OFFER TO SATISFY HIMSELF/HERSELF/ITSELF AS TO FULL OBSERVANCE OF THE APPLICABLE LAWS OF ANY RELEVANT TERRITORY INCLUDING OBTAINING ANY REQUISITE GOVERNMENTAL OR OTHER CONSENTS, OBSERVING ANY OTHER REQUISITE FORMALITIES AND PAYING ANY TRANSFER OR OTHER TAXES (OF ANY NATURE WHATSOEVER) DUE IN SUCH TERRITORIES. THE ISSUER SHALL NOT ACCEPT ANY RESPONSIBILITY FOR THE NON-COMPLIANCE BY ANY PERSON OF ANY APPLICABLE LAWS OR REGULATIONS OF FOREIGN JURISDICTIONS.

Having considered the circumstances, the Issuer has formed the view (due to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements) not to send FAAEs to Overseas Shareholders, except where *inter alia* in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

9. REPRESENTATIONS AND WARRANTIES BY ELIGIBLE PARTICIPANTS AND APPLICANTS

By completing and delivering the FAAE or Application Form (as the case may be), each Eligible Participant or Applicant (as the case may be):

- 9.1. agrees to have had the opportunity to read the Prospectus and to have had notice of all information and representations concerning the Issuer and the issue of the New Ordinary Shares contained therein;
- 9.2. confirms that in completing the FAAE or the Application Form (as the case may be), no reliance was placed on any information or representation in relation to the Issuer or the issue of the New Ordinary Shares other than those contained in the Prospectus and accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- 9.3. agrees to provide the Authorised Financial Intermediary, Registrar and, or the Issuer, (as the case may be), any information which they may request in connection with the FAAE or Application Form (as the case may be);
- 9.4. warrants, in connection with the FAAE or Application Form (as the case may be), to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the FAAE or Application Form (as the case may be), and that he/she has not taken any action which will or may result in the Issuer (including when acting in its capacity as Registrar) acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the New Ordinary Shares or the FAAE or the Application Form (as the case may be);

- 9.5. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- 9.6. represents that he/she/it is not a U.S. person (as such term is defined in Regulation “S” under the Securities Act of 1933 of the United States of America, as amended, the “**Securities Act**”) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- 9.7. acknowledges that the New Ordinary Shares have not been and will not be registered under the Securities Act and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person;
- 9.8. warrants that if he/she/it submits a Form of Acceptance, Authority and Election he/she is not a citizen, resident or domicile of an Excluded Territory;
- 9.9. agrees that all documents in connection with the issue of the New Ordinary Shares will be mailed at his/her/its own risk and may be sent at the address (or, in the case of joint FAAEs or joint Applications, the address of the first named person) as set out in the FAAE or Application Form (as the case may be);
- 9.10. warrants that he/she/it is aware that, for the purposes of the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and all subsidiary legislation issued thereunder, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients acquiring the New Ordinary Shares as is mentioned in sections 1.2(d) and 2.4 of the Member’s Code of Conduct appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time;
- 9.11. irrevocably agrees to subscribe, and pay the consideration for, the number of New Ordinary Shares specified in the FAAE or Application Form, as the case may be, (or any smaller number for which the FAAE or Application Form is accepted) at the Offer Price subject to the provisions of the Prospectus, these Terms and Conditions, the FAAE or Application Form and the Memorandum and Articles;
- 9.12. authorises the Registrar and the Bank to include the Assignee’s or Applicant’s name, or in the case of joint FAAEs or joint Applications, the first-named Assignee or Applicant, in the Register of Members (in respect of the New Ordinary Shares so allocated);
- 9.13. warrants to have read and understood the contents of the Prospectus and to have had full opportunity to take such advice from a financial adviser of choice as considered appropriate before investing in the New Ordinary Shares;
- 9.14. warrants that the payment for the New Ordinary Shares will be honoured on first presentation and agrees that, if such payment is not so honoured, the Eligible Participant or Applicant, as the case may be, will not be entitled to receive a Registration Advice or to be registered in the Register of Members or to enjoy or receive any rights in respect of such New Ordinary Shares, unless and until a payment in cleared funds is made for such New Ordinary Shares and such payment is accepted by the Registrar (which acceptance shall be made at the Registrar’s absolute discretion and on the basis that the Eligible Participant or Applicant, as the case may be, indemnifies the Issuer, including in its capacity as Registrar, against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of such remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such New Ordinary Shares); the Issuer may, without prejudice to other rights, treat the agreement to allocate such New Ordinary Shares as void and may allocate such New Ordinary Shares to another Eligible Participant/s or Applicant/s, in which case the former Eligible Participant or Applicant will not be entitled to any refund or payment in respect of such New Ordinary Shares (other than return of such late payment);
- 9.15. agrees that the Registration Advice and other documents and any monies returnable may be retained pending clearance of remittance and any verification of identity as required in terms of the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) (and regulations made thereunder) and that such monies will not bear interest;
- 9.16. agrees that all FAAEs or Applications, acceptances of FAAEs or Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that the Eligible Participant or Applicant shall submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such FAAEs or Applications, acceptances of FAAEs or Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;

- 9.17. warrants that, if the FAAE or Application Form is signed on behalf of another person or on behalf of a body corporate/body of persons, the person signing the FAAE or Application Form has due authority to do so and such person, or body corporate/body of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and undertakes to submit any power of attorney or corporate authority or a copy thereof duly certified by a lawyer or notary public, if so required by the Registrar;
- 9.18. agrees that, having had the opportunity to read the Prospectus, the Eligible Participant or the Applicant shall be deemed to have had notice of all information and representations concerning the Issuer and the Offer contained therein;
- 9.19. confirms that in lodging a FAAE or an Application (as the case may be), the Eligible Participant or the Applicant (as the case may be) is not relying on any information or representation in relation to the Issuer or the Offer other than those contained in the Prospectus and accordingly agrees that no person responsible solely or jointly for the FAAE or Application, or any part thereof, will have any liability for any such other information or representation;
- 9.20. confirms that the restriction contained in paragraph 9.6 above and the warning in paragraph 9.25 below have been reviewed and complied with;
- 9.21. warrants that s/he is not under the age of 18 years or, if the FAAE or Application is lodged in the name and for the benefit of a minor, warrant that the person/s lodging such FAAE or Application (as the case may be) are the parents or legal guardian/s of the minor;
- 9.22. agrees that such FAAE or Application Form (as the case may be) is addressed to the Issuer and that, in respect of those New Ordinary Shares for which your FAAE or Application (as the case may be) has been accepted, the Eligible Participant or Applicant shall receive a Registration Advice confirming such acceptance;
- 9.23. confirms that in the case of joint Assignee/s or joint Applicant/s (as the case may be) the first-named Assignee or Applicant (as the case may be) shall be deemed to be the holder of the Shares;
- 9.24. agrees to provide the Registrar, as the case may be, with any information which the Registrar may request in connection with the FAAE or Application/s;
- 9.25. agrees that each of the Sponsors will not treat an Eligible Participant or an Applicant as their customer by virtue of such Eligible Participant or Applicant making an application for New Ordinary Shares or by virtue of such FAAE or Application to purchase New Ordinary Shares being accepted and they will not owe the Eligible Participant or the Applicant any duties or responsibilities concerning the Offer Price of the New Ordinary Shares or their suitability for thereof;
- 9.26. warrants that, in connection with the FAAE or Application (as the case may be), the Eligible Participant or the Applicant (as the case may be) has observed all applicable laws, obtained any requisite governmental or other consents, and that has not taken any action which will or may result in the Issuer (including in its capacity as Registrar) acting in breach of the regulatory or legal requirements of any territory in connection with the FAAE or the Application; and
- 9.27. acknowledges that any New Ordinary Shares which may be allotted to Eligible Participants or to Applicants (as the case may be) will be recorded by the CSD in the MSE account number quoted on the FAAE or the Application Form (as the case may be) even if the details of the Eligible Participant or Applicant (as the case may be), as held by the MSE, differ from any or all of the details appearing on the FAAE or Application Form (as the case may be).

10. REGISTRATION, REPLACEMENT, TRANSFER AND EXCHANGE

- 10.1 The Register of Members will be kept by the Issuer at the CSD, wherein there will be entered the names and addresses of the holders of the Shares (including the New Ordinary Shares). An extract of such register may be obtained from the registered office of the Issuer for the purpose of inspecting information held on their respective account.

- 10.2 The New Ordinary Shares shall be maintained in book-entry form in an electronic register maintained on behalf of the Issuer at the CSD. The New Ordinary Shares shall accordingly be evidenced by a book-entry in the Register of Members held by the CSD. Statements of holdings and, or registration advices issued by the CSD will be regulated in terms of the e-portfolio service offering of the CSD. To this extent, the Shareholders are expected to liaise directly with the CSD on this matter. An extract of such register may also be obtained from the CSD for the purpose of inspecting information held on their respective account.
- 10.3 The New Ordinary Shares may be transferred only in whole in accordance with the rules and procedures applicable from time to time in respect of the Official List.
- 10.4 Any person becoming entitled to the New Ordinary Shares in consequence of the death or bankruptcy of a Shareholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the MSE, elect either to be registered himself/herself as Shareholder or to have another person nominated by him/her to be registered as the transferee thereof. If the person so becoming entitled elects to be registered himself/herself, he/she shall deliver or send to the Issuer a notice in writing signed by him/her stating that he/she so elects. If he/she elects to have another person registered, he/she shall testify his/her election by executing to that person a transfer of those Shares.
- 10.5 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Shares and to any applicable laws and regulations.
- 10.6 The cost and expenses of affecting any exchange or registration of transfer or transmission except for the expenses of delivery other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Shareholder and, or transferee, as applicable.
- 10.7 Upon submission of an Application Form or FAAE, the Eligible Participants or Applicants (as the case may be) who opt to subscribe for the online e-portfolio by ticking the appropriate box on the Application Form or FAAE (as the case may be) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Shareholder's statement of holdings evidencing entitlement to Shares held in the Register of Members and registration advices evidencing movements in such Register of Members will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

11. LISTING AND TRADING OF NEW ORDINARY SHARES

Application has been made for the New Ordinary Shares to be admitted to the Official List. The New Ordinary Shares are expected to be admitted to the Official List with effect from 11 December 2023 (or any such earlier date in terms of section 8.5 above), and trading is expected to commence thereafter.

12. TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Shares to be issued by the Issuer, including their acquisition, holding, disposal as well as any income/gains derived therefrom or made on their disposal, and, or the distribution and payment of dividends or other distributions on the Shares. The following information of the anticipated tax treatment applicable to investors is applicable only in so far as taxation in Malta is concerned as at the date of this Securities Note. This information, which does not constitute legal or tax advice and does not purport to be exhaustive, refers only to the Shareholders who do not deal in securities in the course of their trading activity of business.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation as known to the Issuer as at the date of this Securities Note in respect of a subject on which no official guidelines exist. Shareholders are reminded that tax law and practice and their interpretation on the subject matter referred to in the preceding paragraph, as well as the levels of tax, may change from time to time.

This information is being given solely as a general guide. The precise implications for Shareholders will depend, among other things, on their particular individual circumstances and on the classification of the Shares from a Maltese tax perspective, and thus professional advice in this respect should be sought accordingly.

12.1 Taxation status of the Issuer

The Issuer, being a Maltese incorporated company, is considered tax resident and domiciled in Malta for Maltese income tax purposes and is therefore subject to tax in Malta on its world-wide income and gains at the standard corporate tax rate of 35%. Certain exemptions or low tax rates may apply in respect of particular sources of income.

12.2 Tax on Dividends

In general, distributions of dividends from distributable profits of the Issuer to its Shareholders should not be subject to any further tax in Malta (whether by way of withholding or otherwise), subject to certain conditions.

However, the Issuer is obliged to withhold tax at the rate of 15% upon a distribution out of certain distributable profits (which were not taxed at the level of the Issuer and allocated to what is referred to as its ‘untaxed account’) to a Shareholder who is:

- i. a person resident in Malta (other than a company)
- ii. a non-resident person (including a non-resident company) who is owned and controlled by, directly or indirectly, or who acts on behalf of, an individual who is ordinarily resident and domiciled in Malta;
- iii. a trustee of a trust where the beneficiaries of such trust are persons referred to in (i) and (ii) above;
- iv. an individual who is a national of the EU/EEA (and his or her spouse where applicable), in specific circumstances referred to in the Maltese Income Tax Act (Cap. 123 of the laws of Malta), when such individual applies the tax rates applicable to Maltese-resident individuals.

The Shareholder may in certain circumstances opt to declare the gross dividend distributed thereto from the ‘untaxed account’ in his or her individual Maltese income tax return and claim a refund of the difference between the 15% withholding tax and the personal tax rate applicable to the individual Shareholder (if the personal tax rate applicable to the individual Shareholder is less than 15%), hereinafter referred to as the “full imputation refund”.

Under the full imputation system, the Shareholder may be entitled to claim a full imputation refund of the tax paid by the Issuer distributing the dividend from the other qualifying tax accounts (other than the ‘untaxed account’). This said, in certain circumstances, the amount of dividend that may be declared by an individual Shareholder in his or her individual Maltese income tax return and for which a credit for the tax paid at the level of the Issuer may be claimed, may be limited.

Full imputation tax refunds cannot be claimed on profits distributed from the Final Tax Account or profits on which tax for which the full imputation refund is being claimed by the Shareholder has been relieved at the level of the Company by way of certain credits and, or deductions.

12.3 Tax on Capital Gains

In terms of Income Tax Act, Maltese income tax should be chargeable on any capital gains arising from the transfer of a finite list of capital assets including “securities” which are defined as “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”.

In terms of Article 5(6)(b) of the Income Tax Act, any gains derived on a transfer of shares listed on a stock exchange recognised by the Commissioner, should be exempt from income tax to the extent that such shares are held as capital assets by the Shareholder.

Consequently, in accordance with the current Maltese income tax legislation, if and for as long as the New Ordinary Shares which are subject to this Securities Note are listed on a stock exchange recognised by the Commissioner for Tax & Customs, such as is the Malta Stock Exchange, and such New Ordinary Shares are held by the Shareholders as capital assets, no tax on capital gains is payable in Malta on any transfer of these New Ordinary Shares.

Furthermore, certain other exemptions from Maltese income tax may be applicable on the transfer of the Shares as specified

in Article 12 of the Income Tax Act. Such exemptions include capital gains derived by a Shareholder, who is not resident in Malta, on a transfer of shares in the Issuer to the extent that:

- i. the beneficial owner of the gains is a person not resident in Malta; and
- ii. such beneficial owner is not owned and controlled by, directly or indirectly, nor acts on behalf of an individual or individuals who are ordinarily resident and domiciled in Malta; and
- iii. the Issuer does not own, directly or indirectly, immovable property situated in Malta or real rights thereon.

12.4 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), Maltese stamp duty should only be chargeable on a finite list of documents and transfers including the transfer of marketable securities, including rights thereon.

A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”. Having said this, in terms of Article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta), the transfer of shares which are listed on a regulated market should be exempt from duty. Consequently, should the New Ordinary Shares be listed on the Malta Stock Exchange (being a regulated Market), no Maltese duty should be payable on the transfer of such shares. Other exemptions from Maltese stamp duty may also apply particularly in the event that the Issuer will be in possession of a Maltese stamp duty exemption determination issued by the Maltese Commissioner for Tax & Customs.

12.5 Exchange of Information

In terms of applicable Maltese legislation, the Issuer and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Shareholders) to the Commissioner for Tax & Customs. The Commissioner for Tax & Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

12.6 Foreign Account Tax Compliance Act

In terms of US tax rules, referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), 30% withholding tax may be imposed on certain payments to a foreign financial institution (“**FFI**”) if that FFI is not compliant with FATCA. FATCA generally imposes a reporting regime and, in some cases withholding requirements. The withholding tax could apply to payments to the Issuer that constitute interest, dividends and other types of income from US sources (such as dividends paid by a US corporation) and proceeds received from the sale or disposition of assets that give rise to US source dividend or interest payments. The United States has entered into an intergovernmental agreement (“**IGA**”) with Malta with the US to facilitate FATCA compliance and reporting.

Under the IGA and the Maltese legislation implementing it, the Issuer may be required to report to the Maltese tax authorities certain information about US investors (including indirect investments held through certain passive investment entities) as well as non-US financial institutions that do not comply with FATCA. Such information would be onward reported by the Maltese tax authorities to the US Internal Revenue Service.

Financial account information in respect of holders of the Shares could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Issuer may be required to obtain certain information, forms and other documentation on the Shareholders to report information on reportable accounts to the Commissioner for Tax and Customs, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S.

The Issuer reserves the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, the Issuer may take such action as it thinks fit, including without limitation, the closure of the financial account.

Shareholders in the Company should consult their own tax advisors regarding the FATCA requirements with respect to their own particular circumstances.

12.7 The Common Reporting Standard

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a global framework, commonly known as the Common Reporting Standard (“**CRS**”) for the identification and timely reporting of certain financial

information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD multilateral competent authority agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. Under the said Directive and the Maltese legislation implementing it, the Issuer may be required to identify and annually report to the Commissioner for Tax and Customs financial accounts held by a reportable person. Financial information relating to Shares and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Shareholders may be required to provide certain information and certifications to the financial institutions, in order to satisfy their obligations under CRS. Certain confidential information in relation to the Shareholders and/or other reportable persons may be reported to the Commissioner for Tax and Customs and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Shareholders should consult their professional advisers on the possible tax and other consequences with respect to the implementation of the CRS. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

THE ABOVE INFORMATION IS BASED ON MALTESE TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THE PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE ISSUER AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE ISSUER. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

13. DILUTION

The implementation of the capital increase through the Offer will result in the issued share capital of the Bank increasing by *circa* 67% in the event that the Offer were to be taken up in full.

Existing Shareholders who accept their Proportionate Entitlement in full will suffer no dilution to their interests in the Bank. However, Existing Shareholders who do not take up any of their Rights to subscribe for the New Ordinary Shares will suffer an immediate dilution of 40% in their interests in the Bank if the Offer is taken up in full.

The Offer Price of the new Ordinary Shares is set at €0.75 per share. Based on the reviewed interim financial statements for the six months ended 30 June 2023, this represents a discount of 50% per share on the net asset value of the Bank.

14. ADDITIONAL INFORMATION

The Prospectus does not contain any statement or report attributed to any person as an expert.

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

APS Bank plc	APS Centre, Tower Street, Birkirkara BKR4012	21226644
Bank of Valletta plc	Premium Banking Centre, 475, Triq il-Kbira San Guzepp, St Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	CiliaFormosa Financial Advisors Ltd, Triq id-Delu, Mosta MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions Office No.2, Emvin Cremona Street, Floriana FRN 1281	21220002
GlobalCapital Financial Management Ltd	GlobalCapital Financial Management Ltd, Testaferrata Street, Ta' Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67, Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta plc	67, Republic Street, Valletta VLT 1117	25581112
MeDirect Bank Malta plc	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria VCT2551	22587000
MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	21453739
Rizzo Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM1551	22583000
Timberland Invest Ltd	CF Business Centre, Triq Gort, Paceville, St Julian's STJ 9023	20908100

ANNEX II – FORMS OF ACCEPTANCE, AUTHORITY AND ELECTION



FAAE A - ALL

Form Number: XXXXXX

Rights Issue of 2 New Ordinary Shares for every 3 Shares at an Offer Price of €0.75 per New Ordinary Share

FORM OF ACCEPTANCE, AUTHORITY AND ELECTION ("FAAE") - A

Your Rights to the New Ordinary Shares of Lombard Bank Malta p.l.c. arises as follows:

I. Existing Shareholder: [preprinted]	MSE Account Number: [preprinted]
Address: [preprinted]	ID Document No/Co Reg No: [preprinted]
	Document Type (ID Card/Passport/etc): (mandatory for individuals)
Nationality: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)
Date of Birth: (mandatory for individuals)	Telephone No:
LEI (Legal Entity Identifier): (mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)	
Email:	Mobile No: (mandatory)

☐ I/We wish to register for the Malta Stock Exchange's e-Portfolio facility and hereby authorise the Registrar to apply on my/our behalf.

Shareholding as at 19 September 2023 (Record Date): [preprinted]

Proportionate Entitlement to New Ordinary Shares (Fractional entitlement of a Right shall be rounded down to the nearest whole Right): [preprinted]

ADDITIONAL ACCOUNT HOLDER DETAILS (in case of joint accounts – please provide details for any additional holders separately)

Additional Existing Shareholder/s: [preprinted]	ID Document No: [preprinted] (mandatory for individuals)
Nationality: (mandatory for individuals)	Document Type (ID/Passport/etc): (mandatory for individuals)
Date of Birth: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)

By completing ALL the relevant boxes, signing this FAAE A and returning it to the Authorised Financial Intermediary by 10:00 hours on 26 October 2023, you will be confirming your election to take up ALL your Rights to the New Ordinary Shares.

II. I/We accept to purchase and acquire ALL of my/our Proportionate Entitlement to New Shares:

A	PROPORTIONATE ENTITLEMENT TO NEW ORDINARY SHARES	AMOUNT PAYABLE (€0.75 per share)
	[preprinted]	€ [preprinted]

Furthermore, I/we accept to purchase and acquire Excess Shares, if available, in addition to my/our Proportionate Entitlement to New Shares:

B	NUMBER OF EXCESS SHARES (in figures)	NUMBER OF EXCESS SHARES (in words)	AMOUNT PAYABLE (€0.75 per share)
			€

Mandatory if Panel B has been completed - Total Number of New Shares (Box A + Box B):

C	TOTAL NUMBER OF NEW ORDINARY SHARES (in figures)	TOTAL NUMBER OF NEW ORDINARY SHARES (in words)	TOTAL AMOUNT PAYABLE
			€

D	DIVIDEND & REFUND MANDATE	
	BANK: [preprinted]	IBAN: [preprinted]

III. DECISION MAKER / LEGAL GUARDIAN DETAILS (if applicable)

Where the decision to take all the Proportionate Entitlement is taken by a third-party on behalf of the Existing Shareholder/s, such as attorneys, portfolio management companies, or parents/legal guardians in the case of minors, completion of the below information in respect of **each** decision maker is **mandatory**:

Decision Maker / Parent / Legal Guardian 1

Name/Company Name:	Surname: (Where the decision maker is an individual)
Nationality: (Where the decision maker is an individual)	ID Document Number: (Where the decision maker is an individual)
Document Type (ID Card/Passport/etc): (Where the decision maker is an individual)	Country of Issue of ID Document: (Where the decision maker is an individual)
Date of Birth: (Where the decision maker is an individual)	
LEI (Legal Entity Identifier): (Where the decision maker is a corporate) (The LEI must be duly valid (unexpired) as at the date of listing of the Shares)	

Decision Maker / Parent / Legal Guardian 2

Name/Company Name:	Surname: (Where the decision maker is an individual)
Nationality: (Where the decision maker is an individual)	ID Document Number: (Where the decision maker is an individual)
Document Type (ID Card/Passport/etc): (Where the decision maker is an individual)	Country of Issue of ID Document: (Where the decision maker is an individual)
Date of Birth: (Where the decision maker is an individual)	
LEI (Legal Entity Identifier): (Where the decision maker is a corporate) (The LEI must be duly valid (unexpired) as at the date of listing of the Shares)	

I/we hereby declare that I/we have fully understood the instructions for the completion of this FAAE on the basis of the Prospectus dated 20 September 2023. Furthermore, I/we confirm that I/we have returned this FAAE on my/our behalf, or as a legal guardian, or on behalf of the company or entity that I/we represent.

I/We hereby authorise the Bank to forward all my/our details to the Malta Stock Exchange for the purposes of registering the New Ordinary Shares in my/our MSE account, to register for the e-Portfolio facility (if applicable), and to enable the reporting of all necessary transaction and personal information provided in this FAAE A to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Bank and/or the Authorised Financial Intermediary may require additional information for Transaction Reporting purposes.

Signature of Existing Shareholder	Signature of Existing Shareholder	Date
(Parent/s or legal guardian/s are/is to sign if Existing Shareholder is a minor) (All parties are to sign in the case of a joint Existing Shareholders) (Authorised representative/s to sign in the case of attorney, a body corporate / body of persons)		

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

Rights Issue of 2 New Ordinary Shares for every 3 Shares at an Offer Price of €0.75 per New Ordinary Share

FORM OF ACCEPTANCE, AUTHORITY AND ELECTION (“FAAE”) - B

Your Rights to the New Ordinary Shares of Lombard Bank Malta p.l.c. arises as follows:

I. Existing Shareholder: [preprinted]	MSE Account Number: [preprinted]
Address: [preprinted]	ID Document No/Co Reg No: [preprinted]
	Document Type (ID Card/Passport/etc): (mandatory for individuals)
Nationality: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)
Date of Birth: (mandatory for individuals)	Telephone No:
LEI (Legal Entity Identifier): (mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)	
Email:	Mobile No: (mandatory)

I/We wish to register for the Malta Stock Exchange's **e-Portfolio facility** and hereby authorise the Registrar to apply on my/our behalf.

Shareholding as at 19 September 2023 (Record Date): [preprinted]

Proportionate Entitlement to New Ordinary Shares (Fractional entitlement of a Right shall be rounded down to the nearest whole Right): [preprinted]

ADDITIONAL ACCOUNT HOLDER DETAILS (in case of joint accounts – please provide details for any additional holders separately)

Additional Existing Shareholder/s: [preprinted]	ID Document No: [preprinted] (mandatory for individuals)
Nationality: (mandatory for individuals)	Document Type (ID/Passport/etc): (mandatory for individuals)
Date of Birth: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)

By completing the relevant boxes, signing this **FAAE B** and returning it to the Authorised Financial Intermediary by 10:00 hours on 26 October 2023, you will be confirming your election to: (i) take up only **PART** and **ASSIGN** or **LAPSE** the remaining part of your Rights to the New Ordinary Shares; or (ii) **ASSIGN ALL** of your Rights; or (iii) **ASSIGN PART** and **LAPSE** the remaining Rights, as applicable.

II. I/We accept to purchase and acquire **PART** of my/our Proportionate Entitlement to New Ordinary Shares:

A*	PARTIAL TAKE UP (where applicable)		
	NUMBER OF NEW ORDINARY SHARES (in figures)	NUMBER OF NEW ORDINARY SHARES (in words)	AMOUNT PAYABLE (€0.75 per share)
			€
DIVIDEND & REFUND MANDATE			
	BANK: [preprinted]	IBAN: [preprinted]	

I/we accept to assign **ALL** or **PART OF** the Proportionate Entitlement as follows:

B*	ASSIGN (where applicable)		
	NUMBER OF NEW ORDINARY SHARES (in figures)	NUMBER OF NEW ORDINARY SHARES (in words)	AMOUNT PAYABLE (€0.75 per share)
			€
C*	BALANCE OF NEW ORDINARY SHARES NOT TAKEN UP (if any)		
	(in figures)	(in words)	

* The total number of New Ordinary Shares as added up in Panels A, B & C above, needs to be equal to the Proportionate Entitlement to New Ordinary Shares as pre-printed in Panel I above.

FAAE B – SPLIT/ASSIGN (continued)

III. DECISION MAKER / LEGAL GUARDIAN DETAILS (if applicable)

Where the decision to take part of the Proportionate Entitlement is taken by a third-party on behalf of the Existing Shareholder/s, such as attorneys, portfolio management companies, or parents/legal guardians in the case of minors, completion of the below information in respect of **each** decision maker is **mandatory**:

Decision Maker / Parent / Legal Guardian 1

Name/Company Name:	Surname: <i>(Where the decision maker is an individual)</i>
Nationality: <i>(Where the decision maker is an individual)</i>	ID Document Number: <i>(Where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Where the decision maker is an individual)</i>
Date of Birth: <i>(Where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Where the decision maker is a corporate)</i> <i>(The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)</i>	

Decision Maker / Parent / Legal Guardian 2

Name/Company Name:	Surname: <i>(Where the decision maker is an individual)</i>
Nationality: <i>(Where the decision maker is an individual)</i>	ID Document Number: <i>(Where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Where the decision maker is an individual)</i>
Date of Birth: <i>(Where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Where the decision maker is a corporate)</i> <i>(The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)</i>	

I/we hereby declare that I/we have fully understood the instructions for the completion of this FAAE on the basis of the Prospectus dated 20 September 2023. Furthermore, I/we confirm that I/we have returned this FAAE on my/our behalf, or as a legal guardian, or on behalf of the company or entity that I/we represent.

I/We hereby authorise the Registrar to forward all my/our details to the Malta Stock Exchange for the purposes of registering the New Ordinary Shares in my/our MSE account, to register for the e-Portfolio facility (if applicable), and to enable the reporting of all necessary transaction and personal information provided in this FAAE B to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Registrar and/or the Collecting Agent may require additional information for Transaction Reporting purposes.

Signature of Existing Shareholder	Signature of Existing Shareholder	Date
(Parent/s or legal guardian/s are/is to sign if Existing Shareholder is a minor) (All parties are to sign in the case of a joint Existing Shareholders) (Authorised representative/s to sign in the case of attorney, a body corporate / body of persons)		

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP

AUTHORISED FINANCIAL INTERMEDIARY'S CODE

FAAE B – SPLIT/ASSIGN (continued)

IV. DECLARATION BY ASSIGNEE/S

I/We have irrevocably agreed to acquire that portion of the Proportionate Entitlement of the existing Shareholder/s to the New Ordinary Shares as detailed below:

DETAILS OF ASSIGNEE/S 1

Title (Mr/Mrs/Ms...)	Name and Surname:		
Address:		ID Document No/Co Reg No:	
		Document Type (ID Card/Passport/etc): (mandatory for individuals)	
Nationality: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)		
Date of Birth: (mandatory for individuals)	Telephone No:		
LEI (Legal Entity Identifier): (mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)			
Email:	Mobile No: (mandatory)		
☐ I/We wish to register for the Malta Stock Exchange's e-Portfolio facility and hereby authorise the Registrar to apply on my/our behalf.			
Number of New Ordinary Shares acquired:		Amount payable (€0.75 per share)	
		€	
☐ Non-Resident ☐ Minor ☐ Body Corporate	MSE Account No: (mandatory)		

DIVIDEND & REFUND MANDATE

Bank:	IBAN:		
-------	-------	--	--

DETAILS OF ASSIGNEE/S 2

Title (Mr/Mrs/Ms...)	Name and Surname:		
Address:		ID Document No/Co Reg No:	
		Document Type (ID Card/Passport/etc): (mandatory for individuals)	
Nationality: (mandatory for individuals)	Country of Issue of ID Document: (mandatory for individuals)		
Date of Birth: (mandatory for individuals)	Telephone No:		
LEI (Legal Entity Identifier): (mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)			
Email:	Mobile No: (mandatory)		
☐ I/We wish to register for the Malta Stock Exchange's e-Portfolio facility and hereby authorise the Registrar to apply on my/our behalf.			
Number of New Ordinary Shares acquired:		Amount payable (€0.75 per share)	
		€	
☐ Non-Resident ☐ Minor ☐ Body Corporate	MSE Account No: (mandatory)		

DIVIDEND & REFUND MANDATE

Bank:	IBAN:
-------	-------

FAAE B – SPLIT/ASSIGN (continued)

V. ASSIGNEE DECISION MAKER / LEGAL GUARDIAN DETAILS (if applicable)

Where the decision to accept the transfer of Proportionate Entitlement s is taken by a third-party on behalf of the Assignee, such as attorneys, portfolio management companies, or parents/legal guardians in the case of minors, completion of the below information in respect of **each** decision maker is **mandatory**:

Decision Maker / Parent / Legal Guardian 1

Name/Company Name:	Surname: <i>(Where the decision maker is an individual)</i>
Nationality: <i>(Where the decision maker is an individual)</i>	ID Document Number: <i>(Where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Where the decision maker is an individual)</i>
Date of Birth: <i>(Where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Where the decision maker is a corporate)</i> <i>(The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)</i>	

Decision Maker / Parent / Legal Guardian 2

Name/Company Name:	Surname: <i>(Where the decision maker is an individual)</i>
Nationality: <i>(Where the decision maker is an individual)</i>	ID Document Number: <i>(Where the decision maker is an individual)</i>
Document Type (ID Card/Passport/etc): <i>(Where the decision maker is an individual)</i>	Country of Issue of ID Document: <i>(Where the decision maker is an individual)</i>
Date of Birth: <i>(Where the decision maker is an individual)</i>	
LEI (Legal Entity Identifier): <i>(Where the decision maker is a corporate)</i> <i>(The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)</i>	

I/we hereby declare that I/we have fully understood the instructions for the completion of this FAAE on the basis of the Prospectus dated 20 September 2023. Furthermore, I/we confirm that I/we have returned this FAAE on my/our behalf, or as a legal guardian, or on behalf of the company or entity that I/we represent.

I/We hereby authorise the Registrar to forward all my/our details to the Malta Stock Exchange for the purposes of registering the New Ordinary Shares in my/our MSE account, to register for the e-Portfolio facility (if applicable), and to enable the Malta Stock Exchange to adhere to its regulatory obligation to report all necessary transaction and personal information provided in this FAAE B to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Registrar and/or the Collecting Agent may require additional information for Transaction Reporting purposes.

Signature of Assignee/s 1	Signature of Assignee/s 2	Date

(Parent/s or legal guardian/s are/is to sign if Assignee is a minor)
(All parties are to sign in the case of a joint Assignees)
(Authorised representative/s to sign in the case of attorney, a body corporate / body of persons)

INSTRUCTIONS SHEET

RIGHTS ISSUE OF TWO NEW ORDINARY SHARES FOR EVERY THREE SHARES HELD AS AT THE RECORD DATE
AT AN OFFER PRICE OF €0.75 PER NEW ORDINARY SHARE

Instructions for completion FORM OF ACCEPTANCE, AUTHORITY AND ELECTION ("FAAE")

IMPORTANT: READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE RELEVANT FAAE

The following is to be read in conjunction with the Prospectus dated 20 September 2023 (the "**Prospectus**"). Unless otherwise defined herein, the capitalised terms used in the FAAE have the same meaning ascribed to them in the Prospectus.

1. There are two (2) FAAEs:
 - a. '**FAAE A – ALL**' is to be completed by the Existing Shareholder/s wishing to **TAKE UP ALL** of his/her Proportionate Entitlement with the option to apply for Excess Shares; and
 - b. '**FAAE B- SPLIT / ASSIGN**' is to be completed by the Existing Shareholders wishing to: (i) take up only **PART** and **ASSIGN** or **LAPSE** the remaining part of his/her Rights to the New Ordinary Shares; or (ii) **ASSIGN ALL** of the Rights; or (iii) **ASSIGN PART** and **LAPSE** the remaining Rights to New Ordinary Shares.

2. The FAAE is to be completed in BLOCK LETTERS.

3. The relevant FAAE/s must be accompanied by payment **IN CLEARED FUNDS AND NET OF BANK TRANSFER CHARGES** for the amount in Euro of the New Ordinary Shares subscribed for. Payment shall be made to the Authorised Financial Intermediary of choice.

4. Existing Shareholders shall receive any dividends payable to them by the Issuer directly in a bank account as pre-printed in Panel IID of FAAE A and Panel IIA of FAAE B as applicable (such bank account represents the dividend mandate as held by the Issuer in the Register of Members as at the Record Date). In case such panels contain no account details, please insert the relevant information.

Assignees shall receive any dividends payable to them by the Issuer directly in a bank account held locally in Euro and which is to be inserted by Assignees in the 'Dividend & Refund Mandate' found in Panel IV of FAAE B.

5. FAAEs may be accepted by Authorised Financial Intermediaries between and including 08:30 hours on 28 September 2023 and 10:00 hours on 26 October 2023 (the "**Rights Issue Offer Period**"). The Issuer, through the Registrar, may reject, in whole or in part, any FAAE/s:
 - a. received after the Rights Issue Offer Period closes; and/or
 - b. for which funds are still uncleared after the Rights Issue Offer Period closes; and/or
 - c. which is/are in breach of the Terms and Conditions as defined and set out in the Prospectus.

Eligible Participants are to ensure that payment for the exercise of Rights reach the respective Authorised Financial Intermediary **NET OF BANK CHARGES**.

6. Each FAAE has been pre-printed with details of Existing Shareholders/s appearing on the Issuer's Register of Members as at the Record Date.
7. With respect to **FAAE A – ALL**, Existing Shareholders wishing to take up their Proportionate Entitlement in full need only sign and submit the FAAE A to an Authorised Financial Intermediary, together with the payment for the Proportionate Entitlement. Where Existing Shareholders opt to take up their Proportionate Entitlement in full and wish to subscribe for any Excess Shares (to the extent that there shall remain Excess Shares available for subscription by Existing Shareholders), Panels IIB and IIC need to be completed, accompanied also by the funds for the Excess Shares applied for.
8. With respect to **FAAE B – SPLIT / ASSIGN**, Existing Shareholders wishing to accept their Proportionate Entitlement in part need to complete Panel IIA and IIC. Where an Existing Shareholder wishes to assign part or all of his Proportionate Entitlement, Panel IIB needs also to be completed and details of the Assignee/s need to be inserted in Panel IV.
9. Non-resident Assignee/s must indicate their passport number in Panel IV of **FAAE B – SPLIT / ASSIGN** as applicable and tick the appropriate box accordingly.
10. In the case of an Existing Shareholder or an Assignee who is a **minor**, the respective FAAE shall be signed by the parents or the legal guardian/s as applicable. A Public Registry birth certificate must be provided only where an Assignee is a minor and does not hold securities listed on the MSE. The relative box in Panel IV of **FAAE B – SPLIT / ASSIGN** shall be marked accordingly, and details of the parents or legal guardian/s shall be inserted in Panel V.
11. In the case where an Eligible Participant is a **body corporate**, the respective FAAE must be signed by the duly authorised representatives indicating the capacity in which they are signing and shall bind that body corporate. Where an Assignee/s under FAAE B is a body corporate, the exact registered name and registration number are to be inserted in Panel IV and the appropriate box ticked accordingly. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such Applicants or Eligible Participants is or are in fact so authorised.
12. If the name appearing on the register of the CSD as at the Record Date is that of a **deceased** Existing Shareholder or if an Existing Shareholder dies before the expiry of the Rights Issue Offer Period and prior to having completed the FAAE, the FAAE must be signed by the lawful successors in title of the deceased Existing Shareholder. For this purpose, the successors in title of the deceased Existing Shareholder

must contact the Issuer and their Authorised Financial Intermediary within the Rights Issue Offer Period in order to produce adequate documentary proof to the satisfaction of the Issuer and Authorised Financial Intermediary, and of the CSD, in order to enable them to verify their status as lawful successors of the deceased Existing Shareholder. It shall not be incumbent on the Issuer or the Registrar to verify whether the person/s signing the FAAE is/are the lawful successor/s of the deceased Existing Shareholder.

13. Where the Shares are held subject to **usufruct**, the FAAE must be signed by both the bare owner/s and usufructuary/ies. In this respect, the FAAE submitted to the Authorised Financial Intermediary is to be accompanied by an authorisation of the bare owner and usufructuary allowing the addition of the New Ordinary Shares, which is to be subsequently forwarded in original to the Registrar. It shall not be incumbent on the Issuer or the Registrar to verify the signatory/ies on any FAAE.
14. In the case of Shares held **jointly** by two or more persons as at the Record Date, all joint shareholders are to sign the applicable FAAE. Similarly, where the Assignee/s are joint applicants, the FAAE must be signed by each joint Assignee. It shall not be incumbent on the Issuer or the Registrar to verify the signatory/ies on any FAAE.
15. **ASSIGNEES WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL III OF FAAE B - SPLIT / ASSIGN. ASSIGNEES ARE HEREBY NOTIFIED THAT ANY NEW ORDINARY SHARES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE FAAE B - SPLIT / ASSIGN. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE ASSIGNEE TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
16. Where an Existing Shareholder wishes to assign Rights to more than two Assignees, an addendum can be used and this needs to be also signed by the Existing Shareholder/s and Assignee/s as applicable.
17. Completed FAAEs are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note. Remittances by post are made at the risk of the Existing Shareholder/s and or Assignee/s. The Issuer and the Registrar disclaim all responsibility for any such remittance not received by the closing of the Rights Issue Period.
18. Should any FAAE be lost or destroyed or otherwise defaced and/or invalidated, the Existing Shareholder/s shall contact any Authorised Financial Intermediary who will provide a duplicate of the FAAE to be used in such instance.
19. By completing and delivering an FAAE, each Existing Shareholder/s and Assignee/s acknowledges that:
 - a. the Authorised Financial Intermediary, Registrar and/or the Issuer may process the personal data in the FAAE in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
 - b. the Authorised Financial Intermediary, Registrar and/or the Issuer may process such personal data for all purposes necessary for and related to the Rights Issue;
 - c. they have the right to request access to and rectification of the personal data relating to him/her, as processed by the Authorised Financial Intermediary, Registrar and/or the Issuer. Any such request must be signed by the Existing Shareholder/s and/or Assigned/s and made in writing to the CSD at the Malta Stock Exchange; and
 - d. all terms and conditions of the Prospectus, including but not limited to the undertakings, representations and warranties contained therein, have been read and understood.

The value of investments may increase as well as decrease and past performance is not an indication of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled "Risk Factors" as contained in the Prospectus. Prospective Investors should seek independent and professional financial advice before deciding to invest in the New Ordinary Shares.

ANNEX III – APPLICATION FORMS (EXCESS SHARES OFFER)



LOMBARD BANK MALTA P.L.C. EXCESS SHARES OFFER APPLICATION FORM 'A' – PREFERRED APPLICANTS

This application form is not transferable as at the Record Date who is not also an Existing Shareholder and entitles you to subscribe for New Ordinary Shares in Lombard Bank plc as either (i) an **Employee** or a **Director** or (ii) a **shareholder of MaltaPost p.l.c.** as at the Record Date who is not also an Existing Shareholder, together referred to as 'Preferred Applicants' as defined in the Prospectus dated 20 September 2023 (the "**Prospectus**"). Please read the notes overleaf before completing this Application Form. **Complete in BLOCK LETTERS and Mark 'X' where applicable.**

A. APPLICANT (see notes 2 to 7)

			MSE A/C NO. (mandatory)
			I.D. CARD/PASSPORT/ COMPANY REG. NO. (mandatory)
DOCUMENT TYPE (mandatory)	COUNTRY OF ISSUE (mandatory)	DATE OF BIRTH (mandatory)	NATIONALITY (mandatory)
LEI (Legal Entity Identifier) (mandatory for non-individuals including companies/partnerships/ organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)			MOBILE NUMBER (mandatory)
☐ REGISTER FOR E-PORTFOLIO			

B. ADDITIONAL (JOINT) APPLICANTS (see note 3)

(please use addendum to Application Form if space is not sufficient)

TITLE (Mr/Mrs/Ms/-)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

C. DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S)/USUFRUCT (see notes 4,7 and 8)

(to be completed ONLY if applicable)

TITLE (Mr/Mrs/Ms/-)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/-)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

D. I/WE APPLY TO PURCHASE AND ACQUIRE (see note 9)

AMOUNT OF NEW ORDINARY SHARES IN FIGURES	AMOUNT IN WORDS
New Ordinary Shares in Lombard Bank Malta p.l.c. (minimum subscription of 1,000 New Ordinary Shares and in multiples of 100 New Ordinary Shares thereafter) at the Offer Price of €0.75 per New Ordinary Share, as defined in the Prospectus dated 20 September 2023 payable in full upon application under the Terms and Conditions of the New Ordinary Shares as set out in the Prospectus.	
AMOUNT PAYABLE €	

E. DIVIDEND AND REFUND MANDATE (see notes 11 and 12)

(completion of this panel is MANDATORY)

BANK	IBAN
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions of the Excess Shares Offer (as defined in the Prospectus and as contained therein) which I/we fully accept.	
I/We hereby authorise the Bank to forward the details to the Malta Stock Exchange for the purposes of registering the New Ordinary Shares in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority (" Transaction Reporting "). Furthermore, I/we understand and acknowledge that the Bank may require additional information for Transaction Reporting purposes and agree that such information will be provided.	
Signature/s of Applicant/s	
Date	
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE
APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 20 September 2023 regulating the Excess Shares Offer

1. This Application is governed by the Terms and Conditions of the Excess Shares Offer contained in the Securities Note dated 20 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents for tax purposes must indicate their passport number in Panel A.
3. The MSE Account Number, name/s and address pertaining to Maltapost p.l.c. shareholders has been pre-printed in Panel A and reflects the MSE account number on the register of MaltaPost p.l.c. shareholders at the CSD as at the Record Date.

Employees and Directors of the Issuer are to insert full personal details in Panel A (including MSE account number which is mandatory). In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels A and B but the person **whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the New Ordinary Shares (vide note 6 below)**. Applications by more than two persons are to use the addendum to the Application Form.

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The shareholder's statement of holdings evidencing entitlement to New Ordinary Shares held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on the MSE. Any New Ordinary Shares allocated pursuant to such an Application shall be registered in the name of the minor as Shareholder, with dividend, if any, payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, which all dividends, if any, shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel A. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MALTA STOCK EXCHANGE, WILL HAVE TO BE AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. Applications must be for a minimum subscription of 1,000 New Ordinary Shares and thereafter in multiples of 100 New Ordinary Shares.
10. Dividends if any will be credited to the account indicated in Panel E or as otherwise amended by the shareholder.
11. The Excess Shares Offer will open at 08:30 hours on 1 November 2023 and will close at 10:00 hours on 27 November 2023. In the event of over-subscription of the Excess Shares during the Excess Shares Offer Period, the Bank reserves the right to close the Excess Shares Offer early, in which case the timetable set out in the Prospectus will be brought forward but will be kept in the same chronological order.

Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Prospectus during regular office hours. **Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.** If any Application is not accepted after the closure of the subscription lists or is accepted for fewer New Ordinary Shares than those applied for, the monies equivalent to the number of New Ordinary Shares not being accepted will be returned by direct credit into the IBAN specified in Panel E.

12. The Issuer, through the Registrar, reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Excess Shares Offer as contained in the Prospectus dated 20 September 2023.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the New Ordinary Shares applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled "Risk Factors" as contained in the Prospectus. Prospective Investors should seek financial advice before deciding to invest in the New Ordinary Shares.

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A. APPLICANT (see notes 2 to 7)

☐ Non-Resident	☐ Minor (under 18)	☐ Body Corporate/ Body of Persons	☐ CIS-Prescribed Fund
B. TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
Address			
MSE A/C NO. (mandatory)		I.D. CARD/PASSPORT/COMPANY REG. NO. (mandatory)	DOCUMENT TYPE (mandatory)
			POST CODE (mandatory)
			COUNTRY OF ISSUE (mandatory)
LEI (Legal Entity Identifier) (mandatory for non-individuals including companies/partnerships/organisations/trusts/foundations/religious orders/etc) (The LEI must be duly valid (unexpired) as at the date of listing of the New Ordinary Shares)		DATE OF BIRTH (mandatory)	NATIONALITY (mandatory)
			MOBILE NUMBER (mandatory)
☐ REGISTER FOR E-PORTFOLIO			

C. ADDITIONAL (JOINT) APPLICANTS (see note 3)

(please use addendum to Application Form if space is not sufficient)

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY

D. DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S)/USUFRUCT (see notes 4,7 and 8)

(to be completed ONLY if applicable)

TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH
		NATIONALITY

E. I/WE APPLY TO PURCHASE AND ACQUIRE (see note 9)

AMOUNT OF NEW ORDINARY SHARES IN FIGURES	AMOUNT IN WORDS
New Ordinary Shares in Lombard Bank Malta p.l.c. (minimum subscription of 1,000 New Ordinary Shares and in multiples of 100 New Ordinary Shares thereafter) at the Offer Price of €0.75 per New Ordinary Share, as defined in the Prospectus dated 20 September 2023 payable in full upon application under the Terms and Conditions of the New Ordinary Shares as set out in the Prospectus.	
AMOUNT PAYABLE €	

F. DIVIDEND AND REFUND MANDATE (see notes 10 and 11)

(completion of this panel is **MANDATORY**)

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application on the basis of the Prospectus, and subject to its Terms and Conditions of the Excess Shares Offer (as defined in the Prospectus and as contained therein) which I/we fully accept.

I/We hereby authorise the Bank to forward the details to the Malta Stock Exchange for the purposes of registering the New Ordinary Shares in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Bank may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s

Date

(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 20 September 2023 regulating the Excess Shares Offer

1. This Application is governed by the Terms and Conditions of the Excess Shares Offer contained in the Securities Note dated 20 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents must indicate their passport number in Panel B. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the New Ordinary Shares** (vide note 6 below). Applications by more than two persons are to use the addendum to the Application Form.

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The shareholder's statement of holdings evidencing entitlement to New Ordinary Shares held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an account on the MSE. Any New Ordinary Shares allocated pursuant to such an Application shall be registered in the name of the minor, with dividend, if any, payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, which all dividends, if any, shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B. APPLICANTS WHO DO NOT HAVE AN MSE ACCOUNT NUMBER ARE TO CONTACT THEIR AUTHORISED FINANCIAL INTERMEDIARY. FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE AFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel D.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign this Application Form.
9. Applications must be for a minimum subscription of 1,000 New Ordinary Shares and thereafter in multiples of 100 New Ordinary Shares.
10. Dividends, if any, will be credited to the account indicated in Panel F or as otherwise amended by the shareholder.
11. The Excess Shares Offer Period will open at 08:30 hours on 1 November 2023 and will close at 10:00 hours on 27 November 2023. In the event of over-subscription of the Excess Shares during the Excess Shares Offer Period, the Bank reserves the right to close the Excess Shares Offer early, in which case the timetable set out in the Prospectus will be brought forward but will be kept in the same chronological order.

Completed Application Forms are to be delivered to to any Authorised Financial Intermediary listed in Annex I of the Prospectus during regular office hours. **Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.** If any Application is not accepted after the closure of the subscription lists or is accepted for fewer New Ordinary Shares than those applied for, the monies equivalent to the number of New Ordinary Shares not being accepted will be returned by direct credit into the IBAN specified in Panel F.

12. The Issuer, through the Registrar, reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Excess Shares Offer as contained in the Prospectus dated 20 September 2023.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the New Ordinary Shares applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled "Risk Factors" as contained in the Prospectus. Prospective Investors should seek financial advice before deciding to invest in the New Ordinary Shares.



LOMBARD
Lombard Bank Malta p.l.c.