



LOMBARD

CIRCULAR TO SHAREHOLDERS

29 May 2023

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

This Circular sets out information concerning the resolutions being proposed to shareholders for approval during the Bank's forthcoming Annual General Meeting to be held at the Malta Chamber of Commerce, Enterprise and Industry, 64, Republic Street, Valletta, Malta on Thursday, 22 June 2023 at 5.30pm (**'AGM'**).

Together with the Notice to Shareholders and Form of Proxy, this Circular has been sent to those shareholders entitled to attend and vote at the forthcoming AGM being those shareholders appearing on the Bank's register of members as at close of trading on 23 May 2023 (record date). This Circular is intended to assist shareholders in understanding the nature of the resolutions being proposed for approval so as to enable them to make informed decisions.

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

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

INTRODUCTION

As indicated in the Notice to Shareholders, apart from the three (3) ordinary resolutions concerning ordinary business to be considered at the forthcoming AGM, the Bank's shareholders are being requested to also consider, and if deemed fit, approve another four (4) ordinary resolutions constituting special business.

These resolutions relate to (a) the Remuneration Report as set out in the Bank's Annual Report and Financial Statements for the financial year ended 31 December 2022 (Advisory Vote), (b) the Remuneration Policy for Directors; (c) a bonus share issue of 1 new bonus share for every 45 shares held and (d) the authority for directors to issue new shares.

Further information on the above-mentioned resolutions is provided in this Circular.

Lombard Bank Malta p.l.c.

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*Lombard Bank Malta p.l.c. is listed on the Malta Stock Exchange and is licensed and regulated by the Malta Financial Services Authority as a credit institution and as an investment service provider
Registered Office: 67 Republic Street Valletta Malta • Company Registration Number: C 1607*

**RESOLUTION 4:
ORDINARY RESOLUTION - SPECIAL BUSINESS: REMUNERATION REPORT – ADVISORY VOTE**

4. Remuneration Report – Advisory Vote

That the Remuneration Report of the Bank for the financial year ended 31 December 2022 be and is hereby approved.

Explanatory Note

The Bank's Remuneration Policy for Directors drawn up in terms of the Capital Markets Rules was approved during the Annual General Meeting held on 2 December 2020 and became effective from such date. The Capital Markets Rules further require that the Bank draw up a clear and understandable Remuneration Report in line with the provisions established in Appendix 12.1 thereof in relation to the above-mentioned Remuneration Policy for Directors. Furthermore, these Rules stipulate that the Annual General Meeting shall have the right to hold an advisory vote (i.e. a non-binding vote which seeks the opinion of shareholders) on the Remuneration Report of the most recent financial year.

The Remuneration Report for financial year ended 31 December 2022 is therefore being submitted to the AGM and an advisory vote on the above resolution shall be taken. The Remuneration Report is included in the Bank's Annual Report and Financial Statements which may be found on the Bank's website at <https://www.lombardmalta.com/en/financial-results> and on the website of the Malta Stock Exchange (the Officially Appointed Mechanism) at <https://borzamalta.com.mt>.

**RESOLUTION 5:
ORDINARY RESOLUTION - SPECIAL BUSINESS: REMUNERATION POLICY FOR DIRECTORS**

5. Remuneration Policy for Directors

That the Remuneration Policy for Directors as set out in the Circular to Shareholders dated 29 May 2023 be and is hereby approved.

Explanatory Note

In accordance with the Capital Markets Rules, the Bank is required to have in place a remuneration policy with respect to its directors, the Chief Executive Officer ('CEO') and, if applicable, the Deputy Chief Executive Officer ('Deputy CEO').

Shareholders have the right to vote on such policy, which vote shall be binding. The document is to be reviewed regularly and is to remain effective for a period of four years from the date of approval by the shareholders, unless in the case of material changes it is brought earlier before the General Meeting for shareholder approval.

The Bank has in place a remuneration policy for its directors and the CEO ('Remuneration Policy for Directors'), which was approved by shareholders during the Annual General Meeting held on 2 December 2020.

The Remuneration Policy for Directors has been reviewed by the Board of Directors. In view of the recent appointment of the Bank's two Deputy CEOs with effect from 1 April 2023, it is proposed to be updated and revised to include reference to the remuneration of the role of Deputy CEO/s.

Should the revised policy be approved, the effective date shall be deemed to be the date of approval by the AGM, following which, any remuneration shall be paid only in accordance with the approved policy. Should approval be forthcoming, this proposed policy would supersede the current Remuneration Policy for Directors previously approved by the shareholders.

The Remuneration Policy for Directors including the proposed changes is being attached to this Circular as Appendix 1 and is being recommended for approval by the shareholders.

**RESOLUTION 6:
ORDINARY RESOLUTION - SPECIAL BUSINESS: BONUS SHARE ISSUE**

6. Bonus Share Issue

(a) That, apart from the shares that may be issued following the adoption of Resolution 7 below, the amount of €252,022 (or such other amount as may result on Eligibility Date) be capitalised from the

Bank's Retained Earnings Account for the purpose of issuing 2,016,172 fully paid ordinary shares of a nominal value of €0.125 per share (or such other number of shares as may result on Eligibility Date) in the ratio of 1 new bonus share for every 45 shares held; to be allotted to members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 19 July 2023 ('Eligibility Date'), thereby increasing the issued share capital from the current 90,727,734 shares to 92,743,906 shares of €0.125 each fully paid up (or such other number of shares as may result on Eligibility Date) resulting in a total issued and paid up share capital of €11,592,988 (or such total issued and paid up share capital as may result on Eligibility Date) as detailed in the Circular to Shareholders dated 29 May 2023.

- (b) Since the allocation ratio of bonus shares to registered shares held by the eligible member is 1 new bonus share for every 45 shares held, the Bank shall, where the number of shares held by the eligible member is not exactly divisible by 45, round up the allocation to the nearest share whenever the mathematical result of the allocation formula contains a fractional entitlement which is of 0.5 of a share or more, and round down to the nearest share in the event that the mathematical result of the allocation formula contains a fractional entitlement which is of less than 0.5 of a share.

Explanatory Note

The Board of Directors is proposing a bonus share issue of one (1) new share for every forty-five (45) shares held to the members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 19 July 2023 (Eligibility Date). Regulatory approval has been sought and received in this regard.

This will be achieved by the transfer of €252,022 from the Bank's Retained Earnings Account for the purpose of issuing 2,016,172 fully paid ordinary shares of a nominal value of €0.125 per share.

Following this bonus share issue, the issued share capital of the Bank will, on the 20 July 2023, increase from the current 90,727,734 shares to 92,743,906 shares of €0.125 each fully paid up resulting in an increase in the total paid up share capital to €11,592,988. The amount to be capitalised, number of shares to be issued and resulting total paid-up share capital may vary following rounding up and rounding down in the case of fractional entitlements and due to any changes in entitlements of shareholders appearing on the Bank's Register of Shareholders that may result on the Eligibility Date.

The last date on which transfers will be accepted for registration with the Bank in order for shareholders to participate in the bonus share issue is 17 July 2023. The Share Register as at close of trading on 19 July 2023 will include trading undertaken up to and including 17 July 2023.

An application will be made for the listing of the new bonus shares on the Malta Stock Exchange and the new shares issued pursuant to the bonus issue will rank *pari passu* with the existing listed shares of the Bank. The new shares issued in terms of this bonus issue are expected to be admitted to listing on 20 July 2023 and trading therein is expected to commence on the same date.

PROPOSED CHANGES TO SHARE CAPITAL	POSITION AS AT 31 DEC 2022	BONUS ISSUE OF 1 FOR 45	POSITION AFTER BONUS ISSUE
NUMBER OF AUTHORISED SHARES	300,000,000		300,000,000
VALUE PER SHARE	€0.125	€0.125	€0.125
VALUE OF AUTHORISED SHARE CAPITAL	€37,500,000		€37,500,000
NUMBER OF ISSUED AND PAID UP SHARES	90,727,734	2,016,172	92,743,906
VALUE OF ISSUED AND PAID UP CAPITAL	€11,340,966.75	€252,022	€11,592,988
AMOUNT OF CAPITALISATION FROM RETAINED EARNINGS ACCOUNT		€252,022	

This bonus share issue being recommended for approval by virtue of this resolution is distinct from the authority to issue new shares as set out in Resolution 7 and as explained hereunder.

RESOLUTION 7: ORDINARY RESOLUTION - SPECIAL BUSINESS: AUTHORITY FOR DIRECTORS TO ISSUE NEW SHARES

7. Authority for Directors to issue new shares

That with effect from the date of adoption of this resolution, the Board of Directors be and is hereby duly authorised and empowered 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 in the Bank currently in issue, at a price to be determined by the Board of Directors. This authorisation shall remain valid for a period of 3 years from the date of its adoption.

Explanatory Note

By means of this Resolution 7 the Board of Directors is seeking the authorisation of shareholders to issue out of the authorised share capital of the Bank up to 65,000,000 [sixty-five million] new ordinary shares of a nominal value of €0.125 per share in the same class as the shares in the Bank currently in issue.

The authorisation being sought will, if approved, be valid for a period of three years from the date of its adoption.

The total ordinary share capital currently in issue is of €11,340,966.75 divided into 90,727,734 ordinary shares of a nominal value of €0.125 each, all of one class. Should the bonus share issue as set out in Resolution 6 above be approved, the current issued share capital will increase to 92,743,906 shares of €0.125 each fully paid up (or such other number of shares as may result on Eligibility Date).

The authority to issue and allot shares pursuant to this Resolution 7 would relate to 71.64% of the current issued share capital (represented by 90,727,734 ordinary shares of €0.125 each) or 70.09% of the issued share capital following the bonus share issue should Resolution 6 be approved (represented by 92,743,906 shares of €0.125 each or such other percentage of the number of shares as may result on Eligibility Date). Where pre-emption rights of the shareholders of the Bank apply, the Board of Directors shall be obliged to offer any new shares or any rights to new shares to the existing shareholders in accordance with the Articles of Association and/or applicable laws, rules and regulations.

The Board of Directors is expected to exercise this authority to execute its plan to access the capital markets by the issuance of new shares.

LIST OF INCUMBENT DIRECTORS

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

DECLARATION BY DIRECTORS

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

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or certified copies thereof, will be available for inspection at the Bank's registered office at 67, Republic Street, Valletta, VLT 1117, Malta for at least fourteen (14) days from the date of publication of this Circular: (a) the Bank's current Memorandum and Articles of Association; (b) printed unofficial version of the Bank's Annual Report and Financial Statements for the financial year ended 31 December 2022 (Official version is available on the Bank's website at <https://www.lombardmalta.com/en/financial-results> and on the website of the Malta Stock Exchange (the Officially Appointed Mechanism) at <https://borzamalta.com.mt>); (c) the Bank's Half-Yearly Financial Report for the period ended 30 June 2022 and (d) the Remuneration Policy for Directors proposed for approval by the AGM.

DIRECTORS' RECOMMENDATION

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

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