



LOMBARD

CIRCULAR TO SHAREHOLDERS

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 'Lombard House', 67, Republic Street, Valletta, Malta VLT 1117 (the 'Bank'), pursuant to Chapter 6 of the Capital Markets Rules of the Malta Financial Services Authority.

The Bank's 2022 Annual General Meeting ('AGM') will be held remotely on Thursday, 26 May 2022 at 4.00pm in accordance with the Companies Act (Public Companies – Annual General Meetings) Regulations, 2020 (L.N. 288 of 2020).

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

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

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

INTRODUCTION

As indicated in the Notice to Shareholders, apart from the five (5) ordinary resolutions concerning ordinary business to be considered at the forthcoming AGM, the Bank's shareholders are being requested to also consider, and if deemed fit, approve another three (3) resolutions constituting special business, two being ordinary resolutions and the other being an extraordinary resolution.

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 2021 (Advisory Vote), (b) a bonus share issue of 1 bonus share for every 75 shares held and (c) amendments to the Memorandum & Articles of Association.

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

Lombard Bank Malta p.l.c.

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Tel: +356 25581117 • Fax: +356 25581151 • e-mail: companysecretary@lombardmalta.com • www.lombardmalta.com • SWIFT Code: LBMAMTMT
Licensed to conduct Investment Services Business by the Malta Financial Services Authority • Regulated by the Malta Financial Services Authority & listed on the Malta Stock Exchange
Registered Office: 67 Republic Street Valletta Malta • Company Registration Number: C 1607

ORDINARY RESOLUTION - SPECIAL BUSINESS: REMUNERATION REPORT – ADVISORY VOTE

Resolution:

That the Remuneration Report of the Bank for the financial year ended 31 December 2021 be hereby approved.

The Bank's Remuneration Policy for Directors drawn up in terms of the Malta Financial Services Authority 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 2021 is therefore being submitted to the AGM and an advisory vote on the above resolution shall be held. 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>.

ORDINARY RESOLUTION - SPECIAL BUSINESS: BONUS SHARE ISSUE

Resolution:

- (a) That the amount of €149,223 be capitalised from the Bank's Retained Earnings Account for the purpose of issuing 596,893 fully paid ordinary shares of a nominal value of €0.25 per share representing 1 bonus share for every 75 shares held as approved by the directors to be allotted to the eligible members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 22 June 2022, thereby increasing the issued share capital from the current 44,766,961 shares to 45,363,854 shares of €0.25 each fully paid up resulting in a paid up capital of €11,340,963.
- (b) Since the allocation ratio of bonus shares to registered shares held by the eligible member is 1 bonus share for every 75 shares held, the Bank shall, where the number of shares held by the eligible member is not exactly divisible by 75, round up the allocation to the nearest share whenever the mathematical result of the allocation formula contains a fractional entitlement which is of 0.5 of a share or more, and round down to the nearest share in the event that the mathematical result of the allocation formula contains a fractional entitlement which is of less than 0.5 of a share.

The Board of Directors is proposing a bonus share issue of one (1) share for every seventy five (75) shares held to the members appearing on the Bank's Register of Members as at close of trading on the Malta Stock Exchange on 22 June 2022.

This will be achieved by the transfer of €149,223 from the Bank's Retained Earnings Account for the purpose of issuing 596,893 fully paid ordinary shares of a nominal value of €0.25 per share.

Following this bonus share issue, the issued share capital of the Bank will, on the 23 June 2022, increase from the current 44,766,961 ordinary shares of a nominal value of €0.25 each to 45,363,854 shares of €0.25 each fully paid up resulting in an increase in paid up capital from €11,191,740 to €11,340,963.

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 20 June 2022. The Share Register as at close of trading on 22 June 2022 will include trading undertaken up to and including 20 June 2022.

An application will be made for the listing of the bonus issue on the Malta Stock Exchange and the shares issued pursuant to the bonus issue will rank pari passu with the existing listed share capital of the Bank. The shares issued in terms of this bonus issue are expected to be admitted to listing on 23 June 2022 and trading therein is expected to commence on 24 June 2022.

PROPOSED CHANGES TO SHARE CAPITAL	POSITION AS AT 31 DEC 2021	BONUS ISSUE OF 1 FOR 75	POSITION AFTER BONUS ISSUE
NUMBER OF AUTHORISED SHARES	80,000,000		80,000,000
VALUE PER SHARE	€0.25	€0.25	€0.25
VALUE OF AUTHORISED SHARE CAPITAL	€20,000,000		€20,000,000
NUMBER OF ISSUED AND PAID UP SHARES	44,766,961	596,893	45,363,854
VALUE OF ISSUED AND PAID UP CAPITAL	€11,191,740	€149,223	€11,340,963
AMOUNT OF CAPITALISATION FROM RETAINED EARNINGS ACCOUNT		€149,223	

EXTRAORDINARY RESOLUTION - SPECIAL BUSINESS: AMENDMENTS TO THE MEMORANDUM & ARTICLES OF ASSOCIATION

Resolution:

That the amendments to specific articles of the Memorandum and Articles of Association of the Bank, in accordance with the details provided in the Circular to Shareholders dated 2 May 2022, be hereby approved.

The Board of Directors is proposing the following minor amendments to the existing Memorandum and Articles of Association of the Bank, as detailed and explained below:

- Given the change in name of the 'Listing Rules' to the 'Capital Markets Rules' of the Malta Financial Services Authority, the Memorandum and Articles of Association are proposed to be amended to reflect such change in name within the entire document. Articles 1, 20, 27, 28, 39 and 158 of the Articles of Association are therefore proposed to be amended accordingly.
- In view of the renaming of the 'Insurance Intermediaries Act' to the 'Insurance Distribution Act' (Chapter 487 - Laws of Malta), amendments to the Bank's Memorandum and Articles of Association are being proposed to reflect such change in name. Paragraph 4(r) of the Objects Clause in the Memorandum of Association and Article 158 of the Articles of Association are therefore proposed to be amended in this respect.
- The Memorandum of Association is also proposed to be amended to include the insertion of the electronic mail address of the Bank in terms of Act LX of 2021 which introduced various amendments to the Companies Act (Chapter 386 of the Laws of Malta). The amended clause shall read and be renumbered to include paragraphs (a) and (b) as follows:

'Registered Office & Electronic Mail Address

2. (a) *The registered office of the Company shall be at Lombard House 67, Republic Street, Valletta VLT 1117, Malta, or any other address in Malta as the Board of Directors may from time to time determine.*

(b) *The electronic mail address of the Company shall be mail@lombardmalta.com.'*

Save for the amendments as set out above and updates made to certain clauses in the Memorandum of Association in line with the information available at the Malta Business Registry, the Memorandum and Articles of Association are proposed to remain unchanged against the previously approved version.

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 Lombard House 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) the Bank's Annual Report and Financial Statements for the financial year ended 31 December 2021 and (c) the Bank's Half-Yearly Financial Report for the period ended 30 June 2021.

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.

2 May 2022

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