



2022 ANNUAL GENERAL MEETING - SHAREHOLDERS' QUESTIONS AND REPLIES
LAQGHA ANNWALI ĠENERALI 2022 – MISTOQSIJJIET TAL-AZZJONISTI U TWEĠIBIET

1. *"Can you provide an update on the appeal to the administrative penalty issued by the FIAU against the Bank in November 2020?"*

The Court of Appeal has stayed proceedings pending the outcome of another lawsuit which had also been filed by the Bank before the Constitutional Court. The process continues.

2. *"Can you explain the strategy for the launch of investment services through collective investment schemes? What are the Bank's primary objectives in this respect? Will the new asset management subsidiary also target management of CISs owned by third parties?"*

The launch of investment services is intended to grow income from business not related to traditional intermediation. The Bank intends to offer a suite of in-house funds aimed primarily at the retail market. Whereas the management of third-party Collective Investment Schemes is not a primary objective, this cannot be excluded at some future date.

3. *"Can you explain how Lombard will be seeking to extract more value out of its investment in MaltaPost plc in the foreseeable future?"*

MaltaPost has its own strategic priorities and objectives. The Bank adds value by way of assistance in the setting of the overall direction, drawing on its own expertise, particularly in the area of financial services. In this respect, rather than extract value, Lombard Bank seeks to add value, which in turn reflects in the growth of MaltaPost as a business independent of the Bank.

1. *"F'liema stadju wasal l-appell fil-Qorti li sar fir-rigward tal-penali imposti mill-Korp Għall-Analiżi ta' Informazzjoni Finanzjarja fuq il-Bank f'Novembru tal-2020?"*

Il-Qorti tal-Appell issospendiet il-kontinwazzjoni ta' dawn il-proċeduri fl-appell pendenti l-eżitu ta' kawża oħra illi l-Bank fetaħ quddiem il-Qorti Kostituzzjonali. Dan il-proċess għadu għaddej.

2. *"Tista' tispjega l-istrategija fir-rigward tal-introduzzjoni ta' 'Investment Services' permezz ta' 'Collective Investment Schemes'? X'inhuma l-oġġettivi ewlenin tal-Bank f'dan ir-rigward? Is-sussidjarja ġdida dwar l-immaniġġjar tal-assi se tkun qed toffri servizz lil 'Collective Investment Schemes' ta' terzi?"*

L-introduzzjoni tal-'Investment Services' intenzjonat li jżid id-dhul minn negozju li mhux konness ma' self. Il-Bank bi hsiebu joffri firxa ta' fondi immirati primarjament lejn investituri żgħar. Filwaqt li l-immaniġġjar ta' 'Collective Investment Schemes' ta' terzi mhux l-iskop ewlieni tal-Bank, dan mhux eskluż.

3. *"Tista' tispjega kif il-Lombard se jfittex li jakkwista iktar valur mill-investiment tiegħu fil-MaltaPost plc fil-futur qarib?"*

Il-MaltaPost għandha il-prijoritajiet u oġġettivi tagħha. Il-Bank jgħin lill-MaltaPost billi joffri fit-tmexxija b'mod ġeneriku, u partikolarment f'dak li għandu x'jaqsam mas-settur tas-servizzi finanzjarji. Għalhekk, iktar milli jakkwista valur mill-MaltaPost, Lombard Bank iffittex li jżid valur, li imbagħad jirrifletti fit-tkabbir tal-MaltaPost bħala negozju indipendenti minn dak tal-Bank.



4. *"What are the Bank's views on the current state of the local property market in general? Is the property/construction segment expected to remain the main source of new lending business for Lombard in the coming months/years? Is the Bank looking at alternative/additional economic sectors which could potentially give rise to new opportunities? How strong is the Bank's current pipeline of new loan drawdowns, both retail and corporate?"*

The property market experienced a prolonged period of growth also due to Government incentives for first-time buyers and a growth in the buy-to-let sector. This now seems to have stabilised with a considerable decrease in the number of planning applications. At this point in time, property/construction remains a significant driver of the Bank's lending activity, which includes Home Loans. However other avenues are explored, even as a result of future requirements introduced through ESG considerations. The Bank's current pipeline of undrawn loans stands at over 10% of all sanctioned loans.

5. *"What are the Bank's plans for strengthening its capital position to meet requirements arising out of new obligations such as MREL, Basel III and ESG?"*

Plans to align capital with business and regulatory requirements are kept under continuous focus. The present level of capital satisfies all current regulatory and business needs, though it is not excluded that initiatives regarding additional capital be considered to support growth.

6. *"Two directors have to retire annually. However they may opt to get re-elected. Should there be 2 new nominees, and the old directors opt to be re-elected, would there be an election of directors or would the two new directors be appointed as directors? Am I*

4. *"X'jaħseb il-Bank dwar il-qagħda kurrenti tas-suq tal-proprjeta' lokali b'mod ġenerali? Huwa mistenni li s-settur tal-proprjeta'/kostruzzjoni jibqa' s-sors ewlieni tas-self tal-Bank fix-xhur u snin li ġejjin? Il-Bank qiegħed iħares lejn alternattivi/setturi ekonomiċi li potenzjalment jistgħu joħolqu opportunitajiet ġodda? Kemm hu b'saħħtu s-sors ta' self ġdid, kemm personali kif ukoll kummerċjali?"*

Għal żmien twil, is-suq tal-proprjeta' ra tkabbir anke grazzi għall-inċentivi li l-Gvern ta lil dawk li xtraw l-ewwel proprjeta' u wkoll għaž-żieda fil-bejgħ ta' proprjeta' għal-kiri. Dan it-tkabbir issa donnu waqaf b'nuqqas fin-numru ta' applikazzjonijiet għall-iżvilupp ta' proprjeta'. Is-settur tal-bini, li jinkludi wkoll il-'Home Loans' għadu jikkostitwixxi sehem sostanzjali tas-self tal-Bank. Minkejja dan, nibqgħu nevalwaw opportunitajiet oħra, anke fil-kuntest tar-rekwiżiti tal-ESG. Self li huwa approvat iżda għad mhux miġbud bħalissa jaqbeż l-10% tat-total tas-self approvat.

5. *"X'inhuma l-pjanijiet tal-Bank biex jissaħħaħ il-kapital sabiex jissodisfa il-ħtiġijiet minn obbligazzjonijiet bħall-MREL, Basel III u ESG?"*

Pjanijiet biex il-kapital ikun skont il-ħtiġijiet tan-negożju u r-rekwiżiti regolatorji jinżammu taħt attenzjoni kontinwa. Il-livell preżenti tal-kapital jissodisfa dawn il-ħtiġijiet kurrenti kollha, għalkemm mhux eskluż li jkunu kkunsidrati inizzjattivi oħra rigward aktar kapital biex ilaħħaq mat-tkabbir tal-Bank.

6. *"Kull sena, żewġ diretturi jridu jirtiraw. Minkejja dan, jistgħu jagħżlu li jerġgħu ikunu eletti. F'każ li jkun hemm 2 nominazzjonijiet ġodda, u d-diretturi ta' qabel jagħżlu li jerġgħu ikunu eletti, ikun hemm elezzjoni għad-diretturi jew iż-żewġ diretturi ġodda jkunu*



right to presume that shareholders holding higher than 10k shares can second themselves for the nomination of directors?"

The election of directors is carried out in terms of the Bank's Memorandum & Articles of Association (M&A's), Companies Act and other applicable regulations, rules and guidelines. In the event that the number of nominees for directors exceeds the maximum number of seats in the Board of Directors in terms of the M&As, an election will be held during which all nominees will participate, irrespective of whether these being former directors or not. Should the number of nominees not exceed the number of vacancies, then no election is required.

The appointment of nominees will be subject to suitability assessment processes and regulatory approval.

The concept of secondment, by its very nature, implies the need for independent confirmation/endorsement.

appuntati diretturi? Inkun qed ngħid sew jekk nissoponi li azzjonisti li għandhom iktar minn 10k sehem jistgħu jissekondaw lilhom infushom għan-nomina tad-diretturi?

L-elezzjoni tad-diretturi ssir skont il-*'Memorandum & Articles of Association'* (M&As) tal-Bank, il-*'Companies Act'* u liġijiet, regoli u gwidi oħra. F'każ li n-numru ta' nominazzjonijiet għad-diretturi jaqbeż in-numru massimu ta' postijiet fuq il-Bord tad-Diretturi, skont l-M&As, għandha ssir elezzjoni li fiha jippartecipa kull min ikun ġie innominat, irrispettivament jekk kienux diretturi qabel jew le. F'każ li n-numru ta' nominazzjonijiet ma jaqbiż in-numru ta' postijiet vakanti, allura ma jkunx hemm il-ħtieġa ta' elezzjoni.

Il-ħatra ta' persuni nominati tkun suġġetta għal process ta' evalwazzjoni u approvazzjoni mir-regolatur.

Il-kunċett ta' sekondar, fin-natura tiegħu stess, jimplika l-bżonn ta' konferma/endorsjar indipendenti.

7. In the context of prevailing developments taking place across the local retail banking sector, and in view of the "firm intention" expressed by the NDSF to dispose all or part of its major shareholding in Lombard in November 2018 (Company Announcement LOM230 refers), could you please:

(i) provide an update on whether the Bank is aware of any progress registered in this respect;

(ii) whether the Bank still "believes that it would be in the best interests of all stakeholders if the shares were to be widely spread among the public as this would ensure that the Bank remained focused on serving the Maltese economy in the long-term" (reference: 2018 Annual Report).

(i) The Bank is not aware of any developments in respect of the disposal of shares by the National Development and Social Fund.

(ii) Yes, the Bank still holds that view.

7. Fil-kuntest tal-iżviluppi prevalenti fis-settur bankarju lokali, u fid-dawl ta' "intenzjoni soda" li jiddisponu mill-ishma kollha jew parti mis-sehem prinċipali li għandhom fil-Lombard, kif espressa mill-NDSF f'Novembru tal-2018 (Company Announcement LOM 230), tista' jekk jogħġbok:

(i) taġġornana fuq jekk il-Bank jafx b'xi progress f'dan ir-rigward;

(ii) jekk il-Bank għadux "jemmen li dan ikun fl-aħjar interest tal-partijiet interessati kollha jekk l-ishma jkunu mqassma fuq medda wiesgħa tal-pubbliku, għaliex dan jiżgura li l-Bank jibqa' iffukat fuq is-servizz li jagħti lill-ekonomija Maltija fit-tul" (riferenza: 2018 Annual Report).

(i) Il-Bank ma jaf bl-ebda żvilupp fir-rigward tal-bejgħ tal-ishma min-National Development and Social Fund.

(ii) Iva, il-Bank għadu ta' l-istess fehma.