

Circular to Shareholders

EXTRAORDINARY GENERAL MEETING OF 19 OCTOBER 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ THE 'NOTICE OF EXTRAORDINARY GENERAL MEETING' AND THIS CIRCULAR CAREFULLY IN VIEW OF THE VOTING ACTION YOU ARE REQUIRED TO TAKE AT THE FORTHCOMING MEETING. IF YOU REMAIN IN DOUBT AS TO WHAT VOTING ACTION TO TAKE, YOU ARE ADVISED TO CONSULT AN APPROPRIATE INDEPENDENT ADVISOR.

1. Preamble and Important Information

The documentation for the Extraordinary General Meeting (the "Meeting") of APS Bank plc ("APS Bank" or the "Bank") to be held remotely on 19 October 2022 contains a 'Notice of Extraordinary General Meeting' detailing a Special Business - Ordinary Resolution (the "Resolution"). The purpose of this Circular to the Shareholders (the "Circular") is to highlight salient points in terms of the Capital Markets Rules in connection with the Meeting and Resolution, explaining its essential characteristics, benefits and risks.

All Shareholders appearing on the Bank's register of members maintained by the Central Securities Depository of the Malta Stock Exchange as at close of trading on 19 September 2022 (trading session of 15 September 2022) (the "Record Date") are entitled to receive notice of, participate in and vote at the Meeting.

All the Directors of APS Bank (collectively referred to as the "Board"), as at the date of this Circular, namely Martin Scicluna, Victor E. Agius, Joseph C. Attard, Franco Azzopardi, Juanito Camilleri, Laragh Cassar, Alfred DeMarco, Victor Gusman, and Michael Pace Ross, accept responsibility for the information contained in this Circular and have taken all reasonable care to ensure that it is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Special Business - Ordinary Resolution: Capitalisation of Profits and Issue of New Shares

The Resolution regarding the capitalisation of profits and the issue of the new shares will be the only resolution to be proposed at the Meeting. In this regard, the Board is proposing the distribution of an interim dividend via capitalisation of €1,800,000 of the Bank's profits for the purpose of allotting up to 7,210,000 new, fully paid up, ordinary shares (the "New Shares") to the Bank's existing Shareholders. The New Shares will be issued and allotted to those Shareholders appearing on the register of members maintained by the Central Securities Depository of the Malta Stock Exchange as at the Record Date.

The New Shares will be issued at the nominal value of €0.25 and distributed to Shareholders pro rata to their individual holdings. Shareholders are hereby notified that fractional shares shall be rounded to the nearest whole share; rounded upwards if the fractional entitlement is of 0.5 of a share or more, and rounded downwards if the fractional entitlement is less than 0.5 of a share.

An application will be made to the Malta Stock Exchange for the New Shares to be admitted to listing and trading on the Official List. Further details regarding the date of issue, the dates on which the New Shares are expected to be admitted to listing, and on which date dealings are expected to commence will be made in due course by means of company announcements.

The New Shares will have the same rights and entitlements as all the other ordinary shares of the Bank, will rank *pari passu* with the existing listed ordinary shares and will be issued in uncertified form. Furthermore, the New Shares will be classified as 'Tier 1 capital' in terms of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as may be amended from time to time (including by CRR II).

3. Directors' Recommendations

The Directors believe that this Circular, read in conjunction with the 'Notice of Extraordinary General Meeting', adequately describes the essential characteristics, benefits and risks of the Resolution presented to the Extraordinary General Meeting. Consequently, the Directors recommend that the Shareholders approve the Resolution presented above as, in their opinion, it is in the best interests of the Bank and of all its Shareholders.

4. Documents available for inspection

The following documents or certified copies thereof will be made available for inspection at the Bank's registered office, located at APS Centre, Tower Street, B'Kara BKR 4012, Malta for at least fourteen (14) days from the date of publication of the Circular:

- a. The Memorandum and Articles of Association of the Bank; and
- b. The Bank's last annual financial report and half-yearly financial report.



Martin Scicluna
Chairman

28 September 2022