

Circular to Members

ANNUAL GENERAL MEETING OF 8 MAY 2025

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ THE 'NOTICE OF ANNUAL GENERAL MEETING' AND THIS CIRCULAR CAREFULLY IN VIEW OF THE VOTING ACTION YOU ARE REQUIRED TO TAKE AT THE FORTHCOMING ANNUAL GENERAL MEETING OF APS BANK PLC.

IF YOU REMAIN IN DOUBT AS TO WHAT VOTING AND/OR ACTION TO TAKE, YOU ARE ADVISED TO CONSULT AN APPROPRIATE INDEPENDENT ADVISOR.

1. PREAMBLE

The purpose of this circular (the "**Circular**") is to inform the members of APS Bank plc (the "**Company**") about the following resolutions being proposed at the forthcoming annual general meeting of the Company to be held on 8 May 2025 (the "**Meeting**"):

Ordinary business – ordinary resolution

(a) Agenda item 4: Declaration of Dividend;

Special business – ordinary resolutions

(b) Agenda item 8: Remuneration Report;

(c) Agenda item 9: Rights Issue and Directors' authority to issue shares for the purpose of undertaking a Rights Issue;

Special business – extraordinary resolutions

(d) Agenda item 10: Directors' authority to issue Shares limitedly for the purpose of implementing any decision to pay a scrip dividend, and to affect a capitalisation of profits;

(e) Agenda item 11: Directors' authority to issue debt securities.

2. IMPORTANT INFORMATION

This Circular, which contains information about certain resolutions to be proposed for approval at the forthcoming Meeting is being dispatched to all members, that is, the shareholders appearing on the register of members of the Company held and maintained by the Central Securities Depository of the Malta Stock Exchange (the "**Register of Members**") as at close of business on 8 April 2025 (trading session of 4 April 2025) ("**Record Date**").

All the directors of the Company (collectively referred to as the "**Board**"), namely Martin Scicluna, Joseph C. Attard, Juanito Camilleri, Laragh Cassar, Marcel Cassar, Martin Czurda, Noel Mizzi, Michael Pace Ross, Leslie Stephenson and Marisa Xuereb, accept responsibility for the information contained in this Circular and to the best of their knowledge and belief have taken all reasonable care to ensure that such is the case, and that the information contained in this

Circular is in accordance with the facts, and does not omit anything likely to affect the import of such information.

You are kindly requested to ensure that if you sell or transfer any or all of your shares held in the Company, this Circular is passed on to the person through whom the sale or transfer was effected for the transmission to the purchaser or transferee.

Any capitalised terms used in this Circular or in the 'Notice of Annual General Meeting' but not otherwise defined shall have the same meaning as ascribed to them in the Company's articles of association (the "**Articles**").

3. PROPOSED RESOLUTIONS

A. Agenda Item 4: Declaration of Dividend (ordinary business, ordinary resolution)

Proposal: The Board is proposing that the Meeting declares a gross final dividend of €0.026 per ordinary share, totalling €9,930,000 (which amounts to a final net dividend of €0.017 per ordinary share, or €6,450,000), for the year ended 31 December 2024, which dividend shall be paid in scrip, that is, (i) either in cash or (ii) by the issue of new shares, in each case at the option of each individual Member.

The Board is of the view that this resolution provides Members with a fair choice whilst, at the same time, permitting the Company to preserve equity for its future growth.

In accordance with the requirements of the Capital Markets Rules ("**CMR**"), Members are informed as follows:

- Any dividend paid pursuant to agenda item 4 (whether in cash or through the allotment of new shares) will be paid to Members appearing on the Register of Members as at close of business on the Record Date;

- The attribution price of the new shares to be issued to Members who elect to receive shares *in lieu* of cash has been determined at €0.57 per new ordinary share, calculated using the trailing traded weighted average price (TWAP) for the 30 trading dates ended on 12 March 2025 ("**Attribution Price**");

- If all Members elect to receive shares *in lieu* of cash, a total up to 11,400,000 new ordinary shares will need be issued to Members, increasing the Company's current issued share capital by 3%. Conversely, if all the Members elect to receive cash, the Company will pay a total net cash dividend of €6,450,000 representing a net dividend of €0.017 per ordinary share as stated in the Proposal above;

- The entitlement of a Member to new shares to be offered *in lieu* of cash will be determined by dividing each Member's total net dividend (being the number of shares held as at Record Date multiplied by the net dividend of €0.017 per share) by the attribution price. Fractional shares shall be rounded to the nearest whole share;

- Enclosed with this Circular is a Scrip Dividend Election Form specific to each individual Member including details regarding dividend entitlement. Members who would like to receive ordinary shares *in lieu* of a cash dividend must complete the Scrip Dividend Election Form and send the same, completed and signed, to the Company Secretariat at APS Centre, Tower Street, Birkirkara BKR 4012, Malta, by 7 May 2025 using the enclosed business reply envelope. Alternatively, Members may opt to send the Scrip Dividend Election Form electronically by sending a scanned copy of the completed Scrip Dividend Election Form either in Maltese or in English to apsdividend@apsbank.com.mt, quoting the respective **Name, Surname** and **MSE Register Number** as printed on the form as the email 'Subject'. Kindly ensure that when submitting your Scrip Dividend Election Form by email, the scanned barcode is clear and legible. Upon receipt of the completed Scrip Dividend Election Form, an electronic acknowledgement will be sent out. Emails received without the Scrip Dividend Election Form attached will not be accepted. Failure to submit such Scrip Dividend Election Form by the above deadline will be deemed to be an election to receive dividend in cash;

- The Scrip Dividend Election Form will only be accepted in relation to the entire shareholding for every MSE account held. Split options are only allowed to Financial Intermediaries, or to direct shareholders owning 250,000 shares or more. Such shareholders are requested to fill in the Scrip Dividend Election Supplement Form which will be emailed separately to the applicable Members by Company Secretariat; and

- An application will be made to the Malta Financial Services Authority ("**MFSA**") and the Malta Stock Exchange for the new ordinary shares issued in terms of this scrip dividend to be admitted to trading and listing on the Official List of the Malta Stock Exchange. These new ordinary shares will be registered in uncertificated form, will form part of the Company's existing class of ordinary shares and will therefore rank *pari passu* in all respects with the Company's existing ordinary shares in issue. The new

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ordinary shares are expected to be issued and admitted to listing on the Official List of the Malta Stock Exchange by 23 May 2025, with dealings expected to commence on the next business day.

Please also refer to section D below for further information about the resolutions required to issue new shares to Members who elect to receive their dividend entitlement in shares rather than in cash.

B. Agenda Item 8: Remuneration Report (special business, ordinary resolution)

Proposal: The Board is proposing that the remuneration report in terms of Chapter 12 of the CMR as set out in the Company's annual report for the financial year ended 31 December 2024 be received and approved.

The remuneration report, a copy of which is set out in the Company's annual report and financial statements 2024, is being submitted to the Meeting for an advisory vote as required by Rule 12.26K of the CMR. An advisory vote is a non-binding vote which allows Members to express their opinion regarding the issue at hand.

C. Agenda item 9: Rights Issue and Directors' Authority to issue Shares for the purpose of undertaking a Rights Issue (special business, ordinary resolution)

Proposal: The Board is proposing that the Members in General Meeting authorises the Board to carry out one or more rights issues and for this purpose that the Board be authorised to issue new Ordinary Shares up to a maximum amount not exceeding 50% of the issued shares of the Company in place at the time of the relative rights issue on such terms, and at such price, as the Board may deem fit.

To be able to further strengthen the Company's common equity tier 1 (CET1) capital such that the Company will be in a better position to meet its capital, business and financial requirements, the Company intends to access the capital markets through the issue and allotment of new ordinary shares to its Members, and the general public, pursuant to one or more rights issues.

To this end, the Board is proposing that the Members authorise and empower the Board to issue new ordinary shares up to a maximum amount not exceeding 50% of the issued shares of the Company at the time of the relevant rights issue, on such terms, and at such price, as the Board may deem fit, pursuant to one or more rights issues over a period of one (1) year from the date of this Annual General Meeting.

Once issued, the new ordinary shares will be admitted to listing on the Official List of the Malta Stock Exchange and shall form part of all other class of ordinary shares having equal rights and rank *pari passu* with all other shares in the Company.

In terms of article 4(a) of the Articles, the Company in General Meeting may by ordinary resolution authorise the directors to issue Equity Securities up to the value of the Company's authorised share capital. The said resolution may set out restrictions or conditions relating to the directors' authority to issue Equity Securities. Furthermore, in terms of article 4(b) of the Articles, provided the Board is authorised to issue Equity Securities, all shares from time to time unissued shall be at the disposal of the directors and they may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

By way of example, in terms of CMR 6.7.1, by reference to the issued shares of the Company as at the date of this Circular, the Company may issue up to 189,803,061 ordinary shares.

Members are informed that, at present, the Board intends to utilise the authorities being requested under Agenda item 9 for the first time, in order to carry out a Rights Issue later in 2025. This authority is to remain valid until the end of the annual general meeting of the Company to be held in 2026.

D. Agenda item 10: Directors' authority to issue Shares limitedly for the purpose of implementing a decision to pay a scrip dividend, and to affect a capitalisation (special business, extraordinary resolution)

Proposal: The Board is proposing that it be authorised to issue Shares and affect a capitalisation solely in connection with a decision to declare and pay a scrip dividend.

In order to give flexibility to the Company when declaring and paying a scrip dividend whereby a Member can elect to receive shares *in lieu* of all or part of a cash dividend, the Board proposes that the Members authorise and empower the Board, until the end of the Company's 2026 annual general meeting, to issue shares up to the authorised number of shares set out in clause 7(a) of the Company's memorandum of association. This authorisation is being sought on the basis of article 4 of the Articles, as described in Section 3C above.

For the purposes of CMR 6.7.1, the maximum amount of new ordinary shares which the Board will have authority to issue in terms of this proposed authority will be up to 11,400,000 ordinary shares (being the maximum amount of new ordinary shares that will be issued if all Members elect to receive shares *in lieu* of cash pursuant to the scrip dividend resolution proposed in Agenda Item 4) (the "**Scrip Shares**") plus any other shares which may need to be issued as a result of any scrip dividend that may be issued until the end of the Company's 2026 annual general meeting without the need to convene a general meeting. These Scrip Shares would represent approximately 3% of the Company's issued share capital as at the date of this Circular.

The above mentioned authority alone will not allow the Board to declare and pay a scrip dividend, since a scrip dividend involves a capitalisation of profits which, in terms of article 155 of the Articles, requires approval of the Company in general meeting. To this end, the Board is also proposing that solely for this purpose, it be authorised and empowered until the end of the 2026 annual general meeting, to capitalise any amount standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and issue shares to be allotted, distributed and credited as fully paid up to and amongst the Members of the Company.

Members are informed that the Board intends to utilise the authorities being requested under Agenda 10 for the first time in order to give effect to Members' election to receive their dividend entitlement for financial year 2024 in the form of new ordinary shares rather than in cash, as set out in Section 3A. In this case, the Board will capitalise up to €6,450,000 from the Company's profits for the purpose of issuing all or part of the Scrip Shares to Members who opt to receive their dividend entitlement for financial year 2024 in the form of ordinary shares. Please refer to Section 3A above for further information on the Scrip Shares.

These authorities shall be without prejudice to the authority given to the Board to issue (i) any number of shares permitted by the Company's executive share incentive plan rules in accordance with a resolution of the general meeting of 28 April 2022 and/or (ii) shares in the Rights Issue as set out in Section 3C above.

E. Agenda item 11: Directors' authority to issue debt securities (special business, extraordinary resolution)

Proposal: The Board is proposing that the Members authorise and empower the Board to issue up to €150,000,000 in nominal value of bonds, debentures or other debt securities, which authorisation shall be valid until the end of the Company's 2026 annual general meeting, and to apply for such bonds, debentures or other debt securities to be admitted to listing and/or trading on the Official List of the Malta Stock Exchange and/or any Regulated Market.

In terms of article 99(g) of the Articles, any issuance of bonds, debentures or other debt securities to the public which issuance exceeds in aggregate the sum of €50,000,000 requires the approval of the Company in general meeting, by an extraordinary resolution.

In order to be able to support the Company's capital and financial requirements including where these arise from a regulatory determination, the Company may be required to raise finance by issuing debt securities from time to time. Amongst other things, during 2025 the Company will be required to continue satisfying its Minimum Required Eligible Liabilities ("MREL") obligations in accordance with the determination received from the MFSA in its function as Resolution Authority. Although MREL obligations can also be satisfied by means of deposits that would meet certain eligibility criteria, and equity, amongst others, the Board sees it prudent to plan ahead for at least the coming twelve months so that it can meet its MREL requirements in an orderly and efficient manner, should the need arise.

To this end, the Board is proposing that the Members authorise and empower the Board to issue up to €150,000,000 in nominal value of bonds, debentures or other securities and to apply for such bonds, debentures or other debt securities to be admitted to listing and/or trading on the Official List of the Malta Stock Exchange and/or any Regulated Market (as defined in the Articles). The authorisation being requested in this resolution will be valid until the end of the Company's 2026 annual general meeting.

4. DIRECTORS' RECOMMENDATIONS

The Board, having undertaken the necessary considerations, is of the view that the proposed resolutions are in the best interest of the Company and of its Members. The Board therefore recommends that Members vote in favour of these resolutions at the forthcoming Annual General Meeting.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be made available for inspection at the Company's registered office, located at APS Centre, Tower Street, Birkirkara BKR 4012, Malta and/or the Company's website (<https://www.apsbank.com.mt/investor-relations/>) for at least 14 days from the date of publication of the Circular:

- (a) the Company's memorandum and articles of association; and
- (b) the Company's annual financial report and financial statements for the year ended 31 December 2024.



Graziella Bray

Company Secretary
17 April 2025

Approved and issued by APS Bank plc, a public limited liability company registered under the laws of Malta with company registration number C 2192 and having its registered office at APS Centre, Tower Street, Birkirkara, Malta plc, in compliance with the Capital Markets Rules issued by the Malta Financial Services Authority, in particular the requirements set out in Capital Markets Rule 6.2 on the contents of all Circulars.