

EMPLOYEE SHARE INCENTIVE PLAN RULES

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1. INTRODUCTION

- A. The shareholders of APS Bank p.l.c. (the “**Bank**”) have approved the establishment of this plan (the “**Plan**”) at a general meeting of the Bank held on the 28th April 2022.
- B. By virtue of this Plan, the Board of Directors of the Bank may grant Shares to Eligible Employees subject to the rules set out in this document. The implementation of these Rules may be delegated by the Board of Directors to the Nomination and Remuneration Committee or another designated committee of the Board.
- C. The Rules regulate Share Awards based on an Eligible Employee’s performance for any applicable year. An Eligible Employee will therefore be awarded Share Awards subject to the attainment of the stipulated performance criterion for that year.
- D. Where the Board issues details for any year during the Plan, the Board shall make an Announcement not later than one month from the decision on the details for that given year and, in addition, shall make available a copy of these Rules.
- E. The Plan contemplates loss of benefits to varying degrees depending on the circumstances, including to those Eligible Employees who do not remain in the employ of the Group.

2. INTERPRETATION AND DEFINITIONS

- 2.1 These Rules shall be interpreted and construed in accordance with the provisions of the Remuneration Policy of the Bank which may be in force from time to time. To the extent that any term of the Rules is inconsistent with the principles set out in the Remuneration Policy, the provisions of the Remuneration Policy shall prevail.
- 2.2 The following definitions shall apply for the purposes of this document:
 - i. “**Announcement**” means the announcement issued by the Board to the Eligible Employees, not later than one month from the decision on the details for that given year which announcement shall include:
 - a. the Maximum Yearly Award;
 - b. the maximum award to individual Eligible Employees which may be expressed as a percentage of the Maximum Yearly Award (in which case it shall not exceed 10%) or as an absolute number of Shares; and
 - c. the intervals at which the Share Awards shall become awarded to each of the Eligible Employees in accordance with the Vesting Schedule;
 - ii. “**Applicable Year**” means a year during a Plan in respect of which the Bank has issued an Announcement.
 - iii. “**Bank**” means APS Bank p.l.c.
 - iv. “**Board**” means the Board of Directors of the Bank or any committee as selected by it, delegated to fulfil its function.

- v. **“Capital Markets Rules”** means the Capital Markets Rules issued by the Malta Financial Services Authority or any other applicable competent authority as may be applicable.
- vi. **“Capital Restructuring”** shall include a capitalisation, bonus issue or scrip-issue, a rights issue at below market price, an issue of shares at below market price in lieu of interest payable by the Bank, sub-division (share-splits), or consolidation of shares or reduction of capital or similar amendments to the Bank’s Capital, but shall exclude (a) the issue of securities as consideration for an acquisition; (b) the issue of shares to an institutional investor even if effected below the then current market price; and (c) a share issue to the general public.
- vii. **“Eligible Employees”** means all Identified Staff and all other members or categories of staff which the Board may consider granting Share Awards to provided that the Share Awards allocated to the non-Identified Staff in a particular year shall not exceed 20% of the total Share Awards issued;
- viii. **“ESIP Register”** means the detailed records of all outstanding awards held by Eligible Employees, related vesting dates as laid down in the Vesting Schedule and other relevant Plan details.
- ix. **“Group”** means the Bank and any body corporate which is its direct or indirect subsidiary undertaking (as such term is defined in the Companies Act of Malta);
- x. **“Identified Staff”** shall have the same meaning given to the term in the Remuneration Policy;
- xi. **“MSE”** means the Malta Stock Exchange p.l.c. or any other regulated exchange.
- xii. **“Maximum Award”** means a maximum number of 4,000,000 shares in the Bank which may be ~~allotted issued~~ over the duration of these Rules.
- xiii. **“Share Awards”** means the number of shares awarded to an Eligible Employee in respect of a specific year. Such Share Awards shall be subject to the Vesting Period. For the avoidance of doubt, the allotment of new shares to Eligible Employees shall be for no consideration.
- xiv. **“Maximum Yearly Award”** means the maximum total number of Shares which may be awarded to Eligible Employees of the Bank for an Applicable Year;
- xv. **“Performance”** means the Performance of the Eligible Employee as measured in terms of the Remuneration Policy.
- xvi. **“Permissible Cause”** in the case of termination of employment by an Eligible Employee relates to instances when termination is the result of retirement, serious illness, injury or incapacitation, or any other situation or circumstance which, in the Board’s opinion, is justifiable and which opinion shall be duly communicated in writing to the Eligible Employee;
- xvii. **“Remuneration Policy”** means the Bank’s Remuneration Policy as may be amended from time to time.
- xviii. **“Rules”** are the rules relating to the Plan as set out in this document.
- xix. **“Vesting Period”** means a period of three (3) years (unless a longer period is required by law in which case the statutory minimum period shall apply) from the date of the Share Award Letter during which the Share Awards shall vest in accordance with the Vesting Schedule and which the Bank may amend and/or extend.
- xx. **“Vesting Schedule”** refers to the schedule provided by the Bank to the Eligible Employee and setting out the prescribed dates and portions in

terms of which the Shares, or part thereof, shall vest with the Eligible Employee, which shall in all cases remain subject to the rights of the Bank to amend, extend or cancel.

xxi. “Share Award Letters” are letters issued by the Bank to an Eligible Employee specifying the Plan pursuant to which such Share Awards have been awarded, the number of Shares to be held by that person, and the Vesting Period.

xxii. “Shares” refers to the ~~issued~~ ordinary shares of the Bank allocated for the purposes of this Plan, such shares being part of the Bank’s issued share capital.

3. SPECIFIC RULES RELATING TO THE AWARD FOR AN APPLICABLE YEAR

3.1 Award Subject to Performance of the Bank and Eligible Employees

Every award of Shares under a Plan is subject to the attainment of the objectives set out in the Remuneration Policy. It shall be at the discretion of the Board to determine whether an Eligible Employee has attained satisfactory performance or otherwise. Share Award Letters shall be prepared and distributed to Eligible Employees by the Board once the actual performance for the Applicable Year has been verified following the completion of the Bank's audited financial statements.

The Board shall at all times retain the right to amend the objectives set out in the Remuneration Policy at any point in time provided that in the event of a change in objective relating to the same calendar year, the Board shall only have the right to amend the objectives in order to set conditions which are less onerous than the original ones.

3.2 Relevant Dates

As per the introduction above, the Bank shall make an Announcement to Eligible Employees. In each year following such an Announcement, the Bank shall inform each Eligible Employee of their respective Share Awards by the 30th June of such year by means of the Share Award Letter. Upon each anniversary of such Share Award Letter, the portion of the Share Awards which vests in the hands of the Eligible Employee for that year in accordance with the Vesting Schedule shall become unconditionally due to the Eligible Employee unless such Eligible Employee has expressed a desire to postpone such vesting by giving notice to the Bank not later than 30 days prior to the vesting anniversary.

Once such Shares are unconditionally due to the Eligible Employee, the Bank is under an obligation to ensure that the Shares are allotted to the Eligible Employee at the earliest practical time following the vesting date indicated in the Vesting Schedule unless the Eligible Employee forfeits his rights in accordance with paragraph 8 below or express a desire to postpone vesting. The Bank has no obligation to allot the Shares before such date and shall attract no liability as a result of any failure to allot the Shares before such date.

4. CAPITAL RESTRUCTURING

In the case of a Capital Restructuring, adjustments, which conform with the provisions of the applicable Capital Markets Rules, shall be made to the Maximum Award and Shares Awards as may be applicable, so that Eligible Employees shall

remain largely unaffected by such Capital Restructuring. Before affecting such adjustments, the Board shall obtain an independent opinion, in writing, from an external/third party duly qualified for such purpose confirming that these adjustments are fair and reasonable. Once determined, the Board should communicate such adjustments to Eligible Employees.

Provided that no adjustment shall be effected in this regard when the Capital Restructuring results in an increase of less than 5% in the issue share capital of the Bank.

5. TERMINATION OF EMPLOYEMENT

5.1 Termination by an Eligible Employee

- i. In the case where termination of employment by an Eligible Employee was due to a Permissible Cause, the Eligible Employee shall retain the full rights to the Share Awards.
- ii. If an Eligible Employee terminates employment with the Bank for any reason, other than a Permissible Cause, Share Awards granted to such person, shall lapse.
- iii. In the event of death of an Eligible Employee, the heirs of that Eligible Employee will have the same rights as the Eligible Employee who terminated his/her employment with the Bank for a Permissible Cause.

5.2 Termination by the Bank

- i. In the event that the Bank terminates employment of an Eligible Employee as a result of redundancy, the same provisions applicable to Eligible Employees who terminate employment for a Permissible Cause shall apply.
- ii. If the Bank terminates employment of an Eligible Employee for any other reason, Share Awards granted to such person, shall lapse.
- iii. In the event that any Eligible Employee is subject to disciplinary proceedings which do not result in termination of employment, it shall be the Board's discretion to determine whether any Share Awards granted to such person shall be deemed as lapsed.

6. IMMEDIATE VESTING

To the extent that (i) the Bank intends or is required to delist from the Official List of the Maltese Stock Exchange or (ii) any single shareholder (or group of shareholders acting in concert) of the Bank is entitled to exercise the squeeze-out rights set out in Chapter 11 of the Capital Markets Rules, the Shares will immediately vest in the hands of the Eligible Employee irrespective of the Vesting Period.

7. RIGHTS ATTACHED TO SHARE AWARDS

7.1 Share Awards will not entitle Eligible Employees to any voting, dividend, transfer or other rights, attaching to the Bank's Shares until such Shares are vested and the Eligible Employee is listed in the register of members of the Bank. Any Shares acquired in the exercise will rank *pari passu* with all other issued Shares.

7.2 Except for the transmission of rights on death, Share Awards granted to Eligible Employees under a Plan are not transferable and can only be exercised by the Eligible Employee to whom they were originally allotted/issued.

8. FORFEITURE

- 8.1 Eligible Employees shall be entitled to forfeit, partially or fully their entitlement to the Share Awards.
- 8.2 In the event that an Eligible Employee chooses to postpone vesting beyond 3 years from the vesting date indicated in the Vesting Schedule, such Eligible Employee shall be deemed to have forfeited their Share Awards.

9. REGULATORY MATTERS

The Bank will endeavour to take all reasonable steps necessary to obtain regulatory consent for the granting issue of the Shares, whether through an issue of new Shares or transferred from treasury as part of the share buy-back programme and the subsequent vesting of Shares to Eligible Employees as may be required under any applicable laws. Nevertheless, the issue of such Shares, the transfer from treasury, and the allotment of Shares remain subject to the relative regulatory consents being obtained. The Bank further retains the right to unilaterally amend these terms in the event of any change in law and/or regulation which would necessitate such changes to these rules.

~~Once issued,~~ The Shares allotted for this purpose and the Eligible Employees as shareholders will be subject to additional rules, including without limitation, the Capital Markets Rules, the Prevention of Financial Markets Abuse Act, Chapter 476 of the laws of Malta and the Bank's own dealing policy.

10. TAX

The Bank shall be responsible for deducting any tax due on vesting of the shares in accordance with Final Settlement System rules in force in Malta.
Any tax liability resulting from the holding or disposal of any Shares under the Plan shall be the sole responsibility of the Eligible Employee.

11. TRANSITORY PROVISIONS

- 11.1 It is intended that the Plan shall apply with immediate effect upon approval of this Plan at the AGM, thereby Eligible Employees shall be granted Share Awards for their performance in relation to the year ending 31 December 2021. For this reason, it is understood that no Announcement will be applicable for and instead the Bank will proceed to inform each Eligible Employee of their respective Share Awards by the 30th June of 2022 by means of a Share Award Letter as provided for in paragraph 3.2 above.

12. ADMINISTRATION

- 12.1 Details of awards granted to individual Eligible Employees, the respective vested dates indicated in the Vesting Schedule and other relevant details needed for the proper management of the Plan are to be kept in the ESIP Register.
- 12.2 The ESIP Register is to be updated with any vesting by individual Eligible Employees or adjustments due to Capital Restructuring.
- 12.3 The ESIP Register shall include the outstanding awards held by individual Eligible Employees and the total outstanding balance for each year during which Share Awards were granted by the Board.

12.4 The Company Secretary, or any other officer of the Bank as may be determined by the Board, is responsible for the management and maintenance of the ESIP Register.