

HSBC Bank Malta p.l.c.

Annual General Meeting

27 November 2020

Shareholder Q and A

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Shareholders' Q and A

Can you please provide more information as to the rationale behind Resolution No 5 proposing curtailment of shareholders' pre-emption rights?

In the Circular to Shareholders, we explained that the Board was seeking this authority from Shareholders to restrict pre-emption rights in the event of an issue and allotment of equity securities to enable the Board to respond in an effective and immediate manner should it be required to issue shares or securities.

The restriction or withdrawal of pre-emption rights is intended to be used only in situations of urgent need to increase the company's capital, where it would not be feasible to first make an offer to all the Shareholders, for example, in a recovery and resolution scenario.

In relation to the recovery scenario, the waiver of pre-emption rights is already dealt with by EU Directives and Maltese Regulations relating to bank recovery and resolution, which provide specifically that: *there shall be no procedural impediments to the conversion of liabilities to shares or other instruments of ownership existing by virtue of their instruments of incorporation or statutes, including pre-emption rights for shareholders or requirements for the consent of shareholders to an increase in capital.*

Hence, this proposal, which is effective till 17 April 2024, will enable the Board to respond in an effective and immediate manner, only in extraordinary situations, as explained in the preceding paragraphs.

Are you going to continue to mail via post the Notice of AGM and relative documentation or are you going to switch to electronic mailing?

All notifications to Shareholders, including documentation relating to the AGM will continue to be sent in hard copy via post. The only difference relates to the mailing of the Annual Report and Accounts, which will be available on the Bank's website. However, every Shareholder has the right to request a printed copy of the Annual Report and Accounts.

We received a request to the Board to consider instead of paying the dividend in cash to convert it into shares.

As you are aware until the 1 January 2021 the ECB's recommendation is not to make any dividend payment. Hence, we shall be closely following any developments on this subject. As usual the Board will be considering all the factors relating to a declaration of a dividend. It will also be taking into account all the implications on how an eventual dividend distribution is made. In the past the Board had looked into the possibility of paying out a dividend other than in cash. It however always retained a preference to pay the dividend in cash when it was able to. The Board will keep this matter under review.