BOV

Bank of Valletta

Bank of Valletta p.l.c.
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The Bank of Valletta p.l.c. Scrip Dividend Programme
Frequently Asked Questions

1. **What is the Bank of Valletta p.l.c. Scrip Dividend Programme?**
The Bank of Valletta p.l.c. ("BOV" or "Bank") Scrip Dividend Programme (the "Scrip Dividend Programme") is a programme designed to enable BOV's ordinary shareholders to elect to receive new ordinary shares (the "New Shares") instead of cash dividends. This provides shareholders with the opportunity to increase their shareholding in BOV without incurring trading costs. Whether shareholders elect to receive New Shares under the Scrip Dividend Programme should depend on their own personal circumstances.

2. **Who is eligible to participate in the Scrip Dividend Programme?**
The Scrip Dividend Programme is open to all ordinary shareholders appearing on the shareholders' register as at the record date subject to certain restrictions. Shareholders entitled to receive less than one New Share shall not be eligible to participate in the Scrip Dividend Programme and will receive their respective dividend in cash (please refer to question 4). The right to elect to join the Scrip Dividend Programme is not transferable.

3. **What do I need to do to participate in the Scrip Dividend Programme?**
You can elect to join the Scrip Dividend Programme by completing and signing a Scrip Dividend Election Notice (that may be amended from time to time) which is mailed to all shareholders appearing on the shareholder register as at the record date of the respective dividend payment. Completed Scrip Dividend Election Notices can either be sent by post in the business reply envelope provided or alternatively by lodging it with any Bank of Valletta p.l.c. branch by the date mentioned in the Shareholder Scrip Dividend Letter. Scrip Dividend Election Notices received after that date will become applicable on the next scrip dividend payment. Please note that no acknowledgement of receipt of Scrip Dividend Election Notices will be issued.

   Scrip Dividend Election Notices will remain in force for all future dividends unless otherwise cancelled in writing by the shareholder. For further details please refer to question 15.

4. **How many New Shares am I entitled to receive under the Scrip Dividend Programme?**
Your entitlement to New Shares will be calculated by taking into account:
   - the number of shares registered in your name as at the record date of the respective dividend payment
   - the net cash dividend amount of the respective dividend payment
   - the applicable Attribution Price

   All of the above information is included in the Scrip Dividend Election Notice.

   The Attribution Price is calculated on the trade weighted average price for the BOV's ordinary shares over a three-day period commencing on the relevant ex-dividend date. In determining the Attribution Price, the Board of Directors may elect to apply a discount on the trade weighed average price. Details of the Attribution Price will be announced by the Bank on the Malta Stock Exchange through a Company Announcement, and posted on the Bank's website **www.bov.com.**

   The formula that will be used to calculate the number of New Shares is as follows:

   Number of ordinary shares held at the relevant dividend record date **x** *the net cash dividend rate ÷ the Attribution Price*

   The result is then rounded up or down to the nearest whole fraction.

   For example, if a shareholder held 1,000 ordinary shares as at record date and the net cash dividend rate was €0.10 per ordinary share, then if the Attribution Price was €2.00 per ordinary share, 50 New Shares would be issued to that shareholder.

5. **What will happen with any Scrip Dividend Programme cash balance?**
Fraction of a New Share will not be allotted and any residual cash balance will be forfeited.

6. **How will I know how many New Shares I have received?**
On every dividend payment, you will receive a statement, showing the number of New Shares allotted in lieu of the cash dividend, the relevant Attribution Price and the total cash equivalent of the New Shares for tax purposes.

7. **Will I have to apply again for the Scrip Dividend Programme for the next dividend payment?**
No. Your completed Scrip Dividend Election Notice will apply for all future dividends for which a scrip dividend is offered.

8. **Will my New Shares assigned under the Scrip Dividend Programme be included in the next scrip dividend payment?**
Yes. New Shares will automatically increase your shareholding on which the next entitlement to a scrip dividend will be calculated.

9. **Will my New Shares under the Scrip Dividend Programme have the same voting rights as my existing ordinary shares?**
Yes. New Shares will carry the same voting rights as your existing ordinary shares.

10. **Does the Scrip Dividend Programme apply to ordinary shares held in joint names?**
Yes. The Scrip Dividend Programme will apply to shares held in joint names, so long as all joint holders have signed the Scrip Dividend Election Notice.

11. **Can I complete a Scrip Dividend Election Notice for part of my holding?**
No. Scrip Dividend Election Notices will only be accepted in relation to your entire shareholding for every MSE account held.

12. Can overseas shareholders join the Scrip Dividend Programme?

It is the responsibility of any person residing outside Malta wishing to elect to receive New Shares to satisfy and observe the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories. **The Bank shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.**

Having considered the circumstances, the Bank has formed the view not to send any communication with respect to the Scrip Dividend Programme to overseas shareholders, except where, *inter alia,* in the absolute discretion of the Bank, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

13. What happens if I sell/buy shares after I complete a Scrip Dividend Election Notice?

Your shareholding as at the record date will, for the purpose of calculating the entitlement to New Shares, take into consideration any purchases or sales affected before the record date but will not take into consideration any purchases or sales affected thereafter. Purchases affected after the record date will be eligible for future scrip dividends without the need to complete a new Scrip Dividend Election Notice, so long as they are registered under the same MSE Account as your existing shareholding.

14. What happens if I have holdings in more than one MSE account?

Holding shares in different MSE accounts is a means by which you may select different preferences for dividend payments. The entitlement to New Shares under the Scrip Dividend Programme will be calculated separately for each MSE account, and rounding of entitlement will be calculated separately, even if they are held in the name of the same shareholder.

15. Can I cancel my Scrip Dividend instructions?

Yes, you may cancel your mandate at any time. However, notice of cancellation must be given in writing to the Office of the Company Secretary before the record date of any upcoming dividend payment date for it to be effective for that dividend.

Your mandate will be deemed to be cancelled if you sell or otherwise transfer all of your ordinary shares to another person but only with effect from the registration of the relevant transfer. Your mandate will also terminate immediately on receipt of notice of your death, notice of your insolvency or your inability to maintain your financial affairs due to mental incapacity. Other situations may well arise when at law your mandate may have to be considered as revoked.

16. Can the Bank change or cancel the Scrip Dividend Programme?

Yes. The Scrip Dividend Programme may be modified, suspended, terminated or cancelled at any time at the discretion of the Bank, which decision shall be announced by the Bank through a Company Announcement on the Malta Stock Exchange. In the case of any modification, existing mandates (unless otherwise specified by the Bank) will be deemed to remain valid under the modified arrangements unless and until the Office of the Company Secretary receives a cancellation in writing from you. If the Bank revokes an offer, shareholders will receive forthwith their dividends in cash on the dividend payment date.

17. Governing Law

The Scrip Dividend Programme is subject to the Bank's Articles of Association and is governed by, and its terms are to be construed in accordance with, Maltese law. By electing to receive New Shares, the shareholder agrees to submit to the exclusive jurisdiction of the Maltese courts in relation to the Scrip Dividend Programme.

18. What do I do if I have any questions?

If you have any questions about the procedure for election or on how to complete the Scrip Dividend Election Notice, please contact the Office of the Company Secretary between 08:00hrs and 16:00hrs Monday to Friday on 2275 3556. The helpline cannot provide advice on the merits of the Scrip Dividend Programme nor give any personal financial, legal or tax advice.

19. Taxation

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on your individual circumstances. If you are not sure how you will be effected from a tax perspective, you should consult your lawyer, accountant or other professional adviser before taking any action.

If you wish to receive dividends in cash in the usual way you need take no further action and should not complete or return a Scrip Dividend Election Notice.

BEFORE DECIDING TO OPT FOR THE SCRIP DIVIDEND PROGRAMME AND ELECT TO RECEIVE SCRIP DIVIDENDS INSTEAD OF CASH DIVIDENDS YOU ARE URGED TO CONSULT WITH INVESTMENT AND LEGAL ADVISERS OF YOUR CHOICE AND TRUST, AND TO SEEK ADVICE AS TO WHETHER RECEIVING SCRIP DIVIDENDS IS IN YOUR BEST INTERESTS. THE BANK MAKES NO REPRESENTATIONS AND GIVES NO ADVICE AS TO THE SUITABILITY OR OTHERWISE FOR INVESTORS TO OPT FOR THE SCRIP DIVIDEND PROGRAMME.

THIS DOCUMENT IS NOT AND SHOULD NOT BE CONSTRUED AS PROVIDING INVESTORS WITH ADVICE AS TO ANY COURSE OF ACTION WITH RESPECT TO SCRIP DIVIDENDS. THE READER SHOULD BE AWARE THAT THE QUESTIONS AND ANSWERS CONTAINED IN THIS DOCUMENT ARE INTENDED TO ANTICIPATE THE QUESTIONS WHICH INVESTORS WOULD GENERALLY ASK AND TO PROVIDE AN ANSWER TO THOSE QUESTIONS WITHOUT TAKING INTO ACCOUNT THE PERSONAL OR PECULIAR SITUATIONS THAT INDIVIDUAL INVESTORS MAY BE FACING. THEY ARE NOT AND, ARE NOT INTENDED TO BE, EXHAUSTIVE, NOR DO THEY CONTEMPLATE OR ANTICIPATE ALL POSSIBLE QUESTIONS THAT MAY BE ASKED BY SHAREHOLDERS, BUT ARE MERELY INTENDED AS AN AID TO PROVIDE ASSISTANCE TO SHAREHOLDERS TO UNDERSTAND THE SCRIP DIVIDEND PROGRAMME BEING LAUNCHED BY THE BANK.

NOTHING CONTAINED IN THIS DOCUMENT SHOULD BE CONSIDERED AS A SUBSTITUTE FOR PERSONAL ADVICE WHETHER TO VERIFY THE LEGAL POSITION OR THE SUITABILITY OF RECEIVING ADDITIONAL SHARES INSTEAD OF CASH AS A FORM OF DIVIDEND.