

**Summary Note
dated 3 June 2019**

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended.

In respect of an Issue of up to €50,000,000 3.75% Unsecured Subordinated Bonds 2026 - 2031
of a nominal value of €100 per Bond issued at par due 2031, subject to early redemption at the option
of the Issuer on any of the Early Redemption Dates by:

BANK OF VALLETTA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 2833

ISIN: MT0000021353

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED AS, A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

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A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE BONDS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

THESE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF RETAIL INVESTORS. A PROSPECTIVE INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS: (A) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (B) THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (C) THE PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTING IN THE BONDS.

Legal Counsel

Joint Sponsors

Manager & Registrar

CAMILLERI PREZIOSI
ADVOCATES

**CURMI &
PARTNERS**

**Jesmond
Mizzi**
FINANCIAL ADVISORS

BOV
Bank of Valletta

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF THE PROSPECTUS AND CONTAINS INFORMATION ON THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE PROSPECTUS REGULATION.

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A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE ISSUER AND THE BONDS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

STATEMENTS MADE IN THIS SUMMARY NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

THIS SUMMARY NOTE AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY BONDS PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING, IN ANY OTHER COMPETENT JURISDICTION, ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF BONDS, OR AGREEMENT, ACCEPTANCE OR CONTRACT RESULTING HEREFROM OR FROM THE PROSPECTUS AS A WHOLE.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE BANK IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS INVESTORS IN RELATION TO THE PROSPECTUS. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

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THE DIRECTORS CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS PRIOR TO INVESTING.

This Summary Note has been prepared in accordance with the requirements of the Regulation.

A summary note is made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7). This Summary Note contains all the Elements required to be included in a summary for this type of security and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Except where the context otherwise requires, the capitalised words and expressions used in this Summary Note shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

- i. this Summary Note is being provided to convey the essential characteristics and risks associated with the Issuer and the Bonds. This document is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary Note in making a decision as to whether to invest in the Bonds. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor;
- ii. where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- iii. civil liability attaches only to those persons who have tabled the summary, but only if the summary, when read together with the other parts of the Prospectus is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 Consent required in connection with the use of the Prospectus for subsequent resale or final placement by financial intermediaries: Not Applicable. There will be no subsequent resale or final placement of the Bonds and accordingly no such consent is required.

SECTION B ISSUER

B.1 The legal name of the Issuer is Bank of Valletta p.l.c. and the commercial name of the Issuer is BOV.

B.2 The Issuer was registered in Malta in terms of the Act on 21 March 1974 as a public limited liability company. The Issuer is domiciled in Malta.

B.4b The following is an overview of the most significant recent trends affecting the Issuer and the markets in which the Group operates:

Global and Local Economic Outlook

The economic deterioration experienced in the fourth quarter of 2018 in major economies has spilled into the first quarter of 2019. Although idiosyncratic factors (new fuel emission standards in Germany, natural disasters in Japan) weighed on activity in large economies, these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty and tariff hikes, a deterioration in manufacturing confidence, and concerns about China's outlook. Although robust labour markets and resilient domestic demand have partially offset this weakness, the IMF¹ is anticipating global growth to decline to 3.3% in 2019 before picking up slightly to 3.6% in 2020. This pick up is mainly supported by growth in China and India and stabilisation in a few big emerging market economies such as Argentina and Turkey.

¹ International Monetary Fund, 'Global Prospects and Policies', (April 2019)
<www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019>

This growth pattern reflects a persistent decline in the growth rate of advanced economies from above-trend levels occurring more rapidly than previously anticipated, together with a temporary decline in the growth rate for emerging market and developing economies in 2019. Specifically, growth in advanced economies is projected to slow down from an estimated 2.3% in 2018 to 2.0% in 2019 and 1.7% in 2020. This is coupled with a very benign inflationary scenario, leading to a dovish shift by the major central banks.

Growth in the Euro area is set to moderate from 1.8% in 2018 to 1.3% in 2019 and 1.5% in 2020. Growth rates have been marked down for many economies, notably Germany, Italy and France. The ECB has also confirmed that monetary policy will remain accommodative and any upward interest rate revisions will only be reviewed well into 2020. On the other hand, potential US tariffs on EU imports and a hard Brexit can significantly exacerbate the weak economic scenario.

There is substantial uncertainty around the unchanged baseline projection of about 1.5% growth in the United Kingdom in 2019-20, offsetting the negative effect of prolonged uncertainty surrounding the outcome of Brexit and the positive impact from fiscal stimulus announced in the 2019 budget. This baseline projection assumes that a Brexit deal is reached in 2019 and that the UK transitions gradually to the new regime. However, fundamental uncertainties relating to future investment and export market access can have a negative impact on growth.

The Maltese economy continued with its strong performance, providing a supportive environment for business activity. Local economic growth continued apace, with Malta's gross domestic product (GDP) growing by 6.9% in 2018 in real terms (2017: 6.7%), with the strongest growth driver being consumption expenditure. The Labour Force Survey for the third quarter of 2018 estimated an unemployment rate of 3.7%, down from 4.0% for the same quarter in 2017. During the same period an increase in both the labour force and activity rate was noted. The Central Bank of Malta is anticipating an increase in total employment of 3.3% and an unemployment rate of 3.8% for 2019. Total employment is expected to increase by a further 3.0% in 2020 and the unemployment rate is expected to stand at 3.9%.

Capital overview

The Group's main strategic objective is to safeguard the long-term stability and sustainability of the Bank through the strengthening of its capital. The chief source of ongoing capital accretion by the Issuer is profit retention.

Another important objective for the Group is that of managing its capital in an integrated way by seeking to fulfil regulatory requirements, ensure solvency, and maximise profit. In this way, the Group is able to achieve long-term sustainability, identify growth opportunities that provide a sustainable risk-return performance, while aiming to ensure a sufficient level of capitalisation to absorb unexpected losses.

The Group has a comfortable solvency position which exceeds the minimum requirements of the ECB and other regulations. The Group's CET1 ratio was reported at 18.3% as at end 2018. This improvement in its capital position enabled the Bank to comply with increased regulatory capital requirements and to implement its strategic initiatives.

In November 2014, the Issuer became a systemically important bank falling under the direct supervision of the Joint Supervisory Team made up of representatives from the ECB as well as from the Malta Financial Services Authority. This has had a substantial impact on the Bank, its conduct, operations and its capital base.

Capital instruments

The Group's capital base is composed of CET1, being the primary component of the Group's capital base, and Tier 2 Capital, as defined in Part Two of the CRR. The Group is continuously focused towards further strengthening its CET1 capital which is the highest form of quality capital, thus providing the greatest level of protection against losses.

Recent and forthcoming capital issuances

In line with the Bank's main strategic objective stated above, the issued share capital of the Bank was increased by a nominal amount of 105 million ordinary shares (following a rights issue completed in FY 2017).

In furtherance of its strategic objective, the Bank will be issuing a subordinated bond as set out in terms of this Prospectus, which bond will replace the one maturing in June 2019 and the proceeds of which will constitute Tier 2 Capital of the Bank.

During the second half of 2019, the Bank also intends to issue an additional tier contingent instrument, commonly referred to as AT1 bond to the tune of €150 million and which will be targeted to institutional investors. This instrument will carry a significant loss absorption capacity and will qualify as additional Tier 1 capital leading to a substantial increase in the Bank's Tier 1 capital ratio.

These capital issues will ensure that the Bank is prepared and compliant with the EBA proposed SREP guidelines which were issued in 2018. It will also place the Bank in a strong position to meet the additional regulatory measures for stronger provisioning methodologies that will become effective in the coming years.

Distribution of dividends

Being constantly faced with a number of challenges ranging from intensifying competition, legacy litigation cases, the need for more advanced anti-financial crime and anti-money laundering measures, extreme low level of interest rates and new regulations requiring further IT development and the training of staff, have led the Board to decide, in consultation with the supervisory authorities, against the distribution of cash dividends for FY 2018. The Board thus gave priority to the long-term stability of the Bank over the short-term return, in furtherance of the Bank's main strategic objective. The Board intends to resume dividend payments in line with its dividend policy as soon as prudent judgement so permits and with guidance from its supervisors.

Strategic initiatives of the Bank

The Board has articulated clear corporate long-term goals for the Bank and has set strategic initiatives for the years 2018 to 2020. These goals are as follows:

- 1) Financial stability and sustainability;
- 2) Protection of the interests of depositors; and
- 3) Provision of a sustainable and equitable return to shareholders.

The Board has further identified a number of corporate strategies, which define the ways in which the Bank plans to achieve its corporate goals. The principal strategies are:

• Digitalisation

The Bank has stepped up its digitalisation strategy with the aim of facilitating the electronic distribution of products and services through different channels. The objective is to transform the Bank into the most accessible financial services provider on the local market in the digital age. In 2018, the Bank launched an improved version of its internet banking platform.

• Core Banking Transformation

The Core Banking Transformation Programme, which the Bank expects to implement towards the end of this year, comprises the change of the core IT system and the re-engineering of associated processes. The scope of the original programme was widened to embrace further IT and process changes, and has now been structured as a holistic transformation programme aimed at improving customer service.

• Long-term financial stability

As stated above, the Issuer is a local systemically important institution, and is consequently required to hold capital buffers which are higher than those which would be required of less significant banks. The further strengthening by the Bank of its capital is, in fact, to build up the necessary capital buffers, not only with the aim of compliance with supervisory demands, but also to ensure the long-term viability of the Issuer as a stable institution with sufficient capital to absorb any future unexpected losses. Regulations in respect of these additional buffers entered into force as from January 2016, with full application as from January 2019.

• Governance and regulation

The Bank continues to improve its governance framework, including changes to its Memorandum and Articles, with the aim of enhancing Board effectiveness and continuity and also to ensure the right balance of skills and experience within the Board at an individual and on a collective basis.

Regulation is a constantly evolving field to which the Bank allocates significant resources, major amongst which is the strengthening of its anti-money laundering and countering of financing of terrorism defences.

• **Revision of the business model**

The Group has continued with the restructuring of its business model, with the objective of lowering its risk profile through a de-risking programme. The de-risking programme includes: (i) the winding down of certain business lines, namely the trusts and custody businesses; (ii) the re-dimensioning of other business lines notably the termination of thousands of customer relationships within the Bank's International Corporate Centre which no longer fit within the Bank's risk appetite; (iii) the revision of the Bank's risk appetite framework; (iv) the enhancement of risk policies such as the revision of the customer acceptance policy; and (v) comprehensive training programmes covering the entire organisation from the Board of Directors downwards.

• **Resourcing**

Human resources ("HR") and information technology are the two principal resources available to the Bank in carrying out its operations. It is therefore inevitable that the Bank should give prime consideration to these two areas.

The main IT initiative currently being undertaken by the Bank is the Core Banking Transformation Programme referred to above.

With respect to human resources, the Issuer's HR strategy includes:

- A new training philosophy, supported by the opening of new state-of-the-art training facilities;
- A focus on ethics, which is backed by a revised and updated code of ethics and a conflict of interest policy; and
- The setting up of an HR steering committee to oversee roll-out of the remaining strategic initiatives.

Litigation provisioning

The Bank is currently involved in a number of litigation cases. Management remains convinced, on the basis of counsel's advice, that the Bank's legal position in these cases is strong. Nevertheless, the Board has deemed it prudent to set aside the amount of €75 million as a provision against potential losses from litigation and claims. This is a judgement call based on the situation prevailing as at December 2018, and is subject to ongoing review in the light of developments. As a result of these legacy legal issues, the Board, following extensive discussion with its banking supervisors (as described above), decided to suspend cash dividends for 2018.

Improving cyber resilience

On 13 February of this year, the Issuer suffered a very sophisticated cyber-attack which resulted in 11 fraudulent payment transactions totalling an equivalent of €12.9 million. The Bank's business continuity plans were immediately set into action with a number of its services resuming after a few hours. In fact, operations throughout the Bank's branch network, ATMs and internet banking channel (including SEPA payments) were fully operational the following day, with the exception of payments to third parties outside the Euro area.

Nevertheless, the Bank has already commenced modernising and enhancing its security infrastructure with a view to strengthening its cyber-security programme thereby building a stronger cyber-resilient ecosystem to stay ahead of threat actors.

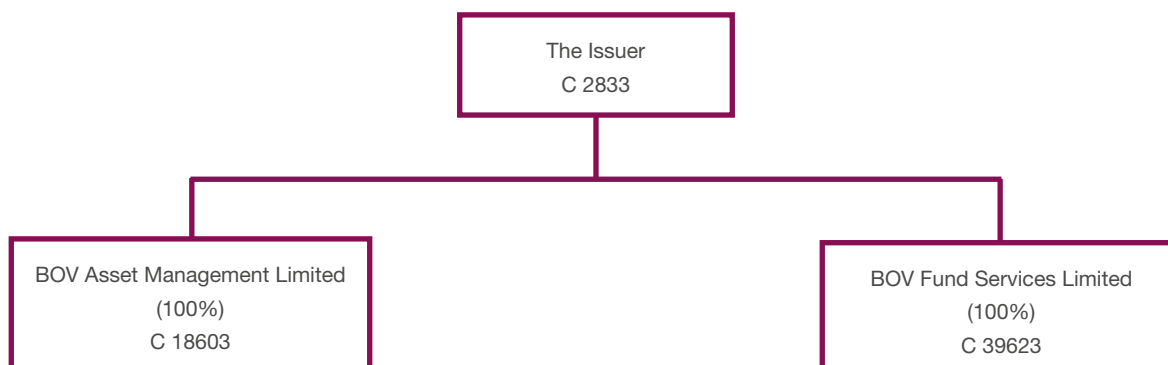
The strengthening of its cyber-security programme includes a commitment by the Board to enhance its oversight with the establishment of an information technology oversight committee to be chaired by an independent non-executive director. Said committee will assist the Board in fulfilling its oversight responsibilities in relation to the digital ecosystem including cyber-security, the Core Banking Transformation Programme, and innovative technologies including FinTech and RegTech.

Regulatory framework

Recent and future changes in the laws and regulations applicable to credit institutions may have a significant impact on the Bank. Measures that were recently adopted or which are (or whose application measures are) in the process of being adopted, have had or are likely to have an impact on the Bank, principally amongst which are the following:

- The Capital Requirements Directive IV (“CRD IV”)/the Capital Requirements Regulation (“CRR”) and the Bank’s designation as a systemically important bank by the Financial Stability Board. Three years on from the CRD IV/CRR being finalised, the EU’s banking sector now faces a revised CRD and CRR package (“CRD V and CRR II”) and a host of other legislative amendments including amendments to the BRRD, and a new international standard for total-loss absorbing capacity (“TLAC”);
- On 24 November 2015, the European Commission proposed a regulation to establish a European Deposit Insurance Scheme (“EDIS”) for deposits of all credit institutions which are members of any of the current national statutory depositor compensation schemes of EU Member States participating in the Banking Union;
- The new Markets in Financial Instruments Directive (“MiFID II”) and Markets in Financial Instruments Regulation (“MiFIR”), which became effective as of January 2018, and which were enacted with the aim of restoring confidence in the industry after the financial crisis imposed more reporting requirements and tests to increase transparency and improve investor protection;
- The GDPR became effective on 25 May 2018, moving the European data confidentiality environment forward and improving personal data protection within the European Union. Non-compliance with the standards set by the GDPR may result in severe penalties. The GDPR applies to all banks providing services to European citizens;
- The second Payment Services Directive (“PSD 2”) updates and enhances the EU rules put in place by the first Payment Services Directive. The PSD 2 entered into force in January 2016 with transposition happening by 13 January 2018. The major change brought about by the PSD 2 is the opening up by the payments industry through the “account information service” rule and the “payment initiation service” rule which oblige banks to provide third party payment service providers access to customer account information subject to customer approval;
- The ongoing stringent requirements required by the EU and local anti-money-laundering and the countering of terrorist financing regulatory framework requiring credit institutions to have ever increasing anti-financial crime and anti-money laundering systems and controls;
- The adoption by the Maltese tax authorities of Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) under the Cooperation with other Jurisdictions on Tax Matters Regulations whereby Maltese credit institutions including the Issuer, became obliged to collect or review information on all their clients and, where required, to report same to the local tax authorities;
- The adoption by the Group of IFRS 9 on 1 January 2018 which resulted in changes in accounting policies relating to the classification and measurement and impairment of financial assets.

B.5 The Issuer is the parent company of the Group and is the sole direct shareholder of the Subsidiaries. The organisational chart for the companies forming part of the Group as at the date of the Prospectus is as set out below:



B.9 Not Applicable: no profit forecasts or estimates have been included in the Prospectus.

- B.10** Not Applicable: the audit reports on the Issuer's consolidated audited financial statements for the financial years ended 31 December 2017 and 31 December 2018 do not contain any qualification.
- B.12** The following table depicts key financial information extracted from the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018. The Issuer's audited consolidated annual financial statements are incorporated by reference in, and form part of, the Prospectus.

	As at 31 Dec 2018	As at 31 Dec 2017
Authorised share capital (ordinary shares of €1.00 each) ('000)	1,000,000	1,000,000
Ordinary shares in issue of €1.00 each ('000)	530,772	525,000
Total assets (€'000)	12,146,988	11,820,630
Total liabilities (€'000)	11,152,855	10,858,543
Total equity (€'000)	994,133	962,087
CET1 ratio	18.3%	16.1%
Total Capital Ratio	21.1%	19.4%

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated annual financial statements.

There were no significant changes in the financial position of the Issuer since the date of its last published audited consolidated annual financial statements.

- B.13** Not Applicable: The Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.
- B.14** Not Applicable: The Issuer is the parent company of the Group and is the sole direct shareholder of the Subsidiaries. The financial position of the Issuer is not dependent on the financial position of other entities within the Group.
- B.15** The Issuer is a commercial bank, operating, together with its Subsidiaries, predominantly in Malta. The Group offers banking, financial and investment services and connected activities within the domestic Maltese market. The principal activities of the Group comprise the following:
- The receipt and acceptance of customers' monies for deposit in current, savings and term accounts which may be denominated in Euro and other major currencies (deposit taking activities);
 - The provision of finance through loans and advances, trade finance facilities and other credit products to customers; and
 - The provision of investment services including stockbroking, advisory and discretionary portfolio management services.
- The Issuer, together with its Subsidiaries, also provides a number of other services including: (i) bancassurance; (ii) corporate advisory; (iii) fund management and discretionary management; and (iv) fund administration.
- B.16** To the extent known by the Issuer, direct or indirect control of the Issuer is not vested in any one single entity or person. As at the date of the Prospectus, the Issuer is not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Issuer.

The following shareholders hold in excess of 5% of the share capital of the Issuer having voting rights:

Government of Malta	25.0 %
UniCredit S.p.A.	10.2 %

- B.17** The Issuer is currently rated by Standard and Poor's ("**S&P**") & Fitch Ratings ("**Fitch**"). S&P and Fitch are two of the three big credit rating agencies and have been designated as nationally recognised statistical rating organisations (NRSRO) by the U.S. Securities & Exchange Commission.

The Issuer's long-term issuer default rating assigned by S&P is 'BBB' while the short-term rating is 'A-2' with a negative outlook. The Issuer's long-term issuer default rating as assigned by Fitch is 'BBB' whilst the short term rating is 'F2' with a stable outlook.

SECTION C SECURITIES

- C.1** The Issuer shall issue up to €50,000,000 unsecured subordinated Bonds having a nominal value of €100 per Bond, subject to a minimum holding of €25,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading, the Bonds will have the following ISIN: MT0000021353. The Bonds shall bear interest at the rate of 3.75% per annum and shall be repayable in full on maturity on 15 June 2031 unless previously re-purchased and cancelled, provided that the Issuer reserves the right to redeem all the Bonds on any of the Early Redemption Dates at their nominal value as the Issuer may determine by giving not less than 60 days' notice in writing to Bondholders.

- C.2** The Bonds are denominated in Euro (€).

- C.5** The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

- C.8** There are no special rights attached to the Bonds other than the right of the Bondholders to the repayment of capital and the payment of interest and in accordance with the below described ranking.

Ranking: The Bonds are debt obligations of the Issuer and constitute the Issuer's general, direct, unconditional, subordinated and unsecured obligations and shall at all times rank *pari passu*, without any priority or preference among themselves and with other subordinated obligations of the Issuer. Thus, the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer.

- C.9** The Bonds shall bear interest from and including 5 July 2019 (or such earlier date as may be determined by the Issuer in the event that the Offer Period closes earlier in case of over-subscription by Preferred Applicants) or 17 July 2019 (should the Intermediaries' Offer takes place) (the "**Interest Commencement Date**") at the rate of 3.75% per annum on the nominal value thereof, payable semi-annually in arrears on each Interest Payment Date. The first interest payment will be effected on 15 December 2019 on a pro rata basis, covering the period from the Interest Commencement Date to 14 December 2019, both days included. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 3.75%.

The remaining component of Element C.9 is Not Applicable, given that no representative of debt security holders has been appointed.

- C.10** Not Applicable: there is no derivative component in the interest payments on the Bonds.

- C.11** The Listing Authority has authorised the Bonds as admissible to listing pursuant to the Listing Rules by virtue of a letter dated 3 June 2019. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 12 July 2019 and trading is expected to commence on 15 July 2019 (however these dates may: i) be brought forward in the event that the Offer Period closes earlier in case of over-subscription by Preferred Applicants; or ii) be deferred to 24 July 2019 and 25 July 2019 respectively should the Intermediaries' Offer take place).

SECTION D RISKS

Holding of Bonds involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus, before deciding to acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may result in them losing a substantial part or all of their investment.

This document contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or its Directors. These forward-looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer’s Directors. No assurance is given that the future results or expectations will be achieved.

Prospective investors are advised to read the Prospectus in its entirety and, in particular, the sections entitled “Risk Factors” in the Registration Document and Securities Note, for an assessment of the factors that could affect the Issuer’s future performance.

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this Summary Note.

D.2 Key information on the key risks specific to the Issuer:

The Issuer is engaged in the business of banking and other financial services. The following are the key risks that may arise in the normal course of business, which risks may affect the Issuer’s ability to fulfil its obligations under the Bonds:

- i. **Credit Risk:** This risk relates to the possibility of the Issuer’s contractual counterparties not fulfilling their payment obligations with the Issuer.
- ii. **Liquidity Risk:** This risk refers to the possibility that the Issuer may find itself unable to meet its current and/or future, anticipated and/or unforeseen cash payments and delivery obligations without impairing its day-to-day operations or financial position. The activity of the Issuer is subject, in particular, to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk.
- iii. **Concentration Risk:** This risk arises due to a high level of exposure by the Bank to: (i) individual issuers or counterparties (single name concentration); (ii) a group of connected clients; (iii) industry sectors and geographical regions (sectoral concentration); (iv) a single currency; and/or (v) credit exposures secured by a single security. Due to concentration risk, the associated credit risks could be significantly greater than those where no such high levels of exposure or connections exist. Given the size and nature of the domestic financial sector and the local economy, the Bank is exposed to concentration risk in its credit business.
- iv. **Interest Rate Risk:** Fluctuations in interest rates may affect the Issuer’s net interest margin, but may also impact its results and profitability. Furthermore, the persistence of exceptionally low and negative interest rates for a further prolonged period may have an adverse impact on the Issuer’s financial performance and condition.
- v. **Operational Risk:** This refers to the risk of loss due to errors, infringements, interruptions and damages caused by failures or inadequacies in internal processes, personnel, systems, or due to external events.
- vi. **Information Technology Risk:** This refers to the risk of the occurrence of a partial or complete failure of any of the Bank’s information technology systems or communication networks, which may have a detrimental effect on the Issuer’s business and its ability to compete effectively.
- vii. **Cyber-security Risk:** This relates to the risk of cyber-attacks, data theft or other unauthorised use of data, error, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to the Group’s operating systems, including its I.T. systems and other technological arrangements.
- viii. **Systemic Risk:** This refers to the risk that a default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, or a governmental “bail out” of, or “bail in” of, one institution could lead to significant liquidity problems, including increases in the cost of liquidity,

losses or defaults by other institutions. Several factors could lead to enhanced systemic risk including contagion in financial markets, imbalances in financial systems, asymmetric information, or other events of a systemic nature. Such systemic risk could have a material adverse effect on the Issuer's ability to raise new wholesale funding, which could affect its business, financial condition, results of operations, liquidity and/or prospects.

- ix. Risk of downgrade in the Issuer's credit rating: This refers to the risk in downgrade in the current long-term and/or short-term credit ratings of the Issuer, which may have a negative impact on the financial position of the Bank, including its business, liquidity position, financial performance and condition.

D.3 Key information on the key risks that are specific to the Bonds

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, accounting, credit, legal and regulatory) professional advisers, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Prospectus:

- i. Orderly and Liquid Market: An orderly and liquid market for the Bonds depends, amongst others, on the presence of willing buyers and sellers of the Bonds. The Issuer cannot guarantee that such a liquid market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.
- ii. Unsecured and Subordinated status: The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness.
- iii. BRRD: The BRRD provides the Resolution Authorities established in terms thereof, with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank, so as to ensure the continuity of the bank's critical financial and economic functions, whilst minimising the impact of a bank's failure on the economy and financial system. The extent to which the Bonds may become subject to a bail-in in terms of the BRRD will depend on a number of factors, and it will be difficult to predict when, if at all, a bail-in will occur particularly since, as at the date of this Prospectus, none of the conditions set out in the BRRD which may give rise to a bail-in, subsist within the Issuer. In the event that the Issuer becomes subject to a bail-in, the principal amount of the Bonds including any accrued but unpaid interest may be: (i) partially or fully lost in the case of a write-down to absorb the Issuer's losses; or (ii) if a conversion takes place, their investment in the Bonds may be partially or fully converted into Tier 1 capital to recapitalise the Issuer.
- iv. Limited recourse: By purchasing the Bonds, the Bondholder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Bonds, including the non-payment of interest and principal. The only remedy available to the Bondholder in the event of a default by the Issuer shall be the petitioning for the winding up of the Issuer, which shall constitute an Acceleration Event.
- v. Specific Nature of the Bonds: In view that the Bonds shall be issued at a fixed interest rate, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect their market value.
- vi. Early Redemption: Given that the Issuer has the option to redeem the Bonds on any of the Early Redemption Dates, together with any unpaid interest until the time of redemption, such an optional redemption feature may have a negative impact on the market value of the Bonds.
- vii. Value of the Bonds: The value of the Bonds may increase or decrease and past performance is not necessarily indicative of future performance.
- viii. Suitability: The Bonds are complex financial instruments. An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser as to the suitability or otherwise of an investment in the Bonds before making an investment decision.
- ix. Minimum Application and Holding: The minimum application and holding of €25,000 with respect to the Bonds may affect the ability of Bondholders to sell the Bonds on the secondary market.
- x. Bondholder's currency of reference: A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the Bondholder's currency of reference, if different.

SECTION E OFFER

E.2b The proceeds from the Bond Issue amounting to a maximum of €50,000,000 will constitute an integral part of the Issuer's capital plan (aimed at further strengthening the Issuer's Tier 2 Capital requirements as required by European banking regulations), and will be used by the Issuer to meet part of its general financing requirements.

E.3 The Issuer shall allocate the Bonds on the basis of the following policy:

- i. A maximum aggregate amount of €50,000,000 in Bonds shall be available for subscription by Preferred Applicants in accordance with an allocation policy as determined by the Issuer (acting in its capacity as Registrar). The Issuer may, in determining the aforesaid allocation policy, give preference to Senior Bondholders and Subordinated Bondholders.

In the event that Applications from Preferred Applicants exceed the amount available for subscription, the Issuer (acting in its capacity as Registrar) shall scale down Applications (subject to a minimum allocation of €25,000 per Application) in accordance with its allocation policy and the subscription monies of any unsatisfied Applications, or part thereof, shall be returned by direct credit transfer to the account number indicated on the respective Application Form within five Business Days from the announcement of basis of acceptance.

In view of the fact that Bondholders need to have a minimum holding of €25,000 in the Bonds, the Issuer may, in allocating the Bonds, resort to a ballot. Pursuant to such ballot, Applicants are not guaranteed that they will be allocated any Bonds.

- ii. Any balance of Bonds not subscribed for by Preferred Applicants shall be made available for subscription by Authorised Financial Intermediaries who would have submitted a subscription agreement.

In the event that the subscription agreements received exceed the amount available for subscription in terms of this point (ii), the Issuer (acting in its capacity as Registrar) shall scale down each subscription agreement in accordance with its allocation policy and the subscription monies of any unsatisfied subscription agreements or part thereof shall be returned by direct credit transfer to the respective Authorised Financial Intermediary to the account number indicated on the respective subscription agreement by latest 8 July 2019.

The Issuer shall announce the result of the Bond Issue through a company announcement by 5 July 2019, however this date may: i) be brought forward in the event that the Offer Period closes earlier in case of over-subscription by Preferred Applicants; or ii) be deferred to 17 July 2019 should the Intermediaries' Offer take place.

The following is a summary of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the annexes thereto.

1. Registration, Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupon certificates, with a nominal value of €100 provided that on subscription the Bonds will be issued for a minimum of €25,000 per individual Bondholder (and in multiples of €1,000 thereafter). Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €25,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in the Securities Note.

2. Interest

Details of interest payable on the Bonds is provided in Element C.9 of this Summary Note.

3. Status of the Bonds

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other subordinated debt. Thus the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future.

4. Payments

Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Redemption Date or the Early Redemption Date (as the case may be), with interest accrued up to the Redemption Date or the Early Redemption Date (as the case may be), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date or the Early Redemption Date (as the case may be). Payment of interest on the Bonds will be made to the person in whose name such Bonds are registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

5. Redemption or Early Redemption

Unless previously repurchased and cancelled, the Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 15 June 2031, provided that the Issuer reserves the right to redeem all the Bonds on any one of the Early Redemption Dates. The Issuer shall give at least 60 days' notice in writing to all Bondholders of its intention to effect such early redemption.

6. Acceleration Event

The Bonds shall immediately fall due and payable at the Redemption Value, together with interest accrued up to the date of repayment, if any, in the event that an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer (an "**Acceleration Event**"). Upon the occurrence of such an Acceleration Event, all rights available to the Bondholders shall rank after all other unsubordinated and unsecured obligations of the Issuer.

In the event that the Issuer becomes subject to a bail-in, this shall not constitute an Acceleration Event.

7. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time, subject to the retention of a minimum holding of €25,000 by each individual holder of the Bonds, which shall be maintained at all times throughout such Bondholder's investment in the Bonds. If the Bonds are held by financial intermediaries on behalf of their underlying clients under one or more nominee accounts, the minimum holding of €25,000 shall apply to each underlying client. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

8. Register of Bondholders

Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers, registration numbers, Legal Entity Identifiers ("**LEI**") (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of Bondholders held at the CSD for the purpose of inspecting information held on their respective account.

9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series or upon such terms as the Issuer may determine at the time of their issue.

10. Meetings of Bondholders

The Terms and Conditions of the Bonds may be amended or waived with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. Governing Law and Jurisdiction

The Bonds shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

- E.4** Save for the Sponsors' entitlement to fees payable in connection with the Bond Issue, and their involvement in the Bond Issue as Authorised Financial Intermediaries, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.
- E.7** Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000. There is no particular order of priority with respect to such expenses.

TIME-TABLE

		Scenario A: Intermediaries' Offer does not take place	Scenario B: Intermediaries' Offer takes place*
1	Application Forms available to Preferred Applicants	17 June 2019	N/A
2	Closing date for Applications to be received from Preferred Applicants	28 June 2019	N/A
3	Intermediaries' Offer*	N/A	5 July 2019
4	Announcement of basis of acceptance	5 July 2019	17 July 2019
5	Commencement of interest	5 July 2019	17 July 2019
6	Dispatch of allotment advices and refunds (if any)	12 July 2019	24 July 2019
7	Issue Date	12 July 2019	24 July 2019
8	Expected date of admission of the Bonds to listing	12 July 2019	24 July 2019
9	Expected date of commencement of trading in the Bonds	15 July 2019	25 July 2019

The Issuer reserves the right to close the period for Applications to be received from Preferred Applicants before 28 June 2019 in the event of over-subscription by Preferred Applicants, in which case the remaining events set out above in 'Scenario A' will be brought forward and will take place in the same chronological order as set out above.

**Intermediaries' Offer will only take place in the event that the total value of Applications received from Preferred Applicants does not exceed €50,000,000.*

**Registration Document
dated 3 June 2019**

This Registration Document is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended (the “**Prospectus Regulation**”).

BANK OF VALLETTA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 2833

ISIN: MT0000021353

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN SECURITIES ISSUED BY THE BANK.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

Joint Sponsors

**CURMI &
PARTNERS**

**Jesmond
Mizzi**
FINANCIAL ADVISORS

Manager & Registrar

BOV
Bank of Valletta

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION IN RELATION TO THE ISSUER AND ITS BUSINESS, AND IS DRAWN UP IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE PROSPECTUS REGULATION.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE BANK OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE BANK OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO THEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO ACQUIRE SECURITIES ISSUED BY THE BANK TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACQUIRING AND HOLDING SECURITIES ISSUED BY THE BANK AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE, OR DOMICILE.

SECURITIES ISSUED PURSUANT TO THIS PROSPECTUS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “U.S.”), OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT). FURTHERMORE, THE BANK WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (II) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES PURSUANT THERETO MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THE CONTENTS OF THE BANK’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE BANK’S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY SECURITIES ISSUED BY THE BANK.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE BANK IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS INVESTORS IN RELATION TO THE PROSPECTUS. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

THE VALUE OF INVESTMENTS CAN RISE AS WELL AS FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. INVESTORS MAY LOSE ALL OR PART OF THEIR CAPITAL INVESTED BY INVESTING IN ANY SECURITIES ISSUED BY THE BANK. PROSPECTIVE INVESTORS SEEKING TO INVEST IN THE SAID SECURITIES, ARE URGED TO CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISER LICENCED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA) PRIOR TO MAKING AN INVESTMENT DECISION.

STATEMENTS MADE IN THIS DOCUMENT ARE, EXCEPT WHERE AND AS STATED OTHERWISE, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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1. DEFINITIONS

In this Registration Document, the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
Articles of Association	the articles of association of the Issuer;
Associated Companies	each of MAPFRE Middlesea p.l.c. (C 5553) and MAPFRE MSV Life p.l.c. (C 15722);
Bank or Issuer	Bank of Valletta p.l.c., a credit institution licenced by the MFSA and registered as a public limited liability company under the laws of Malta with company registration number C 2833 and with registered address at 58, Zachary Street, Valletta VLT 1130, Malta;
Banking Act	the Banking Act (Cap. 371 of the laws of Malta);
Board or Board of Directors or Directors	the board of directors of the Issuer whose names are set out in section 10.1 of this Registration Document under the heading “ <i>The Board of Directors</i> ”;
BOV Asset Management Limited or BOVAM	BOV Asset Management Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 18603 and with registered address at 58, Zachary Street, Valletta VLT 1130, Malta;
BOV Fund Services Limited or BOVFS	BOV Fund Services Limited, a private limited liability company registered under the laws of Malta bearing company registration number C 39623 and with registered address at 58, Zachary Street, Valletta VLT 1130, Malta;
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council;
Central Bank of Malta or CBM	the Central Bank of Malta established by the Central Bank of Malta Act (Cap. 204 of the laws of Malta);
CRD IV	Directive 2013/36/EU of the European Parliament and Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as may be amended from time to time;
CRR	Regulation (EU) No 575/2013 of the European Parliament and Council of 26 June 2013 relating to prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as may be amended from time to time;

ECB	the European Central Bank;
EU	the European Union;
EU Member States	the member states of the EU;
Euro or €	the lawful currency of the Republic of Malta and of the Eurozone;
External Auditors or Statutory Auditors	the external auditors of the Issuer, details of which are set out in section 4.1 of this Registration Document;
GDPR	Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data;
Group	the Issuer and its Subsidiaries;
IFRS or IAS or International Accounting Standards	all the International Financial Reporting Standards, all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union;
Investment Services Act or ISA	the Investment Services Act (Cap. 370 of the laws of Malta);
Listing Authority	the Board of Governors of the MFSA, appointed as 'Listing Authority' for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Listing Rules	the listing rules issued by the Listing Authority, as may be amended and/or supplemented from time to time;
Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles	the memorandum and articles of association of the Issuer;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
Prospectus	collectively, this Registration Document, the Securities Note and the Summary Note, as such documents may be amended, updated, replaced and/or supplemented from time to time;
Registration Document	this document in its entirety;
Registrar of Companies	the person appointed as registrar of companies in accordance with the provisions of the Act;

Regulatory Authorities	collectively, the MFSA and the ECB;
Securities Note	the securities note dated 3 June 2019, forming part of the Prospectus;
Senior Management	the management board of the Issuer, details of which appear in section 10.5 of the Registration Document;
Subsidiaries	each of BOVAM and BOVFS; and
Summary Note	the summary note dated 3 June 2019, forming part of the Prospectus.

2. GLOSSARY

The following technical terms are used in this document as a means of explaining *inter alia* the regulatory framework within which the Issuer operates. The terms are explained in this glossary to facilitate the reading and understanding of this document.

Banking Union	the banking union in the EU which was initiated in 2012 as a response to the Eurozone crisis and which entails the transfer of responsibility for banking policy from the national to the EU level in several countries of the EU for the purpose of ensuring that EU banks are stronger and better supervised;
Basel II	the international agreement on capital requirements for banks in relation to the risks that they assume. This agreement has been assimilated, at national level, by the respective supervisory authorities, including, for the Republic of Malta, the MFSA;
Basel III	the international agreement modifying Basel II adopted in December 2010, containing amendments to the prudential regulations on bank capital and liquidity, with the new prudential requirements gradually coming into force from 1 January 2014 until 31 December 2019;
Common Equity Tier 1 or CET1 or Tier 1	the primary component of capital under Basel III rules, consisting principally of paid-up ordinary share capital, related premium reserves, profit for the period, reserves, shareholders' equity attributable to minority interests (which can be included within limits set by the rules) and such other components as may be detailed in the CRR from time to time, as the same may be amended and/or updated;
Core Banking Transformation Programme or Core Banking System or CBT	the replacement of the Issuer's core IT system and the simultaneous upgrade of other key systems used by the Issuer. The IT implementation is being complemented by a thorough review of business processes with the aim of improving efficiency in customer service;
EBA	the European Banking Authority established by Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010;
FinTech	technology-enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on the provision of financial services;
IMF	the International Monetary Fund;
Oracle	Oracle Hellas Distribution of Software and Information Systems SMLLC;
RegTech	any range of applications of FinTech for regulatory and compliance requirements and reporting by regulated financial institutions, as well as any firms which offer such applications;
SEPA	the Single Euro Payments Area;

SREP	the Supervisory Review and Evaluation Process governed by the CRD IV to which banks are subject, with an annual frequency, conducted by the Regulatory Authorities;
Tier 2 Capital	Tier 2 capital constitutes supplementary capital under the Basel III rules and primarily consists of capital instruments and subordinated loans where certain conditions are met and share premium accounts related to capital instruments (which can be included within limits set by the rules) and such other components as may be detailed in the CRR from time to time, as the same may be amended and/or updated; and
UCITS	undertakings for collective investment in transferable securities established in terms of the UCITS Directive (Directive 2009/65/EC), as amended.

3. PERSONS RESPONSIBLE

3.1 PERSONS RESPONSIBLE FOR INFORMATION

The Issuer and its Directors, whose names are set out in section 10.1 of this Registration Document, accept responsibility for the completeness of the data and information contained in the Prospectus.

3.2 DECLARATION OF RESPONSIBILITY

The Directors hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. The Directors and the Issuer accept responsibility accordingly.

4. STATUTORY AUDITORS AND ADVISERS

4.1 STATUTORY AUDITORS OF THE ISSUER

The Bank appointed KPMG of Portico Building, Marina Street, Pieta' PTA 9044, Malta, jointly with KPMG LLP, of 15 Canada Square, Canary Wharf, London E14 5GL, United Kingdom, as the Statutory Auditors of the Issuer by virtue of a shareholders' resolution at the annual general meeting of the Issuer on the 17 December 2014, and their re-appointment has ever since been approved during subsequent annual general meetings. KPMG is registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). KPMG LLP is a limited liability partnership incorporated in England and is a member of the Institute of Chartered Accountants in England and Wales.

The consolidated financial statements of the Issuer as at 31 December 2017 and 31 December 2018 (incorporated by reference herein pursuant to section 15 of this Registration Document) have been audited by the Statutory Auditors. There were no adverse opinions on the part of the Statutory Auditors with respect thereto.

4.2 ADVISERS

LEGAL COUNSEL

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta.

JOINT SPONSORS

Name:	Curmi & Partners Ltd.
Address:	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta.

Name:	Jesmond Mizzi Financial Advisors Ltd.
Address:	67, Level 3, South Street, Valletta VLT 1105, Malta.

MANAGER & REGISTRAR

Name:	Bank of Valletta p.l.c.
Address:	58, Zachary Street, Valletta VLT 1130, Malta.

5. RISK FACTORS

5.1 GENERAL

PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO ANY OF THE LISTED FINANCIAL INSTRUMENTS THAT WILL BE OFFERED BY THE ISSUER PURSUANT TO THIS REGISTRATION DOCUMENT. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE BANK'S FINANCIAL RESULTS, FINANCIAL CONDITION AND TRADING PROSPECTS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE BANK FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE BANK.

THIS REGISTRATION DOCUMENT IS NOT INTENDED TO CONSTITUTE, AND SHOULD NOT BE CONSTRUED AS CONSTITUTING, A RECOMMENDATION BY THE ISSUER, THE ADVISERS LISTED IN SECTION 4.2 OR ANY AUTHORISED FINANCIAL INTERMEDIARY TO PURCHASE ANY OF THE LISTED FINANCIAL INSTRUMENTS THAT WILL BE OFFERED BY THE ISSUER PURSUANT TO THIS REGISTRATION DOCUMENT. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER PARTS OF THE PROSPECTUS. THE RISK FACTOR DESCRIPTIONS GIVEN BELOW SHOULD BE READ IN CONJUNCTION WITH THE OTHER INFORMATION CONTAINED IN THIS REGISTRATION DOCUMENT, INCLUDING THE DOCUMENTS AND INFORMATION REFERRED TO HEREIN, AS WELL AS THE INFORMATION AND OTHER RISK FACTORS DESCRIBED IN THE SECURITIES NOTE RELATING TO THE LISTED FINANCIAL INSTRUMENTS THAT THE ISSUER MAY OFFER PURSUANT TO THIS REGISTRATION DOCUMENT.

FORWARD-LOOKING STATEMENTS

The Prospectus and the documents incorporated therein by reference include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Bank and/or the Directors concerning, amongst other things, capital requirements, results of operations, financial condition, liquidity, prospects and the market in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual results of operations, financial condition and liquidity may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and liquidity of the Bank are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions, legislative and regulatory developments, changes in fiscal regimes and the availability of suitable financing.

Potential investors are advised to read the Prospectus in its entirety, and, in particular, all the risk factors set out in this Prospectus, for a description of the factors that could affect and/or vary the Bank's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are based on information

available as at the date of the Prospectus. Subject to applicable legal and regulatory obligations, the Bank and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

5.2 RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

5.2.1 Risks relating to the economy and general business conditions

The Group may be negatively impacted by a deterioration in the economic and general business climate, both at a global and domestic level. The Maltese economy has been performing well in recent years, characterised by healthy economic growth and low unemployment levels. Any deterioration in the economy could adversely affect the financial performance and financial condition of the Group. Challenging economic conditions could reduce demand for products and services, increase expenses, lower disposable income of customers and their profitability, increase impairments and negatively impact collateral value (in particular property assets).

Whilst the Group operates primarily in the Maltese market, the Group's operations may also be affected by conditions in the global economy. For instance, a significant economic downturn may affect the Group's financial performance and financial condition, both directly and indirectly (by impacting the Group's customers). Additionally, changes in the overall business climate, economic growth, international trade, consumer and business spending, inflation, unemployment and other factors, may adversely affect the Group's overall performance and results.

5.2.2 Exposure to credit risk

Risks arising from adverse changes in the credit quality and recoverability of loans, securities and amounts due from counterparties are inherent in the Issuer's business. The financial and capital strength of the Issuer, and its profitability, depend on the creditworthiness of its customers, among other things. Credit risk is, therefore, an important factor in assessing the financial condition and performance of the Issuer.

Credit risk involves the possibility that the Issuer's contractual counterparties may not fulfil their payment obligations as a result of various factors, including the borrower's loss of capacity to service and repay debt (due to, for instance, a lack of liquidity or insolvency) and/or the emergence of circumstances not specifically related to the economic/financial conditions of the debtor but to the general economic environment in which the debtor operates.

Credit risk may also arise as the Issuer may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions. In addition, in carrying out its credit activities, the Issuer is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down of the credit granted, or require provisions for impairment.

Other banking activities, besides the traditional lending and deposit activities, can also expose the Issuer to credit risks. Non-traditional credit risk can, for example, arise from the Issuer: (i) entering into derivative contracts; (ii) buying and selling securities and/or currencies; or (iii) custody of third-party securities. The counterparties of said transactions, or the issuers of securities held by the Issuer (as the case may be), could fail to comply with their payment obligations due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons, all or any of which could negatively impact the Bank.

5.2.3 Counterparty credit risk on derivatives

Counterparty risk is a form of credit risk that emanates from the risk that a counterparty may fail to perform its obligations. The Bank is exposed to the risk that counterparties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. The Bank is, in particular, exposed to counterparty credit risk arising from over-the-counter ("OTC") derivative transactions. This risk, which is increased by volatility in the financial markets, may arise if counterparties to derivative transactions entered into by the Issuer default before settling their obligations under the respective transaction. Said risk may also arise when netting agreements and collateral arrangements are in place, if such arrangements/agreements are (or become) unenforceable, or, if collateral provided in favour of the Issuer may not be realised or liquidated at a value that is sufficient to cover the exposure under the relevant derivative contract/s.

5.2.4 Risks associated with capital adequacy

The Issuer is required to adhere to capital adequacy regulations which necessitate that it maintains appropriate capital resources both in terms of quantity and quality. Given that the Issuer has been assessed as an Other Systemically Important Institution (“O-SII”) by European banking authorities, it must fulfil supplementary requirements concerning the amount of CET1 capital it must hold as a buffer. In addition, as a result of the SREP to which the Issuer is subject to once a year, the Regulatory Authorities may impose further requirements as to capital.

Non-compliance with applicable capital requirements may have a significant impact on the Bank’s operations and future sustainability. In particular, a perceived or actual shortage of capital held by the Issuer could result in actions by Regulatory Authorities, including public censure and/or the imposition of sanctions. This may also affect the Issuer’s capacity to access funding, continue its business operations, generate a sufficient return on capital, pay variable remuneration to staff, pay future dividends or pursue strategic opportunities, any or all of which could affect future growth potential.

5.2.5 Liquidity risk

Liquidity risk refers to the possibility that the Issuer may find itself unable to meet its current and/or future, anticipated and/or unforeseen cash payments and delivery obligations without impairing its day-to-day operations or financial position. The activity of the Issuer is subject, in particular, to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk.

(i) Funding liquidity risk

Funding liquidity risk refers to the risk that the Issuer may not be able to meet its payment obligations, including financing commitments, when due. The availability of liquidity needed to carry out the Issuer’s various activities and its ability to access long-term funding are essential for the Issuer to be able to meet its anticipated and/or unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations or financial position. If, for some reason, the Bank is unable to access the necessary liquidity to conduct its operations and/or meet its obligations, this could negatively impact the Bank’s financial condition and performance.

(ii) Market liquidity risk

Economic and market conditions, or unforeseen risks which the Issuer might be faced with, could curtail the Issuer’s access to deposits and other forms of funding. Given that a significant portion of the Issuer’s financing is derived from local customer deposits, a decrease in customer confidence could limit the Issuer’s capacity to access retail funds. In addition, a decrease in confidence could limit the Issuer’s capacity to access funds through the issuance of financial instruments.

Furthermore, sudden changes in market conditions (in particular, interest rates and creditworthiness) can have significant effects on the time necessary for the Bank to sell securities, including high-quality assets (such as government securities) without incurring losses. The consequences of a possible downgrade of issuers of securities in which the Issuer is invested could also make it difficult to guarantee that such financial instruments can be easily liquidated under favourable economic terms.

If the Issuer faces liquidity problems due to any one or more of the factors set out above, this could impact its ability to meet regulatory requirements, and could also have negative effects on the operating results and/or on the financial position of the Issuer and/or of the Group.

(iii) Mismatch risk

Mismatch risk arises from differences in the amounts or maturities of incoming and outgoing cash flows, and could impact, amongst others, the ability of the Issuer to meet its liabilities as they fall due. Should such risk materialise, this could have a negative impact on the Bank.

(iv) Contingency risk

The Issuer must also manage the risk that (potentially unexpected) future requirements (for instance, use of credit lines and/or withdrawal of deposits) may use a greater amount of liquidity than may have been anticipated as being necessary for day-to-day activities. This may also have a negative impact on the Bank.

5.2.6 Market risk

The Bank may face a number of market risks in the normal course of its business. Market risk refers to the adverse impact of movements in market prices or rates such as interest rates, credit spreads and foreign exchange rates. Market risk stems from all the positions included in Banks' investment portfolios, commodity and foreign exchange positions, interest income and the market value of assets and liabilities.

In the event that market risks were to occur, the Issuer may experience significant losses in the value of its investment portfolio, declines in the level of interest income, and negative movements in the fair values of its assets and liabilities which would consequently have a significant adverse impact on the operations and financial performance of the Bank. The following are the principal identifiable market risks:

(i) Interest rate risk

Fluctuations in interest rates are influenced by factors outside the Issuer's control (such as the fiscal and monetary policies of governments and central banks and political and economic conditions in the countries in which it operates) and can affect the interest rate margin. The Issuer is exposed to interest rate risk in its banking book arising from the mismatch between interest sensitive assets and liabilities held in the banking book.

Changes in interest rates, including the level thereof and the shape of the yield curve, affect the sensitivity of earnings in the short term by changing the Issuer's net interest income and the level of other interest sensitive income and expenses.

Furthermore, interest rate risk arises from the different re-pricing characteristics of the Bank's interest-sensitive assets and liabilities. Variations in interest rates also affect the present value and timings of future cash flows. This, in turn, changes the underlying value of the Bank's assets, liabilities and off-balance sheet items. For this reason, movements in interest rates not only have an effect on the net interest margin, but may also impact the Issuer's results and profitability.

Additionally, the persistence of exceptionally low and negative interest rates for a further prolonged period could have an adverse impact on the Bank's financial performance and condition and is much more pronounced for banks with high reliance on deposit funding compared to other banks.

(ii) Foreign Exchange risk

The Issuer conducts the principal part of its business in Euro, however, it performs some of its activities in other currencies. In light of this, the Issuer may be impacted by foreign exchange risk, which is the risk of adverse movements in the monetary value of assets and liabilities, and additionally of income and expenses, from the fluctuation of exchange rates in relation to the Euro, as the Issuer's base currency.

5.2.7 Concentration Risk

Concentration risk arises due to a high level of exposure by the Bank to: (i) individual issuers or counterparties (single name concentration); (ii) a group of connected clients; (iii) industry sectors and geographical regions (sectoral concentration); (iv) a single currency; and/or (v) credit exposures secured by a single security. Due to concentration risk, the associated credit risks could be significantly greater than those where no such high levels of exposure or connections exist. Given the size and nature of the domestic financial sector and the local economy, the Bank is exposed to concentration risk in its credit business.

The Bank's investment portfolio may also be exposed to concentration risk derived from excessive reliance on the same country, counterparty, sector or currency.

In addition, the deposit base of the Issuer primarily consists of customers located in Malta and other EU countries, and, as a result, the Issuer is highly exposed to any economic trends affecting Malta specifically and the EU generally, which, if negative, may have an adverse effect on the Issuer, its business and results of operations and financial condition.

Any major downturn in economic activity in markets where the Bank is exposed to concentration risk could have a significant adverse impact on the financial performance and financial condition of the Bank.

5.2.8 Operational Risk

Operational risk is the risk of loss due to errors, infringements, interruptions and damages caused by failures or inadequacies in internal processes, personnel, systems, or due to external events.

The Bank's exposure to such operational risk and consequent losses can result from a wide range of factors, including, amongst others, fraud, errors by employees, inadequate employment practices and workplace safety measures, client claims, failure of the Issuer's systems or internal controls, failure to document transactions properly, failure to obtain proper internal authorisations, failure to comply with increasingly complex regulatory requirements and conduct of business rules, systems and equipment failures, failure to protect the Bank's operations from increasingly sophisticated cyber-crime, loss or corruption of customer data or other sensitive information, damage to the Bank's physical assets, natural disasters or the failure of external systems (for example, those of the Issuer's counterparties or vendors).

Any losses arising from the above failures could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects and could materially adversely affect its reputation.

5.2.9 Risks relating to Information Technology

The Issuer depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Issuer's business and operating data. The proper functioning of the Issuer's core client banking system, risk management tools, credit analysis and reporting, accounting, customer service and other information technology systems, as well as the communication networks between its branches and main data processing centres, are critical to the Issuer's business and ability to compete effectively. The Issuer's business activities would be materially disrupted if there were a partial or complete failure of any of these information technology systems or communication networks.

Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Issuer's control including natural disasters, extended power outages and cyber-security issues, ranging from computer viruses to third-party hackers (please refer to section 5.2.10 "*Cyber-security risk*" hereunder). The proper functioning of the Issuer's information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. In addition, given the Issuer's high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Furthermore, any failure or delay in recording or processing the Issuer's transaction data could subject the Issuer to claims for losses and regulatory fines and penalties.

5.2.10 Cyber-security risk

The activities of the Group are reliant on the continuous and proper functioning of its operating systems, including its I.T. systems and other technological arrangements. The Group is susceptible to a variety of risks relating to the continuous and proper functioning of these systems, including, but not limited to, the risks of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised use of data, errors, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to their systems.

In addition, to the extent that the Group is reliant upon technologies and operating systems (including I.T. systems and other technological arrangements) developed by third parties for the efficient running of its business, it will be exposed to the risk of failures, errors or other interruptions in such systems. There can be no assurance that the maintenance and service level agreements and disaster recovery plans intended to ensure continuity and stability of these systems will prove effective in ensuring that the service or systems will not be disrupted.

If any such risks were to materialise this could adversely affect the Group's financial performance and financial condition.

5.2.11 Internet failure

As the operations of the Group utilise and may be intrinsically dependent on the internet, their activities may become subject to an internet failure, disruption or other interruption. Such event may arise as a result of various factors that may be out of the control of the Group as a result of and without limitation to, natural disasters, electricity outages and/or technical malfunctions which could be malicious, due to negligence or *force majeure*. If such failure, disruption or other interruption, even temporary, were to occur, the activities of the Group could be interrupted for the period of time for which such event subsists, which lack of access could adversely affect the Group's financial performance and financial condition.

5.2.12 Information security risk

Information security risk refers to the risk of loss caused by deliberate or accidental loss, alteration, falsification or leakage of information, or by destruction, disruption, errors or misuse of information systems. Loss or leakage of confidential information could have a material adverse effect on the operations and performance of the Issuer.

5.2.13 Reputational Risk

Reputational risk is the current or future risk of a loss or decline in profits as a result of a negative perception of the Issuer's image by relevant stakeholders (including but not limited to shareholders, directors, employees, customers, counterparties and investors). Negative publicity may arise from a number of activities, including but not limited to:

- Breach of or facing allegations of having breached legal and regulatory requirements such as money laundering, anti-terrorism financing and capital adequacy requirements;
- Acting or facing allegations of having acted unethically;
- Failing to address potential conflicts of interest;
- Technology failures;
- Poor company performance;
- Failing to maintain appropriate standards of customer privacy, customer service and record keeping;
- Competition in the banking industry;
- Claims relating to the Bank's investment services business and/or other business lines; and/or
- Negative reporting on the Issuer by the media, including social media.

The Issuer believes that if any one or more of these risks were to occur, relevant stakeholders may become unwilling to do business with the Issuer, thereby potentially resulting in a material adverse effect on the operations and performance of the Issuer.

5.2.14 Business risk

Business risk is defined as a measurement of the unanticipated unfavourable variance between actual profit margins of the Issuer and those forecasted. Business risk may originate from a significant deterioration in market conditions, unpredictable customer preferences and behaviour, and changes in the applicable regulatory framework. If any one or more of these risks were to materialise, this could lead to serious losses and may impact the Issuer's capital, financial performance and financial condition.

5.2.15 Risks related to the competitive nature of the banking industry

The financial services industry, both in Malta and globally, is a competitive one. Competitive pressures could increase due to general developments in the market, regulatory changes, shifts in customer demand, shifts in competitors' strategies, technological enhancements, and other factors that are beyond the Bank's control.

If the Bank is not able to respond adequately to any increases or changes in competitive pressures, for example by introducing innovative products and services, it may not succeed in developing its business or may lose market share. In turn, this could have a negative impact on the Bank's financial performance and condition.

5.2.16 Strategic risk

Strategic risk is the risk of suffering potential losses due to, amongst others, radical changes in the business environment or a lack of responsiveness to changes in the business environment, and/or improper implementation of strategic decisions. This may have a negative impact on the Bank's risk profile, and, consequently, on its capital positioning, profitability, earnings, as well as its overall strategic direction in the long-run.

5.2.17 Risks associated with the implementation of risk management policies

The Bank has in place a number of processes and structures that have the objective of developing and implementing risk management policies, procedures and controls, in order to monitor the risks inherent in the nature of its activities. Unanticipated, unforeseeable, or unidentified risks, by their nature, may not be considered within the Bank's risk management policies and processes. Additionally, some of the methods used to monitor and manage risks may involve certain assumptions, observations of past conditions and/or statistical models, which may be inadequate for the management of certain risks. This could result in losses.

5.2.18 Risks connected with legal proceedings in progress and supervisory authority measures

As at the date of this Registration Document, the Bank and the Subsidiaries are defendants in several legal proceedings. Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the Group may not lawfully know about or communicate.

The Group is also required to deal appropriately with various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, client assets, competition law, privacy and information security rules, amongst others. Actual or alleged failure to do so may lead to additional litigation and investigations and subject the Group to claims for damages, regulatory fines, other penalties and/or reputational damages, any or all of which may have a negative impact on the Group.

5.2.19 Risks associated with the evaluation methods of the Issuer's assets and liabilities

In conformity with the framework dictated by International Accounting Standards, the Issuer should formulate evaluations, estimates and policies regarding the amounts of assets, liabilities, costs and revenues reported in the financial statements (as well as information relating to contingent assets and liabilities). The evaluations, estimates and related policies are based on past experience and other factors considered reasonable in the specific circumstances and are adopted to assess the assets and liabilities whose book value cannot easily be deduced from other sources.

The application of IAS by the Issuer reflects its interpretation and decisions made with regard to said standards, which may be applied or interpreted differently by other relevant stakeholders.

Any of the foregoing could give rise to risks to the Issuer, which could affect its financial position and financial performance, including in particular a write-down of its assets.

5.2.20 Systemic risk

The Bank may be negatively affected by "systemic" risk, which is the risk that a default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, or a governmental "bail out" of, or "bail in" of, one institution could lead to significant liquidity problems, including increases in the cost of liquidity, losses or defaults by other institutions. Several factors could lead to enhanced systemic risk including contagion in financial markets, imbalances in financial systems, asymmetric information, or other events of a systemic nature. Such systemic risk could have a material adverse effect on the Issuer's ability to raise new wholesale funding, which could affect its business, financial condition, results of operations, liquidity and/or prospects.

5.2.21 Risks arising from the Issuer's Custody Business

The Issuer acts as custodian to a number of professional investor funds ("PIFs"), UCITS funds and alternative investment funds ("AIFs") (collectively "CISs"). As custodian, the Issuer provides safekeeping services to CISs and also performs monitoring and oversight functions in respect of such CISs, amongst other services. The Issuer has global custody network access by means of a custody agreement entered into with RBC Investor Services Trust, London Branch (the UK branch of a trust company incorporated under the laws of Canada), further to which the Issuer delegates certain of its safekeeping functions.

When acting as custodian of UCITS, AIFs and PIFs marketed to experienced investors, the Issuer is (broadly) in terms of applicable regulation: (a) liable for loss of financial instruments held in custody (unless it can prove that the loss arose as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary); and (b) is also liable for all other losses suffered by such investment funds and unit holders therein as a result of the Issuer's negligent or intentional failure to properly fulfil its obligations pursuant to applicable law. The liability of the Issuer is not affected by any delegation of services. Investors should note that unit holders in UCITS funds, AIFs and PIFs targeting experienced investors may invoke liability of the Issuer, as custodian, directly or indirectly, through the management company or the fund.

When acting as custodian of PIFs marketed to qualifying and extraordinary investors, the Issuer is, in terms of applicable regulation (broadly) liable for any loss or prejudice suffered by the PIF or the unit holders due to the Issuer's fraud, wilful default or negligence including the unjustifiable failure to perform in whole or in part the custodian's obligations arising pursuant to applicable law and the relevant custody agreement in place. With respect to PIFs marketed to qualifying and extraordinary investors, the Issuer's liability is similarly not affected by delegation of safekeeping functions, however it may (in certain instances) be varied or reduced with the written consent of the PIF or the manager acting on behalf thereof.

In providing custody services, liability of the Issuer (as described above) could materialise due to, amongst others, the loss of financial instruments held in custody (including due to fraud and possible failures of the Issuer in segregating assets of the CISs), negligence of the Issuer in performing its custody functions, failures in clearing and settlement systems and/or the insolvency, negligence or fraudulent conduct of the Issuer's sub-custodian (or delegates thereof). In the event that such liability arises, this could impact the financial performance of the Issuer.

The Issuer has decided to wind down its custody business. However, until such time as the custody business is wound down, and, possibly even thereafter, the Issuer may still be exposed to the risks mentioned above.

5.2.22 Risks arising from the Issuer's Trusts Business

The Bank's trust unit was established in 2005, when the Bank was granted authorisation by the MFSA to offer trustee services in terms of the Trusts and Trustees Act (Cap. 331 of the laws of Malta).

It is inherent in the creation of a trust that ownership of assets passes from the existing owner (settlor) to the trustee which effectively means complete transfer of control of the trust assets to the trustee. In addition, the setting up of discretionary trusts implies that the trustee has discretion on what to distribute to beneficiaries. Also, setting up and maintaining a trust involves certain costs. In addition, in very limited scenarios, the income which is generated by the asset under trust may suffer a higher rate of tax than if the income remained in the hands of the settlor.

The Issuer has decided to wind down its trust business. However, until such time as the trust business is wound down and, possibly even thereafter, liability of the Issuer could materialise in respect of the Bank's trust business due to (amongst others), negligence of the Issuer in the performance of its functions, loss of assets settled on trust and any breaches of the Issuer's contractual obligations. In the event that such liability arises, this could impact the financial performance of the Issuer.

5.2.23 Risks arising from the Bank's International Corporate Centre

The Issuer's international corporate centre ("ICC") houses a large number of deposit accounts held by the Issuer's international corporate clients.

International corporate clients present a higher degree of risk than is normally associated with local clients. This is particularly pronounced in the level of information required in order for the Issuer to comply with know-your-customer and other due diligence requirements which may be very cumbersome when international corporate clients are comprised of complex corporate structures. In such instances, the identification of the ultimate beneficial owners and/or the sources of funds and wealth may be difficult to determine.

Such situations present serious legal, regulatory and reputational risks for the Issuer and potential financial risks due to the fact that the Issuer may not be able to detect money laundering and terrorist financing in respect of its international clients.

5.2.24 Risks connected with the collection, processing and storage of personal data

Whenever personal data is collected, processed and stored by the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and subsidiary legislation issued thereunder (the "DPA") and the GDPR.

The Group is subject to a number of obligations concerning the processing of personal data, including but not limited to ensuring that: (i) personal data is processed fairly, lawfully and in a transparent manner; (ii) personal data is always processed in accordance with good practice; (iii) personal data is only collected for specific, explicitly stated and legitimate purposes and not further processed in a manner that is incompatible with those purposes; (iv) all reasonable measures are taken to complete, correct, restrict, block or erase personal data to the extent that such data is incomplete or incorrect, having regard to the purposes for which they are processed; (v) personal data collected is adequate, limited and relevant to what is necessary in relation to the purposes for which they are processed; (vi) personal data is not kept for a period longer than is necessary; and (vii) personal data is processed in a manner that ensures appropriate security of the personal data. Additionally, prior to processing personal data, the Group must ensure that the personal data undergoing processing is justified under at least one of the lawful bases stipulated within the GDPR. Where consent is deemed to be the appropriate legal basis, the Group must ensure that the person to whom the personal data relates has unambiguously, freely, specifically and informatively given his consent for such processing.

The Group has adapted its internal procedures to comply with the DPA and the GDPR. However, the Issuer remains exposed to the risk that personal data collected could be damaged or lost, disclosed or otherwise unlawfully processed for purposes other than as permitted in the DPA and the GDPR. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, in reputational terms too, and could lead to the imposition of fines.

In addition, any changes to the applicable laws and/or regulations, even at an EU level, could have a negative impact on the Group's activities, including the need to incur costs for adapting to the new regulations.

5.2.25 Risks connected with the performance of the property market

The Group is exposed to the risks of the property market, as a result of, amongst others: (i) investments held directly in properties owned by it and through which it operates; (ii) loans granted by the Issuer to companies operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate); and (iii) loans granted to clients where the collateral securing the loan is immovable property.

With respect to (i) above, any downturn in the property market could result in the Group having to make impairments to the real estate it owns at a value that is higher than the recoverable value, with consequent negative effects, including significant ones, on the operating results and capital and financial position of the Issuer and/or the Group.

With respect to (ii) above, any downturn in the real estate market could lead to a fall in market prices and a consequent fall in the demand for real estate. As a result, the Issuer's customers operating in the property sector may face a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on their ability to repay the loans granted by the Issuer.

With regard to (iii) above, a fall in property prices could translate into a reduction in the value of the collateral that could potentially be realised in the case of enforcement if the debtor defaults. In addition, poor market conditions and/or, more generally, a protracted economic or financial downturn could lead to a fall in value of the collateral properties as well as create significant difficulties in terms of monetisation of the said collateral under the scope of enforcement procedures, with possible negative effects in terms of realisation times and values, as well as on the operations and financial position of the Issuer and/or the Group.

5.2.26 Risk of downgrade in Issuer's credit rating

The Bank is currently rated by Standard and Poor's ("S&P") & Fitch Ratings ("Fitch"). The Issuer's long-term issuer default rating assigned by S&P is 'BBB' while the short-term rating is "A-2" with a negative outlook. The Issuer's long-term issuer default rating as assigned by Fitch is 'BBB' whilst the short term rating is 'F2' with a stable outlook. A downgrade to the Issuer's credit rating/s or outlook could have a negative impact on the financial position of the Bank. Even though a substantial portion of the Bank's funding is derived from local customer deposits, a credit rating downgrade could adversely impact access to other sources of funding, including wholesale and capital markets. In turn this could have a negative effect on the Bank's business, liquidity position, financial performance and condition.

6. INFORMATION ABOUT THE ISSUER

6.1 HISTORY AND DEVELOPMENT OF THE ISSUER

Legal name of the Issuer:	The Issuer's legal name is Bank of Valletta p.l.c.
Commercial name of the Issuer:	The Issuer is commercially referred to as BOV.
Place of registration of the Issuer and its registration number:	The Issuer is duly registered in Malta with company registration number C 2833.
The date of incorporation and the term of the Issuer:	The Issuer was registered and incorporated on 21 March 1974 for an indefinite period.
Registered address:	58, Zachary Street, Valletta VLT 1130, Malta.
Place of registration and domicile:	Malta
Legal Form:	The Issuer is lawfully existing and registered as a public limited liability company under the Act.
Telephone number:	+356 2275 3556
Fax number:	+356 2275 3711
Email:	iro@bov.com
Website:	www.bov.com

There are no recent events particular to the Issuer which are materially relevant to the evaluation of the Issuer's solvency.

7. BUSINESS OVERVIEW

7.1 PRINCIPAL ACTIVITIES OF THE GROUP

Core services

The Issuer is a commercial bank, operating, together with its Subsidiaries, predominantly in Malta. The Group offers banking, financial and investment services and connected activities within the domestic Maltese market. The Group has four representative offices in each of Milan, Brussels, Libya and London (with the latter having opened recently, in March 2018). With respect to the representative office in Libya, the Bank has retained its licence to operate the office, but has temporarily suspended operations in view of the prevailing situation in Libya. The Issuer does not operate any licensable activities in any of these jurisdictions.

The principal activities of the Group comprise the following:

Deposit taking activities

The Bank receives and accepts customers' monies for deposit in current, savings and term accounts which may be denominated in Euro and other major currencies.

The Bank accepts deposits from customers principally at call and for various maturities, and seeks to earn interest margins through lending operations to both corporate and personal borrowers with a range of credit standings. Such exposures involve principally on-balance sheet loans and advances, as well as guarantees and other commitments (such as performance and other bonds and letters of credit).

The Bank seeks to increase margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. The Bank also earns interest by investing monies advanced through its deposit taking activities in high-quality assets.

Loans and other advances

Another principal activity of the Bank is the provision of finance through loans and advances, trade finance facilities and other credit products to customers. This business segment includes the provision of finance at varying maturities to both corporate and personal customers of various credit standings.

With respect to corporate customers, the Bank is highly involved in all market sectors and provides business finance to large corporates as well as smaller business ventures. The loans and advances provided include project finance, credit facilities and overdraft facilities to finance working capital requirements.

With respect to personal customers, the Bank provides a suite of products aimed principally at consumer lending, with home finance being an important pillar of this business segment.

Investment services

The Bank provides a comprehensive suite of investment products and services that meet customers' needs throughout their lifecycle, including stockbroking, advisory and discretionary portfolio management services. Such services are offered to both retail as well as institutional clients.

Investment services are considered to be one of the main fee generating pillars for the Bank, and the Bank considers investment services as an area for potential growth.

Stockbroking and wealth management services are amongst the principal investment services offered by the Issuer, and are described in further detail hereunder.

Stockbroking

The Bank's stockbroking unit handles the processing and execution of local and international secondary market transactions relating to debt, equities, Exchange Traded Funds ("ETFs") and other funds. On the local scene, the Bank is a member of the MSE, and is one of the largest brokers (excluding the CBM as market maker for government stocks).

The Bank has direct real-time access to international equity markets through agreements with a number of international and reputable brokers, whilst also having access to liquidity providers specifically for Exchange Traded Products ("ETPs"). The Bank also has trading lines with over 40 market makers in the OTC debt markets, thus enabling competitive execution prices.

In addition, the Bank's global custodian provides access to its fund platform, thus opening up investment opportunities to a large selection of mutual funds and closed ended funds.

Wealth Management services

The Bank provides a selection of its customers with an investment advisory service through its six investment centres located across Malta and Gozo. The financial advisers working from within these centres are provided with the necessary tools and market-led information to enable them to provide professional investment advice to customers on an array of instruments and products, which include a comprehensive range of investment funds, bancassurance products, bonds and equities.

The Bank also has a fully-fledged wealth management centre through which it provides a range of investment services (including discretionary management and investment advice) to a sub-set of niche customers, premised upon a highly personalised service which is driven by professionalism and trust. In view of the highly bespoke nature of this service, the financial advisers and portfolio managers at the Bank's wealth management arm invest time and effort to get to know their customers and build long-term relationships, adopting a detailed planning process to ensure that customers' investment portfolios are tailored to meet their objectives and needs.

With a view to enhance its service offering, the Bank has further strengthened its house view committee as well as its research and analysis committee, both considered to be key structures to the overall investment services proposition across the Bank's various customer touchpoints.

The Group also provides a number of other services, including:

<i>Bancassurance:</i>	the Bank acts as a tied intermediary to the Associated Companies to offer insurance and life assurance products to customers. All policies sold through the Bank's branch network are issued and underwritten by the Associated Companies;
<i>Corporate Advisory:</i>	the corporate advisory team at the Bank is considered as one of the major players on the local market for initial public offerings and primary bond issues. It offers the whole spectrum of services for an entity intending to list on the local exchange, including the services of manager, registrar and/or sponsor;
<i>Fund Management and Discretionary Management:</i>	BOVAM provides investment management services for collective investment schemes and portfolio management services for professional institutional clients. BOVAM manages 17 sub-funds, 14 of which are sub-funds of Vilhena Funds SICAV p.l.c. and 3 of which are sub-funds of BOV Investment Funds. The total value of assets under management across all of the afore-mentioned sub-funds as at 29 March 2019 amounts to approximately €909,572,000;
<i>Fund Administration:</i>	BOVFS is one of the largest fund administrators in Malta providing its services to numerous funds, with the total assets under administration amounting to over 32% of the local market as at 31 December 2018. BOVFS has been at the forefront in ensuring that additional services required by funds and fund managers arising out of the spate of new regulations can be catered for.

Licensable activities performed by the Issuer

For the most part, the activities of the Issuer are licensable activities regulated under the domestic and EU financial regulatory framework. In this respect, the Issuer is licensed by the MFSA:

- i. as a credit institution under the Banking Act;
- ii. as a category 3 and category 4A licence holder in terms of the ISA, authorising it to provide the above-mentioned types of investment services to retail, professional and eligible counterparties;
- iii. as a trustee or co-trustee in terms of the Trusts and Trustees Act (Cap. 331 of the laws of Malta). Notwithstanding that the Issuer still holds this licence, pursuant to a decision of the Board, it was resolved to wind down this business; and
- iv. as tied insurance intermediary of each of the Associated Companies under the Insurance Business Act (Cap. 403 of the laws of Malta).

Licensable activities performed by the Subsidiaries

BOVAM is a Maltese licensed UCITS management company and is in possession of a category 2 investment services licence under the ISA, and is also licenced to provide investment management services to retirement schemes and retirement funds in terms of the Retirement Pensions Act (Cap. 514 of the laws of Malta).

BOVFS is a recognised fund administrator under the ISA and is registered to act as a company service provider in terms of the Company Service Providers Act (Cap. 529 of the laws of Malta).

8. TREND INFORMATION - MARKETS, BUSINESS AND REGULATIONS

There has been no material adverse change in the prospects of the Issuer since 31 December 2018 (date of the Issuer's last published audited financial statements).

At the date of publication of the Prospectus, with the exception of the macroeconomic conditions and market conditions generally, as well as the impact of legislation and regulations applicable to the Issuer and to other financial institutions within the Eurozone, the Issuer does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer's business for at least up to the end of the current financial year.

Global and Local Economic Outlook

The economic deterioration experienced in the fourth quarter of 2018 in major economies has spilled into the first quarter of 2019. Although idiosyncratic factors (new fuel emission standards in Germany, natural disasters in Japan) weighed on activity in large economies, these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty and tariff hikes, a deterioration in manufacturing confidence, and concerns about China's outlook. Although robust labour markets and resilient domestic demand have partially offset this weakness, the IMF¹ is anticipating global growth to decline to 3.3% in 2019 before picking up slightly to 3.6% in 2020. This pick up is mainly supported by growth in China and India and stabilisation in a few big emerging market economies such as Argentina and Turkey.

This growth pattern reflects a persistent decline in the growth rate of advanced economies from above-trend levels occurring more rapidly than previously anticipated, together with a temporary decline in the growth rate for emerging market and developing economies in 2019. Specifically, growth in advanced economies is projected to slow down from an estimated 2.3% in 2018 to 2.0% in 2019 and 1.7% in 2020. This is coupled with a very benign inflationary scenario, leading to a dovish shift by the major central banks.

Growth in the Euro area is set to moderate from 1.8% in 2018 to 1.3% in 2019 and 1.5% in 2020. Growth rates have been marked down for many economies, notably Germany (due to soft private consumption, weak industrial production following the introduction of revised auto emission standards, and subdued foreign demand); Italy (due to weak domestic demand and higher borrowing costs as sovereign yields remain elevated); and France (due to the negative impact of street protests and industrial action). The ECB has also confirmed that monetary policy will remain accommodative and any upward interest rate revisions will only be reviewed well into 2020. On the other hand, potential US tariffs on EU imports and a hard Brexit can significantly exacerbate the weak economic scenario.

There is substantial uncertainty around the unchanged baseline projection of about 1.5% growth in the United Kingdom in 2019-20, offsetting the negative effect of prolonged uncertainty surrounding the outcome of Brexit and the positive impact from fiscal stimulus announced in the 2019 budget. This baseline projection assumes that a Brexit deal is reached in 2019 and that the UK transitions gradually to the new regime. However, fundamental uncertainties relating to future investment and export market access can have a negative impact on growth.

The Maltese economy continued with its strong performance, providing a supportive environment for business activity. Local economic growth continued apace, with Malta's gross domestic product (GDP) growing by 6.9% in 2018 in real terms (2017: 6.7%), with the strongest growth driver being consumption expenditure. The Labour Force Survey for the third quarter of 2018 estimated an unemployment rate of 3.7%, down from 4.0% for the same quarter in 2017. During the same period an increase in both the labour force and activity rate was noted. The Central Bank of Malta is anticipating an increase in total employment of 3.3% and an unemployment rate of 3.8% for 2019. Total employment is expected to increase by a further 3.0% in 2020 and the unemployment rate is expected to stand at 3.9%.

¹ International Monetary Fund, 'Global Prospects and Policies', (April 2019)
<www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019>

Capital overview

The Group's main strategic objective is to safeguard the long-term stability and sustainability of the Bank through the strengthening of its capital. The chief source of ongoing capital accretion by the Issuer is profit retention, that is, the reinvestment of profits within the business.

Another important objective for the Group is that of managing its capital in an integrated way by seeking to fulfil the regulatory requirements, ensure solvency, and maximise profit. Through this holistic approach the Group is able to achieve long-term sustainability and identify growth opportunities that provide a sustainable risk-return performance. This capital management approach aims to ensure a sufficient level of capitalisation to absorb unexpected losses.

The Group has a comfortable solvency position which exceeds the minimum requirements of the ECB and other regulations. The Group's CET1 ratio was reported at 18.3% as at end 2018. This improvement in its capital position enabled the Bank to comply with increases in the regulatory capital requirements and to implement its strategic initiatives.

In November 2014, the Issuer became a systemically important bank falling under the direct supervision of the Joint Supervisory Team made up of representatives from the ECB as well as from the Malta Financial Services Authority. This has had a substantial impact on the Bank, its conduct, operations and ultimately its capital base.

Capital instruments

The Group's capital base is composed of CET1 and Tier 2 Capital, as defined in Part Two of the CRR. The Group is continuously focused towards further strengthening its CET1 capital which is the highest form of quality capital, thus providing the greatest level of protection against losses. The Group's capital base is primarily composed of issued ordinary shares and retained earnings, which form part of CET1 capital – the Group's core capital.

Recent and forthcoming capital issuances

In line with the Bank's main strategic objective stated above, the issued share capital of the Bank was increased by a nominal amount of 105 million ordinary shares (following a rights issue completed in FY 2017).

In furtherance of its strategic objective, the Bank will be issuing a subordinated bond as set out in terms of this Prospectus, which bond will replace the one maturing in June 2019 and the proceeds of which will constitute Tier 2 Capital of the Bank.

During the second half of 2019, the Bank also intends to issue an additional tier contingent instrument, commonly referred to as AT1 bond to the tune of €150 million and which will be targeted to institutional investors. This instrument will carry a significant loss absorption capacity and will qualify as additional Tier 1 capital leading to a substantial increase in the Bank's Tier 1 capital ratio.

These capital issues will ensure that the Bank is prepared and compliant with the EBA proposed SREP guidelines which were issued in 2018. It will also place the Bank in a strong position to meet the additional regulatory measures for stronger provisioning methodologies that will become effective in the coming years.

Distribution of dividends

Being constantly faced with a number of challenges ranging from intensifying competition, legacy litigation cases, the need for more advanced anti-financial crime and anti-money laundering measures, extreme low level of interest rates and new regulations requiring further IT development and the training of staff, have led the Board to decide, in consultation with the supervisory authorities, against the distribution of cash dividends for FY 2018. The Board thus gave priority to the long-term stability of the Bank over the short-term return, in furtherance of the Bank's main strategic objective. It is the Board's intention to resume dividend payments in line with its dividend policy as soon as prudent judgement so permits and with guidance from its supervisors.

Selected financial information

The information contained in this sub-section depicts key financial information extracted from, or otherwise based on, the Issuer's audited consolidated annual financial statements for the financial years ending 31 December 2017 and 31 December 2018. The Issuer's audited consolidated annual financial statements which are incorporated by reference in, and form part of, this Prospectus (see section 15 headed "*Incorporation by Reference/Documents on Display*"), should be considered in their entirety by potential investors.

(i) The following table provides selected financial information in respect of the Group:

	As at 31 Dec 2018	As at 31 Dec 2017
Authorised share capital (ordinary shares of €1.00 each) ('000)	1,000,000	1,000,000
Ordinary shares in issue of €1.00 each ('000)	530,772	525,000
Total assets (€'000)	12,146,988	11,820,630
Total liabilities (€'000)	11,152,855	10,858,543
Total equity (€'000)	994,133	962,087
CET1 ratio	18.3%	16.1%
Total Capital Ratio	21.1%	19.4%

(ii) Selected financial performance figures of the Group for the financial year ending December 2018:

- The Bank recorded a profit before tax of €71.2 million for FY 2018 after providing for a litigation provision of €75 million. Profit before deducting the provision thus amounted to €146.2 million - a 5.8% increase on the annualised results for 2017. The €146.2 million is equivalent to a post-tax return on equity of 9.9% per annum compared to 7.3% average return on equity for banks in the Euro area.
- Group operating income totalled €257.8 million, comprising interest margin (€156.5 million), fee income (€81.1 million), trading and dividend income (€18.0 million) and fair value gains on investments (€2.0 million). Interest margin and fee income both showed strong growth over the corresponding 12 month period last year, while the other two income sources showed a decline.
- Interest margin remained the Group's core source of income, accounting for 60.7% of total operating income. Growth in interest income was driven by a strong performance by the credit business. Loans and advances, net of provisions, grew by almost 5%, and this compensated for a slight easing of average interest rates receivable on lending. Growth was registered across all areas of lending, but especially in the home loans portfolio, which increased by €120 million over the year.
- Fee income also registered a healthy growth, the main drivers being credit-related fees, credit card services, payment services and deposit products. On the other hand, trading and exchange income showed a decrease, caused mostly by competitive pressure on exchange margins and by the Group's ongoing de-risking programme.
- Income from the Group's insurance and life assurance interests also came under pressure, due mainly to continuing low yields and adverse movements on investment market prices.
- Operating expenses of €130.6 million were, on average, 8% higher than the previous period.
- Group results were, however, boosted by substantial recoveries on impaired lending, which led to a net impairment reversal of €10.8 million. This is the result of the Group's continued focus on improving the credit quality of its asset portfolios. Non-performing loans made up 5.3% of the credit book, a significant improvement over the 6.5% reported in December 2017. In turn, expected credit losses covered 33.4% of these non-performing exposures, most of which remain well and tangibly secured.
- Customer deposits grew by €314 million, or 3.1%, to reach €10.4 billion. This inflow, in turn, fuelled the €326 million (2.8%) growth recorded in total assets, which have now exceeded €12 billion. Advances at amortised cost, net of provisions, grew by €201 million, or 4.8%, and stood at €4.4 billion. Investments and Bank balances amounted to €7.4 billion, a growth over 2017 of 1.7%.
- The Group's equity base increased to €994 million, an increase of 3.3% during the FY 2018.

Strategic initiatives of the Bank

The Board has articulated clear corporate goals for the Bank and has set strategic initiatives for the years 2018 to 2020. These goals, which describe what the Bank aims to achieve in the long-term, are as follows:

- 1) Financial stability and sustainability;
- 2) Protection of the interests of depositors; and
- 3) Provision of a sustainable and equitable return to shareholders.

The Board has further identified a number of corporate strategies, which define the ways in which the Bank plans to achieve its corporate goals. The principal strategies are:

• Digitalisation

The Bank has stepped up its digitalisation strategy with the aim of facilitating the electronic distribution of products and services through different channels. The objective is to transform the Bank into the most accessible financial services provider on the local market in the digital age. Furthermore, during 2018, the Bank launched an improved version of its internet banking platform which featured a number of improved functionalities and provided a significantly improved customer experience.

• Core Banking Transformation

The Core Banking Transformation Programme, which the Bank expects to implement towards the end of this year, comprises the change of the core IT system and the re-engineering of associated processes. The scope of the original programme was widened to embrace further IT and process changes, and has now been structured as a holistic transformation programme. The ultimate focus of the CBT Programme is improved customer service.

• Long-term financial stability

As stated above, the Issuer is a local systemically important institution, and is consequently required to hold capital buffers which are higher than those which would be required of less significant banks. The further strengthening by the Bank of its capital is, in fact, to build up the necessary capital buffers, not only with the aim of compliance with supervisory demands, but also to ensure the long-term viability of the Issuer as a stable institution with sufficient capital to absorb any future unexpected losses. Regulations in respect of these additional buffers entered into force as from January 2016, with full application as from January 2019.

• Governance and regulation

The Bank is taking steps to continue improving its governance framework, including changes to its Memorandum and Articles, with the aim of enhancing Board effectiveness and continuity and also to ensure the right balance of skills and experience within the Board at an individual and on a collective basis.

Regulation is a constantly evolving field to which the Bank allocates significant resources, major amongst which is the strengthening of its anti-money laundering and countering of financing of terrorism defences.

• Revision of the business model

The Group has continued with the restructuring of its business model, with the objective of lowering its risk profile through a de-risking programme. The de-risking programme is multi-faceted, and includes: (i) the winding down of certain business lines, namely the trusts and custody businesses; (ii) the re-dimensioning of other business lines notably the termination of thousands of customer relationships within the Bank's ICC which no longer fit within the Bank's risk appetite; (iii) the revision of the Bank's risk appetite framework; (iv) the enhancement of risk policies such as the revision of the customer acceptance policy whereby the Bank is no longer considering relationships with customers that have no nexus with Malta - a criterion which has been articulated in precise and concrete terms; and (v) comprehensive training programmes covering the entire organisation from the Board of Directors downwards.

• Resourcing

Human resources ("HR") and information technology are the two principal resources available to the Bank in carrying out its operations. It is therefore inevitable that the Bank should give prime consideration to these two areas.

The main IT initiative currently being undertaken by the Bank is the Core Banking Transformation Programme referred to above.

With respect to human resources, the Issuer's HR strategy includes:

- A new training philosophy, supported by the opening of new state-of-the-art training facilities;
- A focus on ethics, which is backed by a revised and updated code of ethics and a conflict of interest policy; and
- The setting up of an HR steering committee to oversee roll-out of the remaining strategic initiatives, including:-
 - The determination of an optimal headcount at institutional and departmental level;
 - A career progression strategy; and
 - Succession planning.

Litigation provisioning

The Bank is currently involved in a number of litigation cases. Management remains convinced, on the basis of counsel's advice, that the Bank's legal position in these cases is strong. Nevertheless, the Board has deemed it prudent to set aside the amount of €75 million as a provision against potential losses from litigation and claims. This is a judgement call based on the situation prevailing as at December 2018, and is subject to ongoing review in the light of developments. As a result of these legacy legal issues, the Board, following extensive discussion with its banking supervisors (as described above), decided to suspend cash dividends for 2018.

Improving cyber resilience

On 13 February of this year, the Issuer suffered a very sophisticated cyber-attack which resulted in 11 fraudulent payment transactions totalling an equivalent of €12.9 million. The Bank's business continuity plans were immediately set into action with a number of its services resuming after a few hours. In fact, operations throughout the Bank's branch network, ATMs and internet banking channel (including SEPA payments) were fully operational the following day, with the exception of payments to third parties outside the Euro area.

Nevertheless, the Bank has already commenced modernising and enhancing its security infrastructure with a view to strengthening its cyber-security programme thereby building a stronger cyber-resilient ecosystem to stay ahead of threat actors.

The strengthening of its cyber-security programme includes a commitment by the Board to enhance its oversight with the establishment of an information technology oversight committee to be chaired by an independent non-executive director. Said committee will assist the Board in fulfilling its oversight responsibilities in relation to the digital ecosystem including cyber-security, the Core Banking Transformation Programme, and innovative technologies including FinTech and RegTech. The committee will include specialised technical personnel to assist and advise the Bank on the digital ecosystem.

Regulatory framework

Recent and future changes in the laws and regulations applicable to credit institutions may have a significant impact on the Bank. Measures that were recently adopted or which are (or whose application measures are) in the process of being adopted, have had or are likely to have an impact on the Bank, principally amongst which are the following:

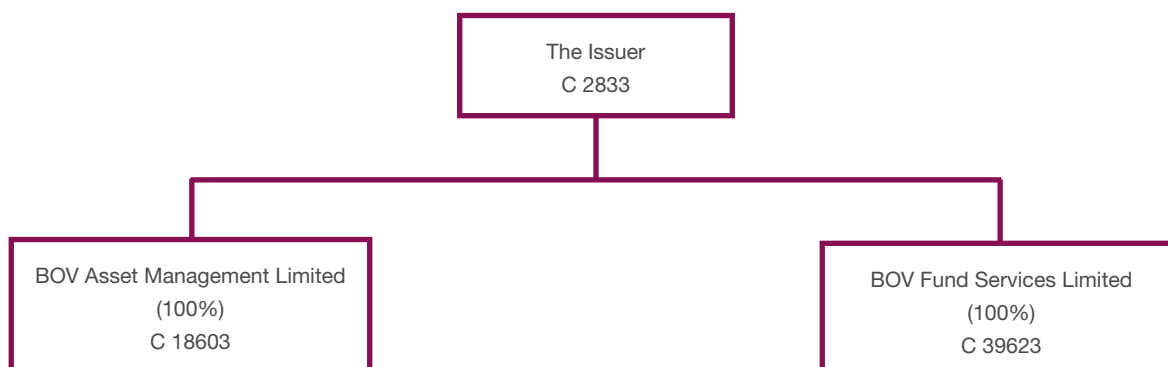
- The Capital Requirements Directive IV ("CRD IV")/the Capital Requirements Regulation ("CRR") and the Bank's designation as a systemically important bank by the Financial Stability Board. Three years on from the CRD IV/CRR being finalised, the EU's banking sector now faces a revised CRD and CRR package ("CRD V and CRR II") and a host of other legislative amendments including amendments to the BRRD, and a new international standard for total-loss absorbing capacity ("TLAC");
- On 24 November 2015, the European Commission proposed a regulation to establish a European Deposit Insurance Scheme ("EDIS") for deposits of all credit institutions which are members of any of the current national statutory depositor compensation schemes of EU Member States participating in the Banking Union. The European Commission's proposal envisages a progressive integration of existing national schemes in three stages, from a re-insurance of national depositor compensation schemes, to a co-insurance system, and then to the final stage, which would be reached in 2024, when the EDIS would fully insure all relevant national depositor compensation schemes in case of failure of a credit institution;

- The new Markets in Financial Instruments Directive (“MiFID II”) and Markets in Financial Instruments Regulation (“MiFIR”), which became effective as of January 2018 and which were enacted with the aim of restoring confidence in the industry after the financial crisis imposed more reporting requirements and tests to increase transparency and improve investor protection;
- The GDPR became effective on 25 May 2018, moving the European data confidentiality environment forward and improving personal data protection within the European Union. Non-compliance with the standards set by the GDPR may result in severe penalties. The GDPR applies to all banks providing services to European citizens;
- The second Payment Services Directive (“PSD 2”) updates and enhances the EU rules put in place by the first Payment Services Directive. The PSD 2 entered into force in January 2016 with transposition happening by 13 January 2018. The major change brought about by the PSD 2 is the opening up by the payments industry through the “account information service” rule and the “payment initiation service” rule which oblige banks to provide third party payment service providers access to customer account information subject to customer approval;
- The ongoing stringent requirements required by the EU and local anti-money laundering and the countering of terrorist financing regulatory framework requiring credit institutions to have ever increasing anti-financial crime and anti-money laundering systems and controls;
- The adoption by the Maltese tax authorities of what are commonly referred to as Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard (“CRS”) under the Cooperation with other Jurisdiction on Tax Matters Regulations whereby Maltese credit institutions including the Issuer, became obliged to collect or review information on all their clients and, where required, to report same to the local tax authorities;
- The adoption by the Group of IFRS 9 on 1 January 2018 which resulted in changes in accounting policies relating to the classification and measurement and impairment of financial assets.

9. ORGANISATIONAL STRUCTURE

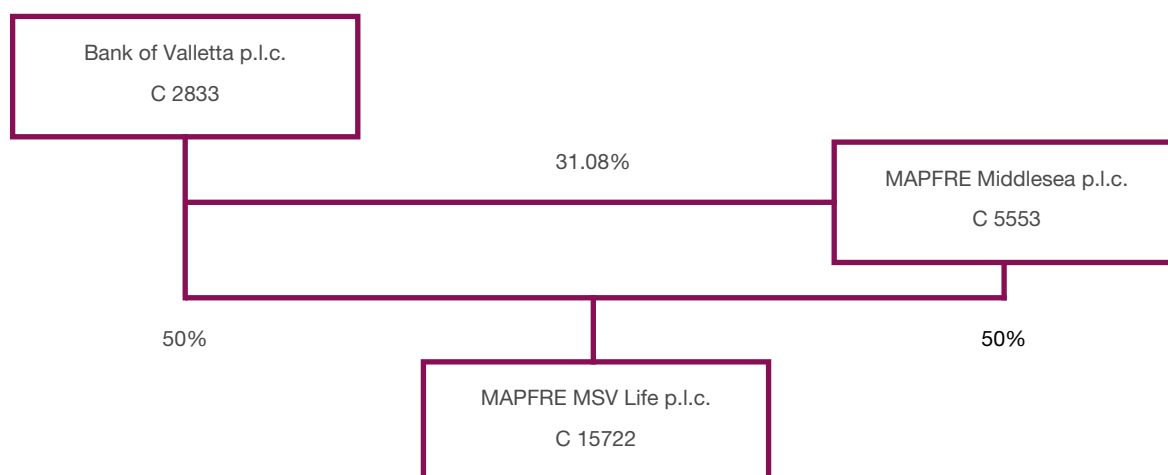
9.1 GROUP COMPANIES AND ASSOCIATED COMPANIES

The Issuer is the parent company of the Group and is the sole direct shareholder of the Subsidiaries. The organisational chart for the companies forming part of the Group as at the date of this Prospectus is as set out below:



Details of the activities conducted by the Subsidiaries are set out in section 7 (*"Business Overview"*).

The following organisation chart depicts the relationship between the Issuer and the Associated Companies:



The Issuer holds a 50% equity interest in MAPFRE MSV Life p.l.c., a company that operates as a life assurance business and which is licensed under the Insurance Business Act (Cap. 403 of the laws of Malta). MAPFRE MSV Life p.l.c. is registered as a public limited liability company in Malta under the Act with registration number C 15722 and has its registered office at The Mall, Triq il-Mall, Floriana FRN 1470, Malta.

The Issuer also holds 31.08% equity interest in MAPFRE Middlesea p.l.c., a company that operates the business of insurance, including group life assurance and which is licensed under the Insurance Business Act (Cap. 403 of the laws of Malta). MAPFRE Middlesea p.l.c. is registered as a public limited liability company in Malta under the Act with registration number C 5553 and has its registered office at Middlesea House, Floriana FRN 1442, Malta. MAPFRE Middlesea p.l.c.'s equity securities have been admitted to listing and trading on the Official List of the MSE. MAPFRE Middlesea p.l.c. holds a 50% equity interest in MAPFRE MSV Life p.l.c.

10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

10.1 THE BOARD OF DIRECTORS

The Board of Directors is the corporate organ which is ultimately collectively responsible for the Issuer's business and its supervision. The Board of Directors is entrusted with the overall direction and oversight of the Issuer and is endowed with all the powers required for the Board to conduct the direction and oversight of the business, with the exception of the powers reserved by law to the shareholders' meeting, to be exercised in accordance with the provisions of the Act, other regulatory provisions in force, the Articles of Association, as well as other applicable principles and criteria indicated in *"The Code of Principles of Good Corporate Governance"* in the Listing Rules.

The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

As at the date of publication of the Prospectus, the Board of Directors is composed of the following persons:

Taddeo Scerri (Chairman and Independent Non-Executive Director)

Taddeo Scerri was appointed chairman of the Bank in December 2016. Mr Scerri had been serving as director of the Bank as from April 2013. Mr Scerri used to chair the Bank's audit committee and was a member of the Bank's remuneration committee and of the asset liability management committee. He currently chairs the Board's nominations and governance committee, the remuneration committee and the credit committee. A qualified accountant by profession, Mr Scerri was the managing partner of RSM Malta until his retirement in 2015. He was the chairman of the local UEFA Clubs Licensing Board and was also a member of the Malta Football Association's finance committee.

Stephen Agius (Independent Non-Executive Director)

Appointed to the Board in December 2016. Mr Stephen Agius chairs the IT oversight committee and is currently a member of the nominations and governance committee and the audit committee. Mr Agius works as a chief of information and development with the National Telecom Regulatory Authority. Apart from his role in strategic information management, he is currently coordinating a number of national initiatives aimed at supporting E-inclusion and digital participation. For five years, Mr Agius served as member of the board of directors of Enemalta p.l.c. and Engineering Resources Limited. Prior to his current role, Mr Agius occupied various positions where he was responsible for a number of large scale projects both locally and abroad in areas related to enterprise resource planning, billing, integration, business intelligence and data warehousing and process modelling. Mr Agius is also a visiting senior lecturer at the University of Malta. He studied computer science and information systems and gained an honours Bachelor degree from the University of Greenwich (UK) followed by an MBA in e-Business from the University of Malta.

Alan Attard (Non-Executive Non-Independent Director)

Appointed to the Board in December 2016. Mr Attard is currently a member of the compliance and crime prevention committee and the risk management committee. He joined the Bank in 1987. For the past fourteen years, he has held various managerial positions including serving as branch manager of several branches. At present, Mr Attard is the branch manager of Floriana branch which is classified as one of the Bank's premier branches. In July 2015, he was elected as trustee on the board of trustees of the BOV employees' foundation serving as secretary to the said board until recently, when he was appointed as chairman.

Paul V Azzopardi (Independent Non-Executive Director)

Appointed to the Board in December 2016. Mr Paul V Azzopardi is currently the chairman of the compliance and crime prevention committee and deputy chairman of the risk management committee. He set up and managed Azzopardi Financial Services between 1989 and 2006 and subsequently worked in investments in Ontario, Canada, as director and portfolio manager. Mr Azzopardi was sponsoring and corporate stockbroker of the Bank from 1992 until 2006, and also served in the same roles for the funds of BOV Asset Management Limited and other companies. Mr Azzopardi is the author of "Behavioural Technical Analysis", two other books on investments and contributes regularly to the press. He lectured at the University of Malta and the School of Continuing Studies, University of Toronto. Mr Azzopardi holds a first degree in accountancy from the University of Malta, an MBA from the University of British Columbia, is a Fellow of the Malta Institute of Accountants and a Certified Public Accountant. Mr Azzopardi is also director of BOV Asset Management Limited.

Miguel Borg (Executive Director)

Appointed to the Board in July 2017. Miguel Borg joined the Bank in November 2007 in the role of risk management consultant. Mr Borg was appointed chief risk officer of the Group in November 2014 and is a member of the management board and of the ethics committee. As Group chief risk officer, he leads the risk management function with the responsibility of developing and recommending the Group's risk governance framework, risk appetite and limits. Mr Borg is responsible for risk management, legal services and credit risk sanctioning departments. Until 31 January 2019, Mr Borg was also responsible for the Bank's compliance and anti-financial crime functions. Mr Borg chairs the governance, risk and compliance committee. Mr Borg is a director of BOV Asset Management Limited and chairs the risk and regulatory committee of BOV Asset Management Limited and the risk committee of MAPFRE MSV Life p.l.c. He is a member of the Bank's asset liability management committee. Mr Borg is also chairman of the Central Co-Operative Fund. Prior to joining the Bank, he worked at the Central Bank of Malta. Mr Borg holds a Master of Arts in Economics from the University of Malta. He lectures at the University of Malta.

James Grech (Non-Executive Non-Independent Director)

Appointed to the Board in December 2014. James Grech joined the Bank in 1998 and currently is the executive head of foreign bank relationships department. He is a member of the credit committee and risk management committee. He also serves as a member on the European's Banking Federation-correspondent banking taskforce and also served as chairman of the board of trustees of the BOV employees' foundation. Mr Grech's career commenced as a management accountant with a local accounting firm. For the period 2004 till 2008, he also served as worker director of the Bank. In December 2014, he was elected on the Board by the shareholders of the Bank and still holds this position to date. Mr Grech is a director of other local companies and a recognised member of the Institute of Directors (UK). Mr Grech holds an Honours Degree in Management and a Masters in Business Administration from Henley Management College (UK). His dissertation focused on the effectiveness of board performance and corporate governance. He has lectured on Financial Services at the Malta College of Arts, Science and Technology, and on Corporate Governance at the University of Malta.

Alfred Lupi (Independent Non-Executive Director)

Appointed to the Board in December 2015. Mr Lupi currently chairs the audit committee and the ethics committee. He is also a member of the credit committee and the compliance and crime prevention committee. He is a professional accountant with an economics degree and currently engaged in management consultancy. Mr Lupi was chief financial officer in two major companies and the executive chairman of Pavi Shopping Complex p.l.c. He was a director of the Central Bank of Malta and served as acting governor. Mr Lupi chaired the accountancy board and was a member of its quality assurance oversight committee. Mr Lupi has held a number of board appointments mainly in the financial sector.

Mario Mallia (Executive Director)

Appointed to the Board in July 2017. Mario Mallia joined the Bank in September 1979 and was appointed as the Bank's chief executive officer in January 2016. He has carried out various other executive roles at the Bank, including those of chief finance officer, chief risk officer and chief operations officer. Mr Mallia is chairman of the BOV management board and the asset liability management committee. He is a member of the credit committee and ethics committee. He is also a director on the board of MAPFRE MSV Life p.l.c. Mr Mallia graduated in accountancy from the University of Malta, holds the Certified Public Accountant warrant and is a Fellow of the Malta Institute of Accountants.

Anita Mangion (Independent Non-Executive Director)

Appointed to the Board in December 2016. Ms Anita Mangion is a member of the remuneration committee and deputy chairperson of the compliance and crime prevention committee. Ms Mangion is an experienced business and IT consultant. Her area of specialisation is technology intrapreneurship. During the last sixteen years she consulted to such effect, different local and international entities in various sectors as well as start-ups, where she successfully drove critical projects to completion and implemented sustainable profitable frameworks. Ms Mangion graduated in Executive MBA (eBusiness); B.Com. Management Hons and B.Sc. Business and Computing from the University of Malta. Additionally, she studied Business and IT at Indiana University (USA), and Technology Entrepreneurship and New Business Operations at the University of Malta in joint collaboration with Oxford University (UK). For four years, Ms Mangion served as board director at Malta Industrial Parks Limited (MIP). At MIP she was also entrusted to oversee the tenders committee, was a member of the audit committee and chaired the ICT steering committee.

Antonio Piras (Independent Non-Executive Director)

Appointed to the Board in December 2016. Mr Antonio Piras is currently the deputy chairman of the remuneration committee and a member of the audit committee. Mr Piras occupies the role of deputy chairman of Banca UBAE (Rome) and director of the boards of Iacobucci Aerospace HF (Rome). He was previously vice chairman of Eurofidi Soc. Consortile Garanzia Fidi s.c.a.r.l. (Turin). Until 2014, Antonio used to be the CEO of Equitalia Centro S.p.A. (Florence) and chairman and CEO of other companies of Equitalia Group. In 1971 he started his career at UniCredit Group, former Credito Italiano, holding various key roles in the Italian commercial network until 1997. In 1998, he was appointed as CEO of UniCredit Factoring (Milan), Deputy general manager of Banca dell'Umbria, chairman and CEO of Pekao Leasing Sp.z.o.o (Warsaw) and Leasing Fabryczny Sp.z.o.o (Lublin), CEO of UniRiscossioni S.p.A. (Turin), all companies held by UniCredit, from where he ended his career as senior executive vice president in 2009.

Joseph M Zrinzo (Independent Non-Executive Director)

Appointed to the Board in December 2013. Joseph M Zrinzo currently chairs the Board's risk management committee. Mr Zrinzo is a member of the audit committee and the deputy chairman of the nominations and governance committee. Mr Zrinzo also serves as a member of the BOV arts committee. He currently serves as managing director of a group of family companies, as board director of other local companies, committee member of the cultural heritage advisory committee and is an active member of philanthropic associations. Over the years, Mr Zrinzo served as director on boards of various local and international companies. He was a founder member of the Malta Shareholders' Association and has vast experience of international trade.

10.2 COMPANY SECRETARY**Ruth Spiteri Longhurst**

Dr Spiteri Longhurst is the company secretary to the Issuer and its Subsidiaries.

Appointed Group company secretary in April 2016. Previously she occupied the post of executive head of the compliance department within the Bank. Dr Spiteri Longhurst is also the company secretary of MAPFRE MSV Life p.l.c., BOV Asset Management Limited and BOV Fund Services Limited. Dr Spiteri Longhurst graduated Doctor of Laws from the University of Malta in 2001 and obtained Master of Arts in Financial Services in 2004. Dr Ruth Spiteri Longhurst has been employed with the Bank for the past seventeen years.

The business address of the Directors and the company secretary is as follows: The House of the Four Winds, Triq I-Imtiehen, Valletta, VLT 1350, Malta.

10.3 POTENTIAL CONFLICTS OF INTEREST

As at the date of this Registration Document, there are no conflicts of interest between the duties of the Directors or Senior Management towards the Issuer and their private interests and/or other duties. Conflicts of interest may, however, arise in respect of certain future transactions, such as the granting of credit facilities by the Issuer to any of the Directors and/or any companies in which they may be involved. In such instances, such conflicts will be managed in the best interests of the Issuer in accordance with the procedures set out in the Issuer's conflicts of interest policy and the procedures set out in the Articles of Association. The latter provide that any director who is, in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Issuer must: (i) declare to the other directors the nature of such interest pursuant to the provisions of the Act; and (ii) not vote at a meeting of Directors in respect of any transaction, contract or arrangement in which he has a material interest, whether direct or indirect.

10.4 COMPOSITION AND FUNCTIONS OF BOARD OF DIRECTORS' COMMITTEES

The Issuer has established a number of committees that provide the Board with the support necessary for the ongoing management and oversight of the Issuer and its business. Below is a summary of each committee and its function within the organisational structure of the Issuer and the Group.

Audit Committee ("AC")

The audit committee's terms of reference include the monitoring of the financial reporting process, the effectiveness of the Bank's internal control, internal audit and risk management systems and the audit of the Bank's annual and consolidated accounts. The primary purpose of the audit committee is to protect the interest of the Bank's

shareholders and assist the Directors in conducting their role effectively so that the Bank's decision-making capability and the accuracy of its reporting and financial results are maintained at high level at all times. The audit committee has established internal procedures and monitors these on a regular basis. The audit committee also scrutinizes and approves related party transactions to ensure that the arms' length principle is adhered to at all times. The audit committee is also responsible for managing the Board's relationships with internal and the External Auditors.

AC Members: Mr Alfred Lupi (chairman)
Mr Stephen Agius (member)
Mr Antonio Piras (member)
Mr Joseph M Zrinzo (member)

Remuneration Committee ("RC")

The remuneration committee is charged with overseeing the development and implementation of the remuneration and related policies of the Group. Its primary purpose is to make recommendations to the Board of Directors on the remuneration policy of the Group, supports the Board of Directors in overseeing the remuneration system's design and operation and ensures that remuneration is appropriate and consistent with the Bank's culture, long term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements. The role of the remuneration committee is to devise the appropriate remuneration packages needed to attract, retain and motivate Directors, as well as key function holders required for the proper governance of the Group.

RC Members: Mr Taddeo Scerri (chairman)
Mr Antonio Piras (deputy chairman)
Ms Anita Mangion (member)

Nominations and Governance Committee ("NGC")

The nominations and governance committee's role is to ensure that the composition of the Board of Directors of the Bank has the appropriate level and mix of experience, skills and competence that are required for the operation of a credit institution. Furthermore, the NGC ensures that persons occupying the post of Non-Executive Directors meet the requirements of prevailing legislation and regulation.

NGC Members: Mr Taddeo Scerri (chairman)
Mr Joseph M Zrinzo (deputy chairman)
Mr Stephen Agius (member)

Risk Management Committee ("RMC")

The risk management committee assists the Board in assessing the different types of risks to which the organisation is exposed. This committee is responsible for the proper implementation and review of the Group's risk policies related mainly, but not restricted to, credit, market and operational risks. It reports to the Board on the adequacy, or otherwise, of such policies. The RMC is also responsible to review delegated limits, together with an oversight of the Group's monitoring and reporting systems, to ensure regular and appropriate monitoring and reporting on the Group's risk positions.

RMC Members: Mr Joseph M Zrinzo (chairman)
Mr Paul V Azzopardi (deputy chairman)
Mr Alan Attard (member)
Mr James Grech (member)

Compliance and Crime Prevention Committee ("CCPC")

The compliance and crime prevention committee is responsible for overseeing the Group's compliance with the obligations imposed by legislation, codes, rules and regulations that are relevant to the Group and its business. This committee is also responsible to assist the Bank in combatting financial crime and money laundering activities.

CCPC Members: Mr Paul V Azzopardi (chairman)
Ms Anita Mangion (deputy chairman)
Mr Alan Attard (member)
Mr Alfred Lupi (member)

Credit Committee (“CC”)

The credit committee is responsible for the approval or otherwise of credit proposals. The CC also considers and decides upon investment limits and write-offs on loan bank balances which require a level of authority higher than that of the Bank’s executives. The CC further considers credit related issues which the Bank’s executives may wish to escalate.

CC Members: Mr Taddeo Scerri (chairman)
Mr James Grech (member)
Mr Alfred Lupi (member)
Mr Mario Mallia (member)

Ethics Committee (“EC”)

The ethics committee is responsible to develop a BOV Group Ethics Policy, regularly review such policy in line with best practice and oversees the investigation of any breaches to the ethics policy.

EC Members: Mr Alfred Lupi (chairman)
Mr Mario Mallia (member)
Mr Miguel Borg (member)
Mr Anthony Scicluna (member)
Chief Officer Group Internal Audit (member)

Business Restructuring Action Committee (“BRAC”)

The business restructuring action committee assists the Board in ensuring that the implementation process of the business restructuring plan is in line with the Bank’s strategy. The BRAC is responsible to oversee and monitor the implementation plan and to take executive decisions with respect to the plan as are necessary or desirable for the efficient and effective implementation of the plan. The BRAC is a temporary committee and will be dissolved once the business restructuring exercise is completed.

BRAC Members: Mr Taddeo Scerri (chairman)
Mr Mario Mallia (member)
Mr Miguel Borg (member)
Mr Kenneth Farrugia (member)
Chief Business Restructuring Officer (member)

IT Oversight Committee (“ITOC”)

The IT oversight committee assists the Board of Directors in fulfilling its oversight responsibilities in relation to the digital ecosystem including cyber-security, the Core Banking Transformation Programme and innovative technologies including FinTech and RegTech. The ITOC will engage specialised technical expertise to assist and advice on the digital ecosystem.

ITOC Members: Mr Steve Agius (chairman)
Mr Miguel Borg (member)
Mr Hadrian Sammut (member and external consultant)

10.5 MANAGEMENT COMMITTEES

As at the date of this Registration Document, the Group CEO has direct control over the implementation of the Group’s strategy, associated risks, compliance, human resources, the optimisation of the cost structure and the main operating activities.

The Board of Directors has approved the following strategic management committees to support the Group CEO and Senior Management in their management functions.

Management Board

The management board is composed of the Senior Management and is the highest executive organ of the Group. It meets on a regular basis and is primarily responsible for recommending strategy to the Board of Directors. Upon Board approval of such strategy, the Management Board becomes responsible for its execution. Execution includes, *inter alia*, ensuring adequate resourcing, proper internal controls, evaluating performance, and ensuring the timely implementation of the strategic initiatives within budget.

As at the date of this Prospectus, the management board of the Issuer is composed of the following persons:

Mr Mario Mallia	Chief Executive Officer
Mr Ernest John Agius	Chief Operations Officer
Mr Joseph Noel Agius	Chief Technology Officer
Mr Miguel Borg	Chief Risk Officer
Mr Kenneth Farrugia	Chief Business Development Officer – Investments
Mr Albert Frendo	Chief Business Development Officer – Credit
Ms Elvia George	Chief Finance Officer
Mr Anthony Scicluna	Chief Officer Ethics & Employee Development

Brief CVs of Mr Mario Mallia and Mr Miguel Borg are set out above (*vide* section 10.1 of this Registration Document). Brief CVs of the other individuals who form part of the Management Board are set out hereunder:

Ernest John Agius (Chief Operations Officer)

Mr Ernest John Agius was appointed chief operations officer in May 2016. His previous position within the Bank was that of change management executive, responsible for the setting up of the change management function, which incorporates process management. Mr Agius's career in the financial services sector spans more than thirty-two years during which he has held a number of senior executive positions within the business and IT sectors. As chief operations officer, Mr Agius is responsible for the bank's overall operations, facilities management, administration, security, health & safety, procurement, architect's services, customer service centre, customer issues and change management. Mr Agius is responsible for the overall business management of projects, including the Core Banking Transformation Programme. Mr Agius has been a member of the management board since June 2016.

Joseph Noel Agius (Chief Technology Officer)

Mr Joseph Noel Agius was appointed chief technology officer in October 2014, and became a member of the Bank's management board in October 2016. Since joining the Bank in 1985, Mr Agius has garnered over 30 years' experience in IT and financial services. In this time, he has been actively involved in the implementation of various mission critical projects. In his role as chief technology officer, Mr Agius is responsible for driving the Bank's IT strategy. He is a strong proponent for modernisation in IT, and running IT as a business with its inherent business value. Presently, his primary focus is on leading the Bank's strategic initiatives on core retailing banking transformation and digital banking. In his role as chief technology officer, Mr Agius chairs the Bank's IT steering committee. Mr Agius is currently a non-executive director on the board of the Malta Information Technology Agency. Mr Agius holds an honours degree in Computer Science from the University of Reading and an MBA in eBusiness from Grenoble Graduate School of Business. He is also a Chartered Engineer and member of the British Computer Society.

Albert Frendo (Chief Business Development Officer – Credit)

Mr Albert Frendo is an accountant by profession and currently occupies the post of chief business development officer - credit of the Group responsible for the credit and treasury functions. His career at the Bank spans over 30 years with wide ranging experience in cost management and financial reporting, risk management and credit finance (both commercial and retail finance). For twelve years, he headed the Bank's risk management department and was later assigned with the management of the Bank's overall credit portfolio, responsible for a number of key credit areas including corporate, SME, consumer and trade finance, collections and collateral management. Lately, he was also assigned with the responsibility of the treasury function. Mr Frendo was entrusted with the successful launching and management of the first risk sharing instruments aimed at SMEs in Malta including JEREMIE, CIP SMEG and SME Initiative (JAIME). Mr Frendo holds a degree in Accountancy from University of Malta and a Masters in Business Administration, with specialisation in Management Consulting, from Grenoble Graduate School of Business in France.

Kenneth Farrugia (Chief Business Development Officer – Investments)

Mr Kenneth Farrugia joined the Bank in 1985 and has since occupied various positions within the Bank. Mr Farrugia currently holds the post of chief business development officer - investments and sits on the management board. Mr Farrugia is amongst others responsible for the improvement of the Bank's market position, as well as the achievement of financial growth and long-term strategic business goals. He currently sits on the board of directors of BOV Asset Management Limited and is also a director on the board of the Vilhena Funds SICAV p.l.c. Mr Farrugia is a Fellow of the Institute of Sales and Marketing Management in the UK.

Elvia George (Chief Finance Officer)

Ms Elvia George is the chief finance officer of the Group, a post she has occupied since May 2008. In this role she is responsible for all the core areas of finance, management reporting and the published Group financial statements as well as other areas within the Group. Ms George is a member of various committees and boards within and outside the Group including voluntary organisations. Ms George is a certified public accountant, graduating with first class honours in accountancy from the University of Malta and a Fellow of the Malta Institute of Accountants. Besides lecturing at the University of Malta, where her area of expertise is accounting for financial institutions, she also supervises a number of students in their dissertation during their final year of the professional degree of the Masters in Accountancy or for an MA in Financial Services. She is involved with the Malta University Examination Panel and has also served as a member of the Accountancy Board for a number of years.

Anthony Scicluna (Chief Officer Ethics and Employee Development)

Mr Anthony Scicluna joined the Bank in 1984 and is currently the chief officer ethics and employee development. In this role, Mr Scicluna is responsible for the Group's human resources, training and professional development. Between 2005 and 2013 he was responsible for the Bank's Group internal audit. He became a member of the Bank's management board in January 2019. Mr Scicluna is a certified public accountant and holds a practicing certificate in auditing. He is a Fellow of the Malta Institute of Accountants and also holds an honours degree in Business Management from the University of Malta. Mr Scicluna is a member of various committees and boards within and outside the Group. He is currently the deputy chairman of Heritage Malta.

Mr Scicluna's appointment is subject to regulatory approval by the MFSA.

Asset and Liability Management Committee

The asset and liability management committee ("**ALCO**") is an integral part of the Bank. The committee takes an integrated view in managing the Bank's assets and liabilities to achieve an optimal balance between risk and return. ALCO evaluates the asset and liability cash flows, and the management of integrated exposures at a consolidated level, to enable it to give strategic direction to the business. Consideration is given, *inter alia*, to solvency, liquidity and interest rate risks. It also provides guidance in respect of risk and return to the business, and exercises executive authority in the area of interest rate management by setting the interest rates payable on retail deposit products. Additionally, the committee monitors hedging strategies and hedge effectiveness in respect of the aforementioned risks, as well as asset mix, liabilities and balance sheet growth. ALCO also monitors the capital adequacy of the Group on a continuous basis, making use of capital forecasts to ensure that enough capital is readily available at all times to meet the demand arising from business growth and regulation. The committee meets at least once a month to review the balance sheet risks and ensures its prudent management. ALCO is chaired by the CEO and is composed of members of Senior Management.

IT Steering Committee

The IT steering committee is responsible for the effective and cost-efficient application of information technologies, related personnel resources and funding in support of the objectives and needs of the Bank. The committee meets at least every two months, unless further meetings are required. The IT steering committee is chaired by the chief technology officer and is composed of members of Senior Management.

The Anti-Money Laundering Committee

The anti-money laundering committee (“**AMLC**”) as appointed by the management board of the Bank is responsible for providing effective management oversight over the Group’s main AML initiatives. The AMLC is also responsible to review and approve recommendations of the three working groups established to assist the AMLC in fulfilling its function, namely the client on-boarding and monitoring working group, policies and procedures working group and the AML remediation and initiatives working group. It is also responsible to submit its recommendations on AML policies and plans, to the compliance and crime prevention committee and/or Board of Directors; decide on the on-boarding and termination of clients as escalated by the working group on client on-boarding and monitoring; and take any other material decision related to AML. The new AMLC replaced the previously known anti-financial crime committee.

The AMLC is chaired by the chief executive officer and is composed of members of Senior Management as well as the Group chief compliance officer, the chair of the working group on client on-boarding and monitoring and the chair of the working group on AML policies & procedures.

The New Product Approval Committee

The new product approval committee (“**NPAC**”) ensures the enhancement of long-term value creation for the benefit of all stakeholders. The aim is to ensure adequate due diligence before a new product or service is launched by understanding and vetting its features. The committee aims to identify and mitigate potential risks which impact both the product or service and the Group. The NPAC makes the final decision to either approve, decline or recommend changes to the proposed product or service. The committee also provides guidance and recommendations to the Board of Directors in case of a new business line. The NPAC is appointed by the management board and is chaired by the chief risk officer to ensure a risk adequate approach and the necessary degree of intervention in relation to product development, hence also ensuring that the new proposed product or service falls within the Group’s risk appetite.

The Governance, Risk and Compliance Steering Committee

The governance, risk and compliance (“**GRC**”) steering committee is a management committee responsible for the oversight and coordination of risk, compliance and anti-financial crime projects and initiatives across the Group. The Group chief risk officer is the chairman of the GRC steering committee. The Committee is mainly composed of members of the control functions of the Group and representatives of the first line. The GRC steering committee reports to the management board on the committee’s proceedings. Material GRC issues are also escalated to the risk management committee and the compliance and crime prevention committee.

11. FINANCIAL INFORMATION

The Issuer’s consolidated audited financial statements for the financial years ended 31 December 2017 and 31 December 2018 are incorporated by reference in, and form part of, this Prospectus (see section 15 headed “*Incorporation by Reference/Documents on Display*”). There were no adverse opinions on the part of the Statutory Auditors with respect thereto.

The Issuer’s consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, and have been audited by the Statutory Auditors.

There are no significant changes in the financial position of the Group which have occurred since the end of the last financial period (being 31 December 2018).

12. MAJOR SHAREHOLDERS

To the extent known by the Issuer, direct or indirect control of the Issuer is not vested in any one single entity or person. As at the date of the Prospectus, the Issuer is not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Issuer.

The following shareholders hold in excess of 5% of the share capital of the Issuer having voting rights:

Government of Malta	25.0%
UniCredit S.p.A.	10.2%

13. LEGAL AND ARBITRATION PROCEEDINGS

Save as stated hereunder, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering 12 months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer and/or the Group, taken as whole.

- 1) In June 2017 the Issuer received a judicial letter from the Swedish Pension Agency, an investor who has invested in a number of sub-funds of a Maltese UCITS umbrella fund, of which the Issuer was the appointed custodian. In such letter, it was alleged that the Issuer is liable for damages allegedly suffered by the investor as a result of certain alleged failures in its role as custodian. These allegations were repeated in another judicial letter addressed to the Issuer dated 3 April 2019. The Issuer considers the allegations raised to be unfounded both in fact and at law and rejects the allegations in full;
- 2) A number of complaints were filed before the arbiter for financial services (established in terms of Cap. 555 of the laws of Malta) against the Bank relating to the La Valette Multi Manager Property Fund. The majority of complaints have been decided against the Bank and the Bank was ordered to pay compensation. The Bank has appealed against each of these unfavourable decisions; and
- 3) In November 2014, court action was instituted against the Bank by the curator of a failed group whilst under the trust of the Bank (the Deiulemar Trust), by virtue of which a claim of €363 million was made against the Bank. These proceedings are being conducted in Italy and as such are being defended by the Bank's lawyers in Italy. A "*sequestro conservativo*" has also been filed against the Bank.

14. MATERIAL CONTRACTS

The Bank has entered into an agreement with Oracle for the provision and implementation of a number of software deliverables in relation to the Issuer's new Core Banking System (the "**Agreement**"). Under the Agreement, the solution that the Bank will be implementing is the Oracle FLEXCUBE Universal Banking solution.

The Agreement lays out the obligations of the Issuer in terms of the provision of hardware, software licences and data required by Oracle for the proper implementation of the Core Banking System as well as the provision by the Issuer of technical and business resources with adequate skills and knowledge to support Oracle in the provision of its services. The Agreement also specifies that the failure by the Issuer to meet its obligations under the Agreement may result in unnecessary delays and costs which will be incurred by the Issuer itself. The Agreement also refers to the limitations on the part of Oracle in the provision of its services.

The Agreement sets out the costs and expenses of the new Core Banking System. The Agreement has been duly executed by both parties and implementation thereof of the CBT is at an advanced stage. The Bank's investment in the core banking technology is estimated will cost around €44.5 million, over a five-year period ending 2021.

15. INCORPORATION BY REFERENCE/DOCUMENTS ON DISPLAY

The following documents are incorporated by reference into this Registration Document:

- i. the Memorandum and Articles; and
- ii. the annual reports, including the consolidated audited financial statements of the Issuer, for each of the financial years ended 31 December 2017 and 31 December 2018.

The aforementioned documents are available for inspection at the registered office of the Issuer for the life of this Prospectus.

The table below provides a cross-reference list to key sections of the Issuer's annual report and audited consolidated financial statements for each of the financial years ended 31 December 2018 and 31 December 2017.

Information incorporated by reference in this Registration Document	Page numbers in Annual Reports	
	Financial year ended 31 December 2018	Financial year ended 31 December 2017
Statements of Profit or Loss	56	49
Statements of Profit or Loss and other Comprehensive Income	57	50
Statements of Financial Position	58	51
Statement of Changes in Equity	59	52
Statements of Cash Flows	61	54
Notes to the Financial Statements	62 to 154	55 to 126
Independent Auditors' Report	155	127
Capital & Risk Management Report	7	7

Securities Note

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended. This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the Bonds being issued by Bank of Valletta p.l.c. An application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most recent Registration Document issued from time to time containing information about the Issuer.

Dated 3 June 2019

In respect of an issue of up to €50,000,000 3.75% Unsecured Subordinated Bonds 2026 - 2031
of a nominal value of €100 per Bond issued at par due 2031, subject to early redemption at the option of the Issuer on any of the Early Redemption Dates by:

BANK OF VALLETTA P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA
WITH COMPANY REGISTRATION NUMBER C 2833

ISIN: MT0000021353

THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENT IS IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED AS, A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE BONDS.

A PROSPECTIVE INVESTOR SHOULD: (A) BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN SECURITIES; AND (B) ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT AND MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF RETAIL INVESTORS. A PROSPECTIVE INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS: (A) HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT; (B) THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR; AND (C) THE PROSPECTIVE INVESTOR IS ABLE TO BEAR THE INVESTMENT AND FINANCIAL RISKS WHICH RESULT FROM INVESTING IN THE BONDS.

Legal Counsel

Joint Sponsors

Manager & Registrar

CAMILLERI PREZIOSI
ADVOCATES

**CURMI &
PARTNERS**

**Jesmond
Mizzi**
FINANCIAL ADVISORS

BOV
Bank of Valletta

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IMPORTANT INFORMATION

THIS SECURITIES NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF A MAXIMUM OF €50,000,000 UNSECURED SUBORDINATED BONDS 2026 - 2031 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.75% PER ANNUM PAYABLE SEMI-ANNUALLY ON 15 JUNE AND 15 DECEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION OR UNLESS OTHERWISE REDEEMED AT THE OPTION OF THE ISSUER ON ANY OF THE EARLY REDEMPTION DATES.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE MOST RECENT REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE BONDS OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS SECURITIES NOTE AND ANY PERSONS WISHING TO APPLY FOR THE BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR THE BONDS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRY OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “U.S.”) OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT).

FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED: (I) TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES; (II) TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS; (III) AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THE PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE BANK IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS INVESTORS IN RELATION TO THE PROSPECTUS. NONE OF THE ADVISERS ACCEPT ANY RESPONSIBILITY TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY SUBJECT TO THE RIGHT OF THE ISSUER TO REPURCHASE THE BONDS FOR CANCELLATION OR TO REDEEM THE BONDS ON ANY OF THE EARLY REDEMPTION DATES. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

1. DEFINITIONS

Capitalised terms used in this Securities Note shall, except where otherwise defined herein, bear the same meaning as the meaning given to such capitalised terms in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions used in this Securities Note shall bear the following meaning whenever such words and expressions are used in their capitalised form:

Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to the Issuer or to any of the other Authorised Financial Intermediaries;
Application Form/s	the forms of application of subscription for Bonds, specimens of which are contained in Annex II of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
Bond/s	the €50,000,000 unsecured subordinated bonds of a nominal value of €100 per bond bearing interest at the rate of 3.75% per annum, and redeemable at their nominal value on the Redemption Date, or, at the option of the Issuer, on any of the Early Redemption Dates;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Early Redemption Date/s	15 June 2026, 15 June 2027, 15 June 2028, 15 June 2029, or 15 June 2030, subject to the Issuer giving the Bondholders at least sixty (60) days' notice in writing;
Employee/s	employees appearing on the payroll of the Issuer and the Subsidiaries as at 30 May 2019, and include directors sitting on the board of the Issuer or any of the Subsidiaries as at the date of this Securities Note;

Income Tax Act	the Income Tax Act (Cap. 123 of the laws of Malta);
Interest Payment Date	means 15 December 2019 in respect of the first interest payment, and, thereafter, semi-annually on 15 June and 15 December of each year between and including each of the years 2020 and the year 2031 (or in the event of an early redemption at the option of the Issuer, 15 June and 15 December of each year between and including each of the years 2020 and the relevant Early Redemption Date), provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	the offer of Bonds to the Authorised Financial Intermediaries, either for their own account or for the account of underlying customers, consisting of a maximum aggregate amount equal to any balance of the Bonds, if any, not subscribed to by Preferred Applicants, pursuant to the terms of the plan of distribution contained in section of 7.2 this Securities Note;
Issue Date	expected on 12 July 2019, subject to the discretion of the Issuer to vary same in accordance with section 4.4 of this Securities Note (<i>"Expected Timetable of the Bond Issue"</i>);
Issuer	Bank of Valletta p.l.c., a company registered under the laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta;
MSE Bye-Laws	the bye-laws issued by the MSE as may be amended and/or supplemented from time to time;
Offer Period	the period between 17 June 2019 and 28 June 2019 (or such earlier date as may be determined by the Issuer in case of over-subscription), during which the Bonds are available for subscription by Preferred Applicants;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Preferred Applicants	collectively the Senior Bondholders, Subordinated Bondholders, Employees and Shareholders;
Prospectus	collectively the Registration Document, the Summary Note and this Securities Note;
Redemption Date	15 June 2031, or in the event of an early redemption at the Issuer's sole discretion, any one of the relevant Early Redemption Dates;
Redemption Value	the nominal value of each Bond (€100 per Bond);

Register of Shareholders	the list of shareholders of the Issuer maintained and held by the CSD;
Registrar	Bank of Valletta p.l.c., a company registered under the laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta, VLT 1130, Malta;
Registration Document	the registration document issued by the Issuer dated 3 June 2019, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended from time to time;
Securities Note	this document in its entirety, forming part of the Prospectus;
Senior Bonds	the 4.25% notes 2019 issued by the Issuer pursuant to a prospectus dated 31 May 2011 (ISIN: MT0000021304) (as supplemented on 18 July 2011 and 12 March 2012), and the final terms dated 12 March 2012, which notes were redeemed on 17 May 2019;
Senior Bondholders	holders of Senior Bonds who held said bonds as at close of business on 2 May 2019;
Shareholders	the shareholders of the Issuer registered in the Register of Shareholders as at 30 May 2019 with last trading date being on the 28 May 2019;
Shares	shares held by Shareholders;
Sponsors	collectively: (i) Curmi & Partners Ltd., an authorised financial intermediary licensed by the MFSA and a member of the MSE; and (ii) Jesmond Mizzi Financial Advisors Limited, an authorised financial intermediary licensed by the MFSA and a member of the MSE;
Subordinated Bonds	the €50,000,000 5.35% subordinated unsecured bonds 2019 (ISIN: MT0000021262) redeemable on 15 June 2019, issued by the Issuer pursuant to a prospectus dated 20 May 2009;
Subordinated Bondholders	holders of Subordinated Bonds who held said bonds as at close of business on 30 May 2019;
Subsidiaries	collectively: (i) BOV Asset Management Limited (C 18603); and (ii) BOV Fund Services Limited (C 39623);
Summary Note	the summary note issued by the Issuer dated 3 June 2019 forming part of the Prospectus; and
Terms and Conditions	the terms and conditions of the Bond Issue contained in section 7 of this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

- a) words importing the singular shall include the plural and *vice-versa*;
- b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

2. RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY REPURCHASED AND CANCELLED, OR UNLESS THE BONDS ARE OTHERWISE PREVIOUSLY REDEEMED AT THE OPTION OF THE ISSUER ON ANY OF THE EARLY REDEMPTION DATES AT THEIR NOMINAL VALUE AS THE ISSUER MAY DETERMINE BY GIVING NOT LESS THAN SIXTY (60) DAYS’ NOTICE IN WRITING TO BONDHOLDERS.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSORS OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS SECURITIES NOTE.

2.1 FORWARD-LOOKING STATEMENTS

The Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and documents incorporated therein by reference, and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or the Directors concerning, amongst other things, the Issuer’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition and/or liquidity of the Issuer are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in global and local economic conditions, legislative and regulatory developments, changes in taxation regimes and the availability of suitable financing.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled “*Risk Factors*” in the Registration Document, for a review of the factors that could affect the Issuer’s performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligation to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.2 RISKS RELATING TO THE BONDS

An investment in the Bonds involves certain risks including, but not limited to, those described below:

Orderly and liquid market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

Future public offers

No prediction can be made about the effect which any future public offers of the Issuer’s securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

Subordinated status

The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other subordinated obligations of the Issuer. Thus, the Bonds rank after other present and future outstanding, unsubordinated and unsecured obligations of the Issuer. Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness and will not be repaid until all other senior indebtedness outstanding at the time has been settled.

Risks associated with the BRRD

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (known as the BRRD) entered into force on 2 July 2014. ACT No. XXI of 2015, amending (*inter alia*), the Malta Financial Services Authority Act (Cap. 345, laws of Malta), the ISA and the Banking Act, establishes the Resolution Authority and the Resolution Committee (the “Resolution Authorities”) in accordance with the requirements of the BRRD as well as provides for matters ancillary or incidental to the establishment thereof.

The BRRD is designed to provide the Resolution Authorities with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank so as to ensure the continuity of the bank’s critical financial and economic functions, whilst minimising the impact of a bank’s failure on the economy and financial system.

Pursuant to the BRRD, the Resolution Authorities may intervene using one or more resolution tools in the event that all of the following conditions are met: (a) a bank is failing or likely to fail; (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a bank; and (c) a resolution action is in the public interest.

One of the resolution tools is the bail-in tool whereby Resolution Authorities are, amongst others, empowered to write down or convert into common equity certain liabilities of a failing bank (including Tier 2 Capital instruments, such as the Bonds). The bail-in tool ensures that not only shareholders but also creditors of the failing institution suffer appropriate losses and bear an appropriate part of the costs arising from the failure of the institution.

The Resolution Authorities will have to exercise their bail-in powers in a way that results in: (i) Common Equity Tier 1 capital instruments (such as ordinary shares of the Issuer) being written down first in proportion to the relevant losses; (ii) thereafter, the principal amount of other capital instruments (additional Tier 1 capital instruments and Tier 2 Capital instruments such as the Bonds) being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with their order of priority; and (iii) thereafter, other eligible liabilities being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with a set order of priority.

The extent to which the Bonds may become subject to a bail-in will depend on a number of factors, and it will be difficult to predict when, if at all, a bail-in will occur particularly since, as at the date of this Prospectus, none of the conditions prescribed in (a)-(c) above subsist within the Issuer.

Prospective investors should, nonetheless, consider the risk that in the event that the Issuer becomes subject to a bail-in, the principal amount of the Bonds including any accrued but unpaid interest, may be: (i) partially or fully lost in the case of a write down to absorb the Issuer's losses; or (ii) if a conversion takes place, their investment in the Bonds may be partially or fully converted into Tier 1 capital to recapitalise the Issuer.

Limited recourse

By purchasing the Bonds, the Bondholder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Bonds, including the non-payment of interest and principal. The only remedy available to the Bondholder in the event of a default by the Issuer shall be the petitioning for the winding up of the Issuer, which shall constitute an Acceleration Event (as defined in section 5.9 of this Securities Note).

Additional indebtedness and security

The Issuer may, apart from any indebtedness incurred prior to the date of this Prospectus, incur further borrowings or indebtedness and may create or permit to subsist security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).

Capital requirements

The Bonds being offered pursuant to the Prospectus, form part of the Issuer's capital plan. In the event that the Issuer is not successful in raising this capital, its capital base and its ability to sustain further growth within the parameters of the applicable regulatory framework, may be significantly curtailed. This could have a significant impact on its overall business, as well as its operational and financial results.

Specific nature of the Bonds

The Bonds shall be issued at a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect their market value. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

Early redemption

The Issuer has the option to redeem the Bonds, in whole, at a price of €100 per Bond, on any of the Early Redemption Dates, together with any unpaid interest until the time of redemption. This optional redemption feature may have a negative impact on the market value of the Bonds. Should the Issuer decide to redeem the Bonds on any of the Early Redemption Dates, the Bondholder may not be able to re-invest the proceeds from the redemption at yields that would have been received on the Bonds had they not been redeemed.

No prior market for the Bonds

There has been no prior market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price at which the Bonds are issued will correspond to the price at which the Bonds will trade in the market. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the Issuer's operating results and political and economic developments in or outside Malta.

Continuing compliance obligations

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market.

The Listing Authority may discontinue the listing of the Bonds on the MSE if, *inter alia*, it is satisfied that there are special circumstances that no longer permit normal dealings in the Bonds to take place. Any such trading suspensions or listing discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

Suitability

The Bonds are complex financial instruments. An investment in the Issuer and the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser licensed under the Investment Services Act as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

- a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- c) understands thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets; and
- d) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Bondholder's currency of reference

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the Bondholder's currency of reference, if different.

Minimum Application and Holding

Applications for the Bonds are subject to a minimum initial application of €25,000 and subject to a minimum holding of €25,000 throughout the lifetime thereof. This could affect the ability of Bondholders to sell the Bonds on the secondary market.

Terms and Conditions

The Terms and Conditions are based on Maltese law in effect as at the date of the Prospectus. A change in Maltese law or administrative practice or a judicial decision may have an effect on the Terms and Conditions. No assurance can be given as to the impact thereof after the date of the Prospectus.

3 PERSONS RESPONSIBLE

This Securities Note includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer and the Bonds. The Issuer and the Directors, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The advisers to the Issuer listed in section 4.2 of the Registration Document have advised and assisted the Issuer in the preparation of this Securities Note, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

Neither the Issuer nor the Sponsors have authorised (nor do they authorise or consent the use of this Prospectus in connection with) the making of any public offer of the Bonds, except as provided in the Prospectus, by any person in any other circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsors and both the Issuer and the Sponsors disclaim any responsibility or liability arising from the actions of any person making such offers. Neither the Issuer nor the Sponsors have any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, it should obtain legal advice.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Securities Note will be made available through a company announcement which will also be made available on the Issuer's website: www.bov.com

4. ESSENTIAL INFORMATION

4.1 REASONS FOR THE BOND ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue amounting to a maximum of €50,000,000 will constitute an integral part of the Issuer's capital plan (aimed at further strengthening the Issuer's Tier 2 Capital requirements as required by European banking regulations), and will be used by the Issuer to meet part of its general financing requirements.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000 and will be borne by the Issuer. There is no particular order of priority with respect to such expenses.

4.3 ISSUE STATISTICS

Amount: €50,000,000;

Form: The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;

Denomination: Euro (€);

ISIN:	MT0000021353;
Minimum amount on initial subscription:	Minimum of twenty-five thousand Euro (€25,000) and in multiples of one thousand Euro (€1,000) thereafter;
Transferability:	The Bonds are freely transferable and once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time, subject to the retention of a minimum holding of €25,000 by each individual Bondholder, which holding shall be maintained at all times throughout the Bondholder's investment in the Bonds. If Bonds are held by a financial intermediary on behalf of its underlying clients under one or more nominee accounts, the minimum holding of €25,000 shall apply to each underlying client;
Redemption Date:	15 June 2031;
Early Redemption Dates:	15 June 2026, 15 June 2027, 15 June 2028, 15 June 2029, and 15 June 2030, subject to the Issuer giving the Bondholders at least sixty (60) days' notice in writing;
Redemption Value:	At par (€100 per Bond);
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other subordinated debt. Thus the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List;
Application Forms available:	Application Forms will be mailed to Senior Bondholders, Subordinated Bondholders and Shareholders on 14 June 2019. Employees may obtain an Application Form from the Issuer's offices as from 08:30 hours on 17 June 2019;
Offer Period:	The period between 17 June 2019 and 28 June 2019 (or such earlier date as may be determined by the Issuer in case of over-subscription) during which Preferred Applicants may subscribe for the Bonds;
Intermediaries' Offer Date:	12:00 hours on 5 July 2019;
Interest:	3.75% per annum;
Interest Payment Dates:	Semi-annually on 15 June and 15 December, with the first interest payment date being 15 December 2019;
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Submission to Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

4.4 EXPECTED TIMETABLE OF THE BOND ISSUE

		Scenario A: Intermediaries' Offer does not take place	Scenario B: Intermediaries' Offer takes place*
1	Application Forms available to Preferred Applicants	17 June 2019	N/A
2	Closing date for Applications to be received from Preferred Applicants	28 June 2019	N/A
3	Intermediaries' Offer*	N/A	5 July 2019
4	Announcement of basis of acceptance	5 July 2019	17 July 2019
5	Commencement of interest	5 July 2019	17 July 2019
6	Dispatch of allotment advices and refunds (if any)	12 July 2019	24 July 2019
7	Issue Date	12 July 2019	24 July 2019
8	Expected date of admission of the Bonds to listing	12 July 2019	24 July 2019
9	Expected date of commencement of trading in the Bonds	15 July 2019	25 July 2019

The Issuer reserves the right to close the period for Applications to be received from Preferred Applicants before 28 June 2019 in the event of over-subscription by Preferred Applicants, in which case the remaining events set out above in 'Scenario A' will be brought forward and will take place in the same chronological order set out above.

**Intermediaries' Offer will only take place in the event that the total value of Applications received from Preferred Applicants does not exceed €50,000,000.*

4.5 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE BOND ISSUE

The Issuer is an Authorised Financial Intermediary in respect of the Bond Issue. However, as the Issuer of the Bonds, it has an interest in the Bond Issue. In this respect, the Issuer will not be providing investment advice in relation to subscriptions for the Bonds, however, may entertain applications for subscriptions for the Bonds on a non-advisory basis. In this respect, investors are strongly encouraged to seek independent and professional advice prior to participating in the Bond Issue.

Save for the Sponsors' entitlement to fees payable in connection with the Bond Issue, and their involvement in the Bond Issue as Authorised Financial Intermediaries, so far as the Issuer is aware, no person involved in the Bond Issue has any other interest that is material to the Bond Issue.

5 INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the Terms and Conditions, and by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the Terms and Conditions herein described and to accept and be bound by the said Terms and Conditions.

5.1 GENERAL

5.1.1 Each Bond forms part of a duly authorised issue of 3.75% unsecured subordinated Bonds 2026 - 2031 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €50,000,000.

5.1.2 The expected Issue Date of the Bonds is 12 July 2019, subject to the discretion of the Issuer to vary same in accordance with section 4.4 of this Securities Note ("*Expected Timetable of the Bond Issue*").

- 5.1.3 The currency of the Bonds is Euro (€).
- 5.1.4 The proceeds of this Bond Issue will constitute Tier 2 Capital of the Bank.
- 5.1.5 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN: MT0000021353.
- 5.1.6 Unless previously repurchased and cancelled or redeemed at the option of the Issuer on any of the Early Redemption Dates, the Bonds shall be redeemed by the Issuer at par on the Redemption Date.
- 5.1.7 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 5.1.8 The Bond Issue is not underwritten.
- 5.1.9 In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for.
- 5.1.10 The Bonds are complex instruments and accordingly are only suitable for investors who have the knowledge and experience to understand the risks relating to this type of financial instrument.

5.2 RANKING OF THE BONDS

The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other subordinated debt. Thus the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future.

Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness and will not be repaid until all other senior indebtedness outstanding at the time has been settled. Subordination only comes into effect in the event of a dissolution and winding up of the Issuer where the assets of the Issuer are not sufficient to meet the claims of all the creditors of the Issuer and a ranking of the creditors' claims becomes necessary.

5.3 RIGHTS ATTACHED TO THE BONDS

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the ranking as provided in this Securities Note.

5.4 INTEREST

- 5.4.1 The Bonds shall bear interest from and including 5 July 2019 (or such other date determined by the Issuer in accordance with section 4.4 of this Securities Note "*Expected Timetable of the Bond Issue*") (the "**Interest Commencement Date**") at the rate of 3.75% per annum on the nominal value thereof, payable semi-annually in arrears on each Interest Payment Date. The first interest payment will be effected on 15 December 2019 on a pro rata basis, covering the period from the Interest Commencement Date to 14 December 2019, both days included. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 5.4.2 In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.
- 5.4.3 When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 365-day year, and in the case of an incomplete month, the number of days elapsed.

5.5 YIELD

The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at the Redemption Date is 3.75%. The table below illustrates the gross yield at the different Early Redemption Dates:

REDEMPTION	REDEMPTION DATES	ISSUE PRICE	REDEMPTION PRICE	YIELD TO CALL
At Early Redemption Dates	2026	€100 (at par)	€100 (at par)	3.75%
	2027	€100 (at par)	€100 (at par)	3.75%
	2028	€100 (at par)	€100 (at par)	3.75%
	2029	€100 (at par)	€100 (at par)	3.75%
	2030	€100 (at par)	€100 (at par)	3.75%
Upon Maturity	2031	€100 (at par)	€100 (at par)	3.75%

5.6 REGISTRATION, FORM, DENOMINATION AND TITLE

- 5.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register: (i) the names, addresses and identity card numbers (in the case of natural persons); and (ii) registration numbers and 'Legal Entity Identifiers' ("LEI") (in the case of companies). In addition, there will be entered in said register, MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively. Bondholders shall have access to the register of Bondholders held at the CSD at all reasonable times during business hours for the purpose of inspecting information held on their respective account.
- 5.6.2 The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.
- 5.6.3 The Bonds will be issued in fully registered form, without interest coupon certificates, with a nominal value of €100 provided that on subscription the Bonds will be issued for a minimum of €25,000 per individual Bondholder. Authorised Financial Intermediaries subscribing for Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €25,000 to each underlying client.
- 5.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 5.12 of this Securities Note.
- 5.6.5 Upon submission of an Application Form, Applicants who opt to subscribe for the online e-portfolio by ticking the appropriate box on the Application Form will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

5.7 PAYMENTS

- 5.7.1 Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Redemption Date or the Early Redemption Date (as the case may be), with interest accrued up to the Redemption Date or the Early Redemption Date (as the case may be), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith. Such payment shall be effected within seven (7) days of the Redemption Date, or the Early Redemption Date (as the case may be). Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

- 5.7.2 In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.
- 5.7.3 Payment of interest on the Bonds will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- 5.7.4 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.
- 5.7.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

5.8 REDEMPTION OR EARLY REDEMPTION

- 5.8.1 Unless previously repurchased and cancelled, the Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 15 June 2031, provided that the Issuer reserves the right to redeem all the Bonds on any one of the Early Redemption Dates. The Issuer shall give at least sixty (60) days' notice in writing to all Bondholders of its intention to effect such early redemption. The Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law, and which is payable by Bondholders.
- 5.8.2 Subject to the provisions of this section 5.8, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- 5.8.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

5.9 ACCELERATION EVENT

In the event that an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer (an "**Acceleration Event**"), the Bonds shall immediately fall due and payable at the Redemption Value, together with interest accrued up to the date of repayment, if any. Upon the occurrence of such an Acceleration Event, all rights available to the Bondholders shall rank after all other unsubordinated and unsecured obligations of the Issuer.

In the event that the Issuer becomes subject to a bail-in (as further described in the risk factor found in section 2.2 of this Securities Note, entitled "*Risks associated with the BRRD*"), this shall not constitute an Acceleration Event.

5.10 LIMITED RECOURSE

Each Bondholder agrees to waive his rights of enforcement against the Issuer in the case of non-payment of interest or other breach of the Terms and Conditions. The only remedy available to the Bondholders shall be the petitioning for the winding-up of the Issuer.

5.11 FORM OF NOTICE

Any notice, including any notice declaring the Bonds due and payable, shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer.

5.12 TRANSFERABILITY OF THE BONDS

- 5.12.1 The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time, subject to the retention of a minimum holding of €25,000 by each individual holder of the Bonds, which shall be maintained at all times throughout such Bondholder's investment in the Bonds. If the Bonds are held by financial intermediaries on behalf of their underlying clients under one or more nominee accounts, the minimum holding of €25,000 shall apply to each underlying client.
- 5.12.2 Any person becoming entitled to the Bonds in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bonds or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bonds, or procuring the transfer of the Bonds, in favour of that person.
- 5.12.3 All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 5.12.4 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 5.12.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.13 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities or upon such other terms and conditions as the Issuer may determine at the time of their issue.

5.14 MEETINGS OF BONDHOLDERS

- 5.14.1 The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.
- 5.14.2 In the event that the Issuer wishes to amend any of the Terms and Conditions, it shall call a meeting of Bondholders listed on the register of Bondholders at a date being not more than thirty (30) days preceding the date scheduled for the meeting, by giving such Bondholders not less than fourteen (14) days' notice in writing setting out, in the notice, the time, place and date set for the meeting and the matters to be discussed thereat. Any person who in accordance with the Memorandum and Articles is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.14.3 A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding. Any person who in accordance with the Memorandum and Articles of Association is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.14.4 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.

- 5.14.5 The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.
- 5.14.6 Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply *mutatis mutandis*.

5.15 AUTHORISATIONS AND APPROVALS

The Board of Directors authorised the Bond Issue pursuant to a Board of Directors' resolution passed on 14 May 2019.

5.16 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and, in proving such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

6. TAXATION

6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and is not, and does not purport to be, exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

6.2 MALTA TAX ON INTEREST

Interest payable in respect of the Bond to a recipient, as defined in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta) is subject to a 15% final withholding tax (10% in the case of certain types of collective investment schemes), unless the recipient elects to be paid the investment income without deduction of the final withholding tax. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case, the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

6.3 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholder, no tax on capital gains is chargeable in respect of a transfer of the Bonds.

6.4 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be treated as marketable securities for the purposes of the Duty and Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

6.5 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agents are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Relevant legislation includes, but is not limited to:

- (i) the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014; and
- (ii) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) which provides for the implementation of the regime known as the Common Reporting Standard – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015.

Failure on the part of a Bondholder to provide the Issuer with the necessary information required for its compliance with applicable legislation, may have consequences on the Bondholder’s holding and/or may result in the Issuer having to report the Bondholder to the relevant tax authorities.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO: (1) THE ACQUISITION, HOLDING AND DISPOSAL OF THE BONDS; (2) THE INTEREST PAYMENTS MADE BY THE ISSUER; AND (3) THE REPORTING BY THE ISSUER TO THE COMMISSIONER FOR REVENUE OF INFORMATION ON THE BONDHOLDERS AND ON PAYMENTS MADE TO THE BONDHOLDERS AND THE EXCHANGE OF SUCH INFORMATION BETWEEN MALTA AND RELEVANT FOREIGN TAX AUTHORITIES. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE LEGAL OR TAX ADVICE AND REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

7. TERMS AND CONDITIONS

7.1 GENERAL TERMS AND CONDITIONS

- 7.1.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, all Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 7.1.2 The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder shall be subject to all the terms and conditions set out in this Securities Note.
- 7.1.3 If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public, if so required by the Issuer (acting in its capacity as Registrar), but it shall not be the duty or responsibility of the Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 7.1.4 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bonds so held.
- 7.1.5 In respect of Bonds held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register of Bondholders. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer, to be the holder of the Bonds so held and shall have the right to receive interest on the Bonds and to vote at meetings of the Bondholders but shall not, during the continuance of the Bonds, have the right to dispose of the Bonds so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bonds (which shall be due to the bare owner). In the case of Senior Bonds, Subordinated Bonds and/or Shares which were/are held subject to usufruct, the Application Forms will be sent to the bare owners of such Shares and to the previous bare owners of the Senior Bonds and/or Subordinated Bonds.
- 7.1.6 Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 7.1.7 Applications in the name of a corporation or corporate entity or association of persons, need to include a valid LEI in the space provided on the Application, and must be signed by duly authorised representatives indicating the capacity in which they are signing. Failure to include a valid LEI, will result in the Application being cancelled by the Issuer (acting in its capacity as Registrar) and subscription monies will be returned to the Applicant in accordance with section 7.1.16 below.
- 7.1.8 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control requirements in the countries of their nationality, residence or domicile.
- 7.1.9 The Bonds have not been, and will not be, registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to, or for, the account or benefit of a U.S. person.

- 7.1.10 SUBSCRIPTION FOR BONDS BY PERSONS RESIDENT IN, OR WHO ARE CITIZENS OF, OR WHO ARE DOMICILED IN, OR WHO HAVE A REGISTERED ADDRESS IN, A JURISDICTION OTHER THAN MALTA, MAY BE AFFECTED BY THE LAW OF THE RELEVANT JURISDICTION. THOSE PERSONS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS (INCLUDING TAX AND LEGAL ADVISERS) AS TO WHETHER THEY REQUIRE ANY GOVERNMENTAL OR OTHER CONSENTS, OR NEED TO OBSERVE ANY OTHER FORMALITIES, TO ENABLE THEM TO SUBSCRIBE FOR THE BONDS. IT IS THE RESPONSIBILITY OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, NOMINEES, CUSTODIANS, DEPOSITARIES AND TRUSTEES) OUTSIDE MALTA WISHING TO PARTICIPATE IN THE BOND ISSUE, TO SATISFY HIMSELF/HERSELF/ITSELF AS TO FULL OBSERVANCE OF THE APPLICABLE LAWS OF ANY RELEVANT JURISDICTION, INCLUDING, BUT NOT LIMITED TO, OBTAINING ANY REQUISITE GOVERNMENTAL OR OTHER CONSENTS, OBSERVING ANY OTHER REQUISITE FORMALITIES AND PAYING ANY TRANSFER OR OTHER TAXES (OF ANY NATURE WHATSOEVER) DUE IN SUCH TERRITORIES. THE ISSUER SHALL NOT ACCEPT ANY RESPONSIBILITY FOR THE NON-COMPLIANCE BY ANY PERSON OF ANY APPLICABLE LAWS OR REGULATIONS OF FOREIGN JURISDICTIONS.

No person downloading a copy of the Prospectus and/or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

Having considered the circumstances, the Issuer has formed the view (due to the onerous requirements involved in the registration of this Prospectus in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements) not to send Application Forms to Senior Bondholders, Subordinated Bondholders and Shareholders except where, *inter alia*, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

- 7.1.11 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 7.1.12 The Bonds will be issued in Euro (€). The aggregate principal amount of the Bond Issue is of a maximum of €50,000,000.
- 7.1.13 The nominal value of the Bonds is €100. The minimum amount of Bonds that can be subscribed for by Applicants is €25,000. An Applicant applying for Bonds in excess of €25,000 must apply for same in multiples of €1,000 thereafter.
- 7.1.14 Applications for subscriptions for Bonds shall be made by completing the appropriate section of the Application Form. Senior Bondholders and Subordinated Bondholders may subscribe for Bonds by submitting Application Form 'A'. Employees may subscribe for Bonds by submitting Application Form 'B'. Shareholders may subscribe for Bonds by submitting Application Form 'C'. Other Applicants subscribing for Bonds through the Intermediaries' Offer (in the eventuality that it takes place) need to complete Application Form 'D'. Preferred Applicants may submit their Application Forms to any Authorised Financial Intermediary by latest 16:00 hours on 28 June 2019 (or such earlier date as may be determined by the Issuer in case of over-subscription) whereas other investors subscribing for Bonds through the Intermediaries' Offer (in the eventuality that it takes place) need to submit Application Form 'D' by latest 12:00 hours on 5 July 2019. Payment by applicants of the full price of Bonds applied for shall be made in Euro and in cleared funds. Payment may be made either in cash or by cheque payable to the respective Authorised Financial Intermediary. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer reserves the right to invalidate the relative Application.

- 7.1.15 By submitting a signed Application Form, the Applicant is thereby confirming that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer (acting in its capacity as Registrar) reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation.
- 7.1.16 In the event that: (i) an Application is rejected owing to the provision, by the Applicant, of incomplete information and/or documentation; or (ii) an Applicant has not been allocated any Bonds; or (iii) an Applicant has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five (5) Business Days from the date of announcement of basis of acceptance. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such credit transfer.
- 7.1.17 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008, as subsequently amended), all Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 of the MSE Bye-Laws, irrespective of whether the Authorised Financial Intermediaries are Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and/or the GDPR, as amended from time to time (as applicable), for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- 7.1.18 It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II) and Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (MiFIR), as well as applicable MFSA Rules for investment services providers.
- 7.1.19 By completing and delivering an Application Form, the Applicant:
- agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at www.bov.com. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the laws of Malta) and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
 - warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s in the space provided on the Application Form. Failure to include a valid MSE account number will result in the Application being cancelled by the Issuer (acting in its capacity as Registrar) and subscription monies will be returned to the Applicant in accordance with section 7.1.16 above. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - authorises the Issuer (or its service providers, including the CSD and/or the Sponsors) and/or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bonds applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;

- e. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- f. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- g. agrees to provide the Issuer, the Sponsors and any of the Authorised Financial Intermediaries with any information which it/they may request in connection with the Application;
- h. warrants in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her Application;
- i. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- j. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- k. acknowledges that the advisers to the Issuer in connection to the Bond Issue (listed in section 4.2 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- l. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant’s own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and
- m. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.1.20 The Bonds, as to form and content, and all the rights and obligations of the Bondholders and the Issuer, shall be governed by Maltese law. The exclusive place of jurisdiction for all legal proceedings arising out of or in connection with the Bonds shall be Malta.

7.2. PLAN OF DISTRIBUTION AND ALLOTMENT

Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription by:

- i. Preferred Applicants up to the total amount of €50,000,000; and
- ii. Authorised Financial Intermediaries through the Intermediaries’ Offer in respect of any balance of the Bonds not subscribed to by Preferred Applicants.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of basis of acceptance. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE or prior to the said notification.

7.3. PRICING

The Bonds are being issued at par, that is, at €100 per Bond.

7.4. ALLOCATION POLICY

The Issuer shall allocate the Bonds on the basis of the following allocation policy:

- i. A maximum aggregate amount of €50,000,000 in Bonds shall be available for subscription by Preferred Applicants in accordance with an allocation policy as determined by the Issuer (acting in its capacity as Registrar). The Issuer may, in determining the aforesaid allocation policy, give preference to Senior Bondholders and Subordinated Bondholders.

In the event that Applications from Preferred Applicants exceed the amount available for subscription, the Issuer (acting in its capacity as Registrar) shall scale down Applications (subject to a minimum allocation of €25,000 per Application) in accordance with its allocation policy and the subscription monies of any unsatisfied Applications, or part thereof, shall be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the announcement of basis of acceptance.

In view of the fact that Bondholders need to have a minimum holding of €25,000 in the Bonds, the Issuer may, in allocating the Bonds, resort to a ballot. Pursuant to such ballot, Applicants are not guaranteed that they will be allocated any Bonds.

- ii. Any balance of Bonds not subscribed for by Preferred Applicants shall be made available for subscription by Authorised Financial Intermediaries who would have submitted a subscription agreement as detailed in section 7.5 hereunder.

In the event that the subscription agreements received exceed the amount available for subscription in terms of this point (ii), the Issuer (acting in its capacity as Registrar) shall scale down each subscription agreement in accordance with its allocation policy and the subscription monies of any unsatisfied subscription agreements, or part thereof, shall be returned by direct credit transfer to the respective Authorised Financial Intermediary to the account number indicated on the respective subscription agreement by latest 8 July 2019.

The Issuer shall announce the result of the Bond Issue through a company announcement by 5 July 2019, however this date may vary in accordance with the terms of section 4.4 of this Securities Note ("*Expected Timetable of the Bond Issue*").

7.5 INTERMEDIARIES' OFFER

- 7.5.1 The Issuer may enter into conditional subscription agreements with Authorised Financial Intermediaries for the subscription of the resultant balance of Bonds not subscribed to by Preferred Applicants pursuant to section 7.4 above.
- 7.5.2 In terms of each subscription agreement entered into with each of the Authorised Financial Intermediaries, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery to the Issuer, provided that these intermediaries would have paid to the the Issuer (in its capacity as Registrar) all subscription proceeds in cleared funds on delivery of the subscription agreement.
- 7.5.3 Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading. In any case, subscriptions made pursuant to a subscription agreement shall be subject to a minimum Application and allocation of €25,000 in Bonds to each underlying client.

7.6 ADMISSION TO TRADING

- 7.6.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 3 June 2019.
- 7.6.2 Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List.
- 7.6.3 The Bonds are expected to be admitted to the MSE with effect from 12 July 2019 and trading is expected to commence on 15 July 2019, however these dates may vary in accordance with the terms of section 4.4 of this Securities Note (*“Expected Timetable of the Bond Issue”*).

7.7 ADDITIONAL INFORMATION

The following documents are available for inspection at the registered office of the Issuer for the life of this Prospectus:

- i. the Memorandum and Articles; and
- ii. the annual reports, including the consolidated audited financial statements of the Issuer, for each of the financial years ended 31 December 2017 and 31 December 2018.

The Securities Note does not contain any statement or report attributed to any person as an expert.

7.8 CREDIT RATING

The Issuer is currently rated by Standard and Poor's (**“S&P”**) & Fitch Ratings (**“Fitch”**). S&P and Fitch are two of the three big credit rating agencies and have been designated as nationally recognised statistical rating organisations (NRSRO) by the U.S. Securities & Exchange Commission.

The Issuer's long-term issuer default rating assigned by S&P is 'BBB' while the short-term rating is 'A-2' with a negative outlook. The Issuer's long-term issuer default rating as assigned by Fitch is 'BBB' whilst the short term rating is 'F2' with a stable outlook.

A 'BBB' long-term issuer credit rating indicates that the *“obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments”*. On the other hand, an S&P A-2 short-term credit rating indicates that the *“obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.”* A short-term rating of F2 by Fitch indicates that the company has *“good intrinsic capacity for timely payment of financial commitments”*.¹

¹ Fitch Ratings Definitions: <www.fitchratings.com/site/definitions>

S&P Global Rating Definitions: <www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352>

ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank p.l.c.	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	Nu Bis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492
MZ Investment Services Ltd	63, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000

ANNEX II – SPECIMEN APPLICATION FORMS



Bank of Valletta

BANK OF VALLETTA P.L.C. €50,000,000 3.75% UNSECURED SUBORDINATED BONDS 2026 - 2031 APPLICATION FORM 'A' SENIOR BONDHOLDERS & SUBORDINATED BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 as either a Senior Bondholder or a Subordinated Bondholder as defined in the Prospectus dated 3 June 2019 (the "Prospectus"). Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable**

A APPLICANT (see notes 2 to 7)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (If applicant is NOT an Individual)		TEL. NO.	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
C DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN(S) (see notes 4 & 7) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D I/WE APPLY TO PURCHASE AND ACQUIRE (see note 8):			
€	AMOUNT IN WORDS		
Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 (the "Bonds") (minimum subscription of €25,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2019, payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9 & 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 & 12)			
BANK	IBAN		
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept. I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/We understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided. CONFLICTS OF INTEREST - Bank of Valletta p.l.c. acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.			
Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE		APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7 of the Securities Note dated 3 June 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For Applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Applicant has been preprinted in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 2 May 2019 with respect to the Senior Bondholders and 30 May 2019 with respect to the Subordinated Bondholders. If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B **but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided in Panel C of the Application Form.
8. Applications must be for a minimum subscription of €25,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro. TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €100 AND SHALL BE SUBJECT TO THE RETENTION TO A MINIMUM HOLDING OF €25,000. IT IS THE RESPONSIBILITY OF EACH AUTHORISED FINANCIAL INTERMEDIARY TO ENSURE THAT APPLICATIONS FOR SUBSCRIPTION OF BONDS MADE UNDER NOMINEE AS WELL AS WHEN THE BONDS ARE TRADED ON THE SECONDARY MARKET, THE MINIMUM HOLDING OF €25,000 SHALL APPLY TO EACH BENEFICIAL OWNER.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.

11. Interest and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Offer Period will open at 08:30 hours on 17 June 2019 and will close at 16:00 hours on 28 June 2019 or earlier in the case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The Bonds are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Bonds unless:

- i. He/She has the necessary knowledge and experience to understand the risks relating to this type of financial instruments;
- ii. The Bonds meet the investment objectives of the potential investor; and
- iii. Such potential investor is able to bear the investment and financial risks which result from investment in the Bonds.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



Bank of Valletta

€50,000,000 3.75% UNSECURED SUBORDINATED BONDS 2026 - 2031
APPLICATION FORM 'B'
EMPLOYEES

This Application Form is not transferable and entitles you to subscribe for Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 being an Employee as defined in the Prospectus dated 3 June 2019 (the "Prospectus"). Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable**

A APPLICANT (see notes 2 to 5)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
ADDRESS			
			POSTCODE
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT	DOCUMENT TYPE	COUNTRY OF ISSUE
NATIONALITY		DATE OF BIRTH	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
C DECISION MAKER (see note 5) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
D I / WE APPLY TO PURCHASE AND ACQUIRE (see note 6):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 (the "Bonds") (minimum subscription of €25,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2019, payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 7 & 8) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 8) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (see notes 9 & 10) (completion of this panel is MANDATORY)			
BANK		IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/We understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p> <p>CONFLICTS OF INTEREST - Bank of Valletta p.l.c. acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.</p>			
Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	
		APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7 of the Securities Note dated 3 June 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS and entitles you for subscription to the Bonds as a Preferred Applicant being an Employee as at 30 May 2019 as defined in the Prospectus. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A and complete Panel F.
3. Applicants are to insert full personal details in Panel A. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels A, but **the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 4 below). Applications by more than two persons are to use the Addendum to the Application Form.**

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. **APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL A, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
5. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.
6. Applications must be for a minimum subscription of €25,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro. TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €100 AND SHALL BE SUBJECT TO THE RETENTION TO A MINIMUM HOLDING OF €25,000. IT IS THE RESPONSIBILITY OF EACH AUTHORISED FINANCIAL INTERMEDIARY TO ENSURE THAT APPLICATIONS FOR SUBSCRIPTION OF BONDS MADE UNDER NOMINEE AS WELL AS WHEN THE BONDS ARE TRADED ON THE SECONDARY MARKET, THE MINIMUM HOLDING OF €25,000 SHALL APPLY TO EACH BENEFICIAL OWNER.
7. Only Applicants who hold a valid official Maltese Identity Card will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross.

In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.
9. Interest and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
10. The Offer Period will open at 08:30 hours on 17 June 2019 and will close at 16:00 hours on 28 June 2019 or earlier in the case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in Panel G.
11. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The Bonds are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Bonds unless:

- i. He/She has the necessary knowledge and experience to understand the risks relating to this type of financial instruments;
- ii. The Bonds meet the investment objectives of the potential investor; and
- iii. Such potential investor is able to bear the investment and financial risks which result from investment in the Bonds.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



Bank of Valletta

BANK OF VALLETTA P.L.C.
€50,000,000 3.75% UNSECURED SUBORDINATED BONDS 2026 - 2031
APPLICATION FORM 'C'
SHAREHOLDERS

This Application Form is not transferable and entitles you to subscribe for Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 as a shareholder of the Issuer registered in the Register of Shareholders as at 30 May 2019. Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable**

A APPLICANT (see notes 2 to 7)			
		I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		TEL. NO.	MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
B ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
C DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN(S) (see notes 4 & 7) (to be completed ONLY if applicable)			
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D I / WE APPLY TO PURCHASE AND ACQUIRE (see note 8):			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 (the "Bonds") (minimum subscription of €25,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2019, payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9 & 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
F NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
G INTEREST, REFUND AND REDEMPTION MANDATE (see notes 11 & 12) (completion of this panel is MANDATORY)			
BANK		IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/We fully accept. I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/We understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided. CONFLICTS OF INTEREST - Bank of Valletta p.l.c. acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.			
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)</small>		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	
		APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7 of the Securities Note dated 3 June 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For Applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. The MSE account number pertaining to the Applicant has been preprinted in Panel A and reflects the MSE account number on the Issuer's Shareholder register at the CSD as at 30 May 2019 (trading session of the 28 May 2019). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but **the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**
Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided in Panel C of the Application Form.
8. Applications must be for a minimum subscription of €25,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro. TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €100 AND SHALL BE SUBJECT TO THE RETENTION TO A MINIMUM HOLDING OF €25,000. IT IS THE RESPONSIBILITY OF EACH AUTHORISED FINANCIAL INTERMEDIARY TO ENSURE THAT APPLICATIONS FOR SUBSCRIPTION OF BONDS MADE UNDER NOMINEE AS WELL AS WHEN THE BONDS ARE TRADED ON THE SECONDARY MARKET, THE MINIMUM HOLDING OF €25,000 SHALL APPLY TO EACH BENEFICIAL OWNER.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.
In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.

11. Interest and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.
12. The Offer Period will open at 08:30 hours on 17 June 2019 and will close at 16:00 hours on 28 June 2019 or earlier in the case of over-subscription. Completed Application Forms are to be delivered to any Authorised Financial Intermediary listed in Annex I of the Securities Note during normal office hours. Remittances by post are made at the risk of the Applicant and the Company disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The Bonds are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Bonds unless:

- i. He/She has the necessary knowledge and experience to understand the risks relating to this type of financial instruments;
- ii. The Bonds meet the investment objectives of the potential investor; and
- iii. Such potential investor is able to bear the investment and financial risks which result from investment in the Bonds.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



Bank of Valletta

€50,000,000 3.75% UNSECURED SUBORDINATED BONDS 2026 - 2031
APPLICATION FORM 'D'
INTERMEDIARIES' OFFER

Please read the notes overleaf before completing this Application Form. Mark 'X' where applicable.

A APPLICANT (see notes 2 to 7)			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/ Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
B TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
ADDRESS			
			POSTCODE
MSE A/C NO. (mandatory)	I.D. CARD / PASSPORT / COMPANY REG. NO.	DOCUMENT TYPE	COUNTRY OF ISSUE
LEI (Legal Entity Identifier) (if applicant is NOT an Individual)		DATE OF BIRTH	NATIONALITY
			MOBILE NO.
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number is mandatory for e-portfolio registration)			
C ADDITIONAL (JOINT) APPLICANTS (see note 3) (please use Addendum to Application Form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
D DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIANS (see notes 4 & 7) (to be completed ONLY if Applicable)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME	
		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE		COUNTRY OF ISSUE	DATE OF BIRTH
			NATIONALITY
E I / WE APPLY TO PURCHASE AND ACQUIRE (see note 8):			
AMOUNT IN FIGURES		AMOUNT IN WORDS	
€			
Bank of Valletta p.l.c. 3.75% Unsecured Subordinated Bonds 2026 - 2031 (the "Bonds") (minimum subscription of €25,000 and in multiples of €1,000 thereafter) at the Bond Issue Price (at par), as defined in the Prospectus dated 3 June 2019 (the 'Prospectus'), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.			
F RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION (see notes 9 & 10) (to be completed ONLY if the Applicant is a resident of Malta)			
<input type="checkbox"/> I/We elect to receive interest NET of FWT.		<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT.)	
G NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see notes 2 & 10) (to be completed ONLY if the Applicant is a non-resident)			
TAX COUNTRY		CITY OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
<input type="checkbox"/> NOT resident in Malta but resident in the European Union		<input type="checkbox"/> NOT resident in Malta and NOT resident in the European Union	
H INTEREST AND REDEMPTION MANDATE (see note 11) Completion of this panel is MANDATORY			
BANK		IBAN	
<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/We fully accept.</p> <p>I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MIFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/We understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p> <p>CONFLICTS OF INTEREST - Bank of Valletta p.l.c. acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.</p>			
Signature/s of Applicant/s (Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	
		APPLICATION NUMBER	

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 3 June 2019 regulating the Bond Issue

1. This Application is governed by the general Terms and Conditions of Application contained in Section 7 of the Securities Note dated 3 June 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar.** Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. **APPLICANTS ARE TO INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided in Panel D of the Application Form.
8. Applications must be for a minimum subscription of €25,000 and thereafter in multiples of €1,000 and must be accompanied by the relevant subscription amount in Euro. TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €100 AND SHALL BE SUBJECT TO THE RETENTION TO A MINIMUM HOLDING OF €25,000. IT IS THE RESPONSIBILITY OF EACH AUTHORISED FINANCIAL INTERMEDIARY TO ENSURE THAT APPLICATIONS FOR SUBSCRIPTION OF BONDS MADE UNDER NOMINEE AS WELL AS WHEN THE BONDS ARE TRADED ON THE SECONDARY MARKET, THE MINIMUM HOLDING OF €25,000 SHALL APPLY TO EACH BENEFICIAL OWNER.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.

11. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
12. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount allotted in terms of the Subscription Agreement as mentioned in Section 7.5 of the Securities Note by latest 12:00 hours on 10 July 2019. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus.
13. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the Laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer.

Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

The Bonds are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Bonds unless:

- i. He/She has the necessary knowledge and experience to understand the risks relating to this type of financial instruments;
- ii. The Bonds meet the investment objectives of the potential investor; and
- iii. Such potential investor is able to bear the investment and financial risks which result from investment in the Bonds.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.

DETAILS OF ORIGINAL APPLICATION FORM
Name of Applicant
I.D. Card / Passport No.
Application No.

ADDITIONAL (JOINT) APPLICANTS <i>(see note 3)</i>			
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
FULL NAME & SURNAME			I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("Transaction Reporting"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

CONFLICTS OF INTEREST - Bank of Valletta p.l.c. acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.

Signature/s

Date

