mediterraneanbank
wealth management - savings - investments

Mediterranean Bank plc

(registered with limited liability in the Republic of Malta)

Registration Document dated 3 November 2014

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 by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

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APPROVED BY THE DIRECTORS

Henry C. Schmeltzer on behalf of
Francis J. Vassallo, Frederick Mifsud Bonnici, Benjamin Hollowood, Mark A. Watson, Joaquin Vicent, Vincent Chatard

Henry C. Schmeltzer
Executive Director

Legal Counsel: CAMILLERI PREZIOSI ADVOCATES

Sponsor: Jesmond Mizzi FINANCIAL ADVISORS

Manager & Registrar: MALTA STOCK EXCHANGE plc

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1 IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT FORMS PART OF THE PROSPECTUS AND CONTAINS INFORMATION ON MEDITERRANEAN BANK PLC (THE "**ISSUER**") IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION.

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SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFER OF SECURITIES 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. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE SECURITIES CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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.

STATEMENTS MADE IN THIS 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 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 THE BONDS.

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.

2 DEFINITIONS

Act	the Companies Act (Cap. 386 of the laws of Malta);
AnaCap	AnaCap Financial Partners II L.P., a limited liability partnership incorporated under the laws of Guernsey with company number 1027;
CRR	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012;
CSD	the Central Securities Depository of the Malta Stock Exchange situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;;
Directors or **Board**	the directors of the Issuer whose names and addresses are set out under the heading "**Board of Directors**" in section 12.1 of this Registration Document;
Euro or **€**	the lawful currency of the Republic of Malta;
Group	the group of companies of which Medifin Holding Limited is the parent company, further described under section 11 of this Registration Document;
Issuer or **Bank**	Mediterranean Bank plc, a public limited liability company registered in Malta with company number C 34125 having its registered office at 10, St Barbara Bastion, Valletta VLT 1961, Malta;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
Listing Rules	the listing rules, issued by the Listing Authority;
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) having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta, and bearing company registration number C 42525;
Medfin Investments Limited	a non-cellular company limited by shares incorporated under the laws of Guernsey with company number 68396;
MFSA	the Malta Financial Services Authority, incorporated in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
M&A	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Prospectus	collectively the Registration Document, the Securities Note and the Summary Note, as such documents may be amended, updated, replaced and supplemented from time to time;
Registration Document	this document in its entirety;
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 by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 as regards to regulatory technical standards for publication of supplements to the prospectus;
Securities Note	the securities note issued by the Issuer dated 3 November 2014, forming part of the Prospectus;
Summary Note	the summary note issued by the Issuer dated 3 November 2014, forming part of the Prospectus.

3 RISK FACTORS

An investment in the Issuer involves certain risks including those described below. Before deciding to make an investment in the Issuer 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. Some of these risks are subject to contingencies which may or may not occur and the Issuer is not in a position to express a view 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 Issuer's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the securities issued by it from time to time.

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 Issuer faces. Additional risks and uncertainties, including those which the Issuer's Directors are not currently aware of, may result in a material impact on the financial condition and operational performance of the Issuer. Accordingly prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in this document.

3.1 Forward-Looking Statements

This Prospectus contains "forward-looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. 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.

3.2 Risks Relating to the Issuer

3.2.1 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 Issuer currently holds no specific impairment provisions in respect of its securities portfolio, based on the view that accounting standards do not currently require or permit specific provisions unless a loss event has been deemed to have occurred. The Issuer holds specific impairment provisions in respect of approximately 0.4% of the principal amount of its loan portfolio. Adverse changes in the credit quality of the Issuer's assets, either specific to individual obligors or caused by a general deterioration in European or global economic conditions, or by systemic risks in the financial system, could affect the recoverability and value of the Issuer's assets and either lead to write-offs or require provisions for impairment. Write-offs or provisions for impairment could also be dictated by a change in accounting standards.

3.2.2 Liquidity Risk

Liquidity risk is the risk that the Issuer will be unable to meet its obligations, including funding commitments, as they become due.

A material portion of the Issuer's financing is derived from international wholesale funding markets. In the event that funding from such markets were to become less available or more expensive, or in the event that it becomes difficult to sell financial assets close to their fair value, the Issuer may be adversely affected.

3.2.3 Interest Rate Risk

Interest rate risk arises from the mismatch between interest rate sensitive assets and liabilities. As is common to all banks, the Issuer runs a mismatch between its liabilities and assets.

3.2.4 Foreign Exchange Risk

Foreign exchange risk arises on monetary assets and liabilities not denominated in the base currency of a company. Currently the Issuer is not exposed to any material foreign exchange risk as a result of its hedging activities. However, in the future, the Issuer may decide to reduce the level of its hedging activities, in which case, subject to maintaining the necessary controls and limitations, the Issuer may be exposed to fluctuations in foreign currency exchange rates.

3.2.5 Concentration Risk

The investments made by the Issuer are primarily denominated in Euro. The obligors of most of such investments are issued by EU entities. In addition, the deposit base of the Issuer primarily consists of customers located in Malta and other European Union countries. As a result of the composition of the Issuer's investment portfolio and deposit base, any broadly negative economic trends affecting the European Union may have an adverse effect on the Issuer.

In addition, the majority of the Issuer's securities portfolio consists of covered bonds which are secured on residential mortgages, primarily located in European Union countries. Accordingly, negative developments in European property markets may also have an adverse effect on the Issuer.

3.2.6 Operational Risk

Operational risk and losses can result in each of the jurisdictions in which the Issuer operates from a wide range of factors, including fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with increasingly complex regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of the Issuer's counterparties or vendors).

When the Issuer was acquired by AnaCap in 2009, new management, policies, procedures and systems were implemented, including a disaster recovery plan and a new core banking system. In addition, the Issuer has introduced for its customers new online banking and investment services, together with systems to support such services, an e-brokerage system, a revamped public website and a range of other wealth management tools and functions. The Issuer is exposed to the risk that such policies, procedures and systems being implemented will not perform to the level expected and may have a negative impact on the financial performance of the Issuer.

Any losses arising from the failure of the Issuer's system of internal controls could have a material adverse effect on its business, financial condition, results of operations and prospects and could materially adversely affect its reputation. Operational risk specific to the Issuer's IT systems is described below.

3.2.7 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 financial control, risk management, 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 communications 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 computer viruses. The proper functioning of the Issuer's information technology systems also depends on accurate and reliable data and other system input, 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. Any failure or delay in recording or processing the Issuer's transaction data could subject it to claims for losses and regulatory fines and penalties.

3.2.8 Reputational Risk

Reputational risk is the risk that damage to the Issuer's reputation, potentially incurred as the result of one of the events described above, results in a material adverse effect on the operations and performance of the Issuer.

3.2.9 Expansion

In July 2013 the Issuer was approved to establish its first international branch, in Belgium. As part of the establishment of the branch, the Issuer has devoted significant time and resources to the build out of systems, infrastructure and organisational structure for the branch. Moreover, the Belgian market is a new market for the Issuer, with which the Issuer has less familiarity. The Issuer is in the process of converting its Belgian branch into a subsidiary having its own separate legal personality and requiring a separate banking license.

The Issuer is also expanding its presence in Malta through the acquisition of Mediterranean Corporate Bank Limited (previously Volksbank Malta Limited) through which it intends to develop its corporate banking platform. On 25 September 2014 the Issuer received approval from the MFSA of the acquisition of Mediterranean Corporate Bank Limited and will be investing its resources in the adaptation of the systems, infrastructure and organisational structure of this new subsidiary of the Issuer. As a result of the anticipated expansion of its activities in Malta (through Mediterranean Corporate Bank Limited), the Issuer will have a greater exposure to the local market, and any fluctuations therein could have a material adverse effect on the Issuer's business. Moreover, the expansion subjects the Issuer to increased risks relating to, *inter alia*, portfolio management issues, the success or otherwise of integrating operations and personnel within the group and a possible decrease in the overall credit quality of the group's lending portfolio.

Were these new ventures not to prove successful, whether for commercial or other reasons, this may result in a material adverse effect on the operations and performance of the Issuer.

32.10 Regulatory Matters

The Issuer, through its operations in Malta and Belgium, is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. In Malta, these controls include laws and regulations promulgated

by the MFSA, which is the regulatory body for banks. In Belgium, subsequent to obtaining the relevant banking license, the activities of the Belgian subsidiary would be regulated by the National Bank of Belgium (the "NBB"). In addition to the above, the Issuer may ultimately be subject to regulation at the level of the European Central Bank.

The Issuer is also required to comply with applicable know your customer, anti-money laundering and counter-terrorism financing laws and regulations in Malta and Belgium, including those related to countries subject to sanctions by the United States Office of Foreign Assets Control, similar regulations of the European Union and other jurisdictions, and applicable anti-corruption laws. To the extent that the Issuer fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged, with consequent adverse effects on its business, financial condition, results of operations and prospects.

Any failure or delay in receiving any required regulatory approvals or the enactment of new and adverse regulations or regulatory requirements may have a material adverse effect on the Issuer's business. In addition, future legislative, judicial and regulatory agency actions could have a material adverse effect on the Issuer's business. Furthermore, changes in the regulatory environment could ultimately place increased regulatory pressure on the Issuer, and could have a material adverse effect on its business, financial condition, results of operation and cash flow, particularly in the case of an adverse impact resulting from regulatory developments which could expose its business to a number of risks as well as limit growth, curtail revenues and impact the Issuer's service offerings. Moreover, there is a risk of noncompliance associated with the complexity of regulation. Failure to comply with current or future regulation could expose the Issuer's business to various sanctions, including fines or the withdrawal of authority to conduct certain lines of business.

3.2.11 External Factors

The Issuer's overall performance and results may also be adversely affected by external factors beyond the Issuer's control. These include changes in economic conditions, business cycles, volatility in financial markets and increased competitive pressure in the financial services sector.

4 PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer. All of the Directors, whose names appear under the heading "**Board of Directors**" of this Registration Document, accept responsibility for the information contained herein.

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 document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

5 STATUTORY AUDITORS

The annual statutory consolidated financial statements of the Issuer for the financial period ended 31 March 2012 and the financial years ended 31 March 2013 and 2014 have been audited by KPMG, Certified Public Accountants, of Portico Building, Marina Street, Pieta, PTA 9044, Malta. KPMG is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

6 HISTORY AND DEVELOPMENT OF THE ISSUER

Legal & Commercial Name	Mediterranean Bank plc
Place of Registration	Malta
Registration Number	C 34125
Date of Registration	11 June 2004
Domicile	Malta
Legal Form	Public limited liability company
Legislation under which Issuer Operates	Companies Act (Cap. 386 of the laws of Malta), the Investment Services Act (Cap. 370 of the laws of Malta) and the Banking Act (Cap. 371 of the laws of Malta)
Country of Incorporation	Malta
Address & Telephone Number	10, St Barbara Bastion, Valletta VLT 1961 +356 2557 4400

The Issuer was registered under the laws of Malta on 11 June 2004 and was issued a licence in terms of the Banking Act (Cap. 371 of the laws of Malta) from the MFSA on 14 July 2005.

In July 2009, the Issuer was, indirectly through Medifin Holding Limited, acquired by AnaCap (a private equity firm specialising in financial services and incorporated in Guernsey) and the Issuer's senior management (see the section entitled "**Major Shareholders**"). As a result of such acquisition the Issuer received a capital injection of €19,154,733 from Medifin Holding Limited represented by 10,000,000 ordinary 'A' shares of a nominal value of €1 per share and issued at a premium of €0.9154733. On 20 July 2009, the MFSA granted its consent to such acquisition and on 11 August 2009, having noted that the Issuer's own funds level was increased by €19,154,733 and thus becoming compliant with the minimum own funds required of €5,000,000, removed previous restrictions to the Issuer's licence. On 24 September 2009, by means of an extraordinary resolution the Issuer resolved to increase its issued share capital to €39,520,970 divided into 39,520,970 shares of a nominal value €1 each through the issue of 19,119,470 ordinary 'A' shares at a premium of €0.2254 per share.

On 25 May 2010, by means of an extraordinary resolution the Issuer resolved to increase its issued share capital to €41,030,107 divided into 41,030,107 shares of a nominal value €1 per share through the issue of 1,509,137 ordinary 'A' shares.

Pursuant to a prospectus dated 13 September 2010, the Bank issued €15,000,000 in bonds of a face value of €100 per bond, redeemable at their nominal value on the 30 October 2015 and bearing interest at the rate of 6.25% per annum (ISIN: MT0000551201). Subsequently, in terms of a securities note, supplement and summary note dated 30 May 2011, the Bank issued a further €5,000,000 in bonds, also redeemable at their nominal value on the 30 October 2015 and bearing interest at the rate of 6.25% per annum (ISIN: MT0000551219), fully fungible with, and subject to the same terms and conditions as, the bonds issued by the Bank pursuant to the 2010 prospectus. As from 31 October 2011, the two bonds have been deemed to constitute one bond.

On 12 August 2011 the Issuer in general meeting resolved to increase its issued share capital by €15,000,000, through the issue of 15 million shares of a nominal value of €1.00 per share, each fully paid up. The additional 15 million shares were allotted to Medifin Holding Limited (the ordinary capital of which is described in the section entitled "**Shareholding of Medifin Holding Limited**"), which as a result held 56,030,106 Ordinary 'A' shares in the Issuer.

Pursuant to a prospectus dated 21 November 2012, the Bank issued the euro equivalent of €12,500,000 bonds in Euro (EUR Bonds) and Pounds Sterling (GBP Bo nds) of a face value of €100 per EUR Bond and £100 per GBP Bond, redeemable at their nominal value on 14 December 2019 and bearing interest at 7.5% per annum (ISIN MT 0000551227 (EUR Bonds) and MT 0000551235 (GBP Bonds)).

On 15 March 2013 the Board of Directors resolved to increase the issued share capital of the Company from €56,030,107 divided into 56,030,106 Ordinary A shares of €1.00 each and one Ordinary B share of €1.00 each to €62,350,107 divided into 62,350,106 Ordinary A shares of €1.00 each and one Ordinary B share of €1.00 each, in consideration for a cash contribution of €6,320,000 by Medifin Holding Limited.

On 9 May 2013 the Issuer in general meeting resolved to increase its issued share capital by €21,000,000, through the issue of 21 million shares of a nominal value of €1.00 per share, each fully paid up. The additional 21 million shares were allotted to Medifin Holding Limited, which as a result held 83,350,106 Ordinary 'A' shares of €1.00 each in the Issuer.

As part of the funding strategy of the Bank, on 6 June 2013, Grand Harbour I B.V., a private company with limited liability incorporated under the laws of The Netherlands ("**Grand Harbour I B.V.**"), issued €240 million Senior Secured Floating Rate notes maturing by 2026. Although the entire issued share capital of Grand Harbour I B.V. is directly owned by Stichting Grand Harbour I Holding, a foundation (*stichting*) established under the laws of The Netherlands, the Dutch bankruptcy-remote funding vehicle is consolidated with the Bank for accounting purposes on the basis that the Bank owns substantially all of its junior securities. During July 2013, the Bank repurchased €22 million of such Senior Secured Floating Rate notes.

Pursuant to a prospectus issued on 12 June 2013, the Bank issued the euro equivalent of €10,000,000 bonds in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds) of a face value of €100 per EUR Bond and £100 per GBP Bond, redeemable at their nominal value on 14 December 2019 and bearing interest at 7.5% per annum (ISIN MT 0000551243 (EUR Bonds) and MT 0000551250 (GBP Bonds)), fully fungible with, and subject to the same terms and conditions as, the bonds issued by the Bank pursuant to the 2012 prospectus. As from 15 December 2013, the two bonds have been deemed to constitute one bond.

On 30 October 2013 the Board of Directors resolved to increase the issued share capital of the Issuer by €4,900,000, through the issue of 4,900,000 shares of a nominal value of €1.00 per share, each fully paid up. The additional 4,900,000 shares were allotted to Medifin Holding Limited, which as a result held 88,250,106 Ordinary 'A' shares of €1.00 each in the Issuer.

On 27 November 2013 the Board of Directors resolved to increase the issued share capital of the Issuer by €9,800,000, through the issue of 8.9 million shares of a nominal value of €1.00 per share, each fully paid up. The additional 8,900,000 shares were allotted to Medifin Holding Limited, whose holding in the issued share capital of the Issuer increased from €88,250,106 divided into 88,250,106 Ordinary 'A' shares of €1.00 each to €98,050,106 divided into 98,050,106 Ordinary 'A' shares of €1.00 each. The remaining one share (one Ordinary 'B' (non-voting) share) in the Issuer's total issued share capital of €98,050,107 is held by FJV Management Limited.

An announcement was made by the Issuer on 10 December 2013 that the Subordinated bonds issued in terms of the Prospectus dated 12 June 2013 were to be merged with the 7.5% Subordinated Bonds 2019 issued in November 2012 (ISIN: EUR bonds - MT0000551227 and GBP bonds - MT0000551235) following the first interest payment on 14 December 2013, and that the two Subordinated bonds shall thereafter were to be deemed to be one Subordinated Bond. Accordingly, trading in the 7.5% Subordinated Bonds 2019 Fungible Issue June 2013 was suspended forthwith.

On 11 April 2014 the Issuer announced that it entered into an agreement with VB-Holding Aktiengesellschaft and Mithra Holding Gesellschaft m.b.H. to acquire 100% of the share capital of Volksbank Malta Limited ("**Volksbank Malta**") for a cash consideration of €35,300,000. The Issuer also agreed to refinance existing debt of Volksbank Malta payable to Österreichischen Volksbanken AG ("**Volksbank Austria**") as of the closing date of the transaction. The acquisition was concluded subject to approval by the MFSA, which was obtained on 25 September 2014. Volksbank Malta was subsequently renamed Mediterranean Corporate Bank Limited.

On 28 May 2014, the Board of Directors recommended to the Issuer in general meeting, which resolved to approve, a net final dividend of €0.20 per share, representing a net amount of €19,400,000 in the form of a bonus share issue.

In July 2014 a corporate restructuring of the Group took place pursuant to which Medifin Investments Limited acquired 99.9% of the shareholding in the parent company of the Group, Medifin Holding Limited, with its previous shareholders receiving shares in Medifin Investments Limited, as set out in further detail in section 11 under the heading "**Group organisational structure**". As a result of the restructuring process, Medifin Investments Limited became the direct parent of Medifin Holding Limited, which in turn is the parent company of the Issuer.

7 BUSINESS OVERVIEW

7.1 Principal Activities & Markets

The objects clause of the Issuer authorises the Issuer principally to carry on the business of banking from within Malta and to undertake, carry on and execute all kinds of banking operations with persons, companies or entities as may be allowed by the competent authorities, to engage in international financial business, to engage in investment banking business and to provide investment services in terms of the Investment Services Act (Cap. 370 of the laws of Malta).

The Issuer was granted a licence by the MFSA in terms of the Banking Act (Cap. 371 of the laws of Malta) on 14 July 2005. The Issuer is licensed to, *inter alia*, carry out the business of banking, to undertake money transmission services, to issue and administer means of payment, to issue guarantees and commitments, to trade on own account and/or for the account of customers in a number of instruments, to provide portfolio management and advice, and to provide safe keeping services. The Issuer focuses on wealth management, savings and investments. The Issuer also holds a category 2 and category 4 license issued by the MFSA which authorises the Issuer to provide investment services, to hold or control clients' money and to act as trustee or custodian of collective investment schemes.

The Issuer has a diversified investment portfolio comprising a treasury book consisting of high quality, liquid securities, including primarily senior financial instruments, bank covered bonds and public sector bonds, and a corporate lending portfolio consisting primarily of senior secured loans and bonds. Its corporate lending portfolio largely consists of Western European credits, and all loans and bonds in the portfolio are denominated in Euro or Pounds Sterling. All of the loans are floating rate instruments and do not bear material interest rate risk.

The principal customer-related activities of the Issuer in Malta include the following:

- the provision of term savings and wealth management products;
- the receipt and acceptance of customers' monies for deposit in savings and fixed term deposit accounts which may be denominated in euro and other major currencies;
- trading for account of customers in foreign exchange;
- the provision of money transmission services;
- the provision of brokerage services and the execution of transactions for the purchase and sale of equities, bonds, funds and equity trading funds;
- the provision of safe custody services with a wide range of custom-tailored solutions as well as administration and safekeeping of securities;
- the provision of investment advice to customers of the Issuer;
- the provision of portfolio management services.

The main markets in which the Issuer operates and competes are the Maltese and the Belgian markets. The banking, investment and wealth management services of the Issuer are provided to an array of Maltese and international individuals and corporate clients. On 11 April 2014 the Issuer entered into an agreement to acquire 100% of the share capital of Volksbank Malta for a cash consideration of €35.3 million. The Issuer expects that the purchase of Volksbank Malta will consolidate and expedite its Maltese growth strategy through Volksbank Malta's portfolio of Maltese customers which is complementary to the Issuer's existing client base and aligned with its future growth strategy. Such acquisition which was subject to approval by the MFSA was completed on 25 September 2014.

In addition to the above, the Issuer has introduced for its customers new online banking, investment and wealth management services, together with systems to support such services. The Issuer has successfully implemented (i) an e-banking system that enables the Issuer's customers to execute banking transactions online; and (ii) an execution platform for international and domestic investment products. The new platform provides access to a one-stop-shop for a broad array of savings and investment products which is supplemented by free investment research and financial planning tools. In addition the Issuer has successfully implemented a new corporate e-platform enabling its growing corporate customer base to access on a 24/7 basis its payments platform and foreign exchange execution service.

As described in further detail under section 10 below ("**Business Strategy**"), in 2013 the Issuer established a branch in Belgium. Through the Belgian branch, the Issuer has broadened the range of markets in which it operates and competes.

Using the infrastructure created by the Issuer in Malta and supported by the Issuer's Maltese processing capability, the Issuer has launched in Belgium an investment services and wealth management offering directed toward the mass affluent audience. The Issuer is operating for the first time under a different brand, "MeDirect", with a refreshed image in keeping with the internet-based offering which currently is the Issuer's principal channel for addressing the Belgian market. The MeDirect branch of the Issuer currently has approximately 6,400 clients, €175 million in deposits and an increasing number of securities trades. The Issuer is in the process of converting the MeDirect entity into a subsidiary of the Issuer and obtaining a full banking license from the National Bank of Belgium. The conversion process is expected to be completed by the end of Q4 2014.

The principal customer-related activities of the Issuer in Belgium comprise the following:

- the provision of term savings and wealth management products;
- the receipt and acceptance of customers' monies for deposit in savings and fixed term deposit accounts which may be denominated in euro and other major currencies;
- the provision of investment advice to customers of MeDirect;
- the provision of brokerage services and the execution of transactions for the purchase and sale of equities, bonds, equity trading funds and mutual funds;
- the provision of portfolio management services.

8 SELECTED FINANCIAL INFORMATION

The following are extracts from the consolidated audited financial information for the financial period ended 31 March 2012 and the financial years ended 31 March 2013 and 2014.

STATEMENT OF COMPREHENSIVE INCOME	2014 €'000	2013 €'000	2012* €'000
Interest income	**64,567**	50,945	64,067
Interest expense	**(33,589)**	(27,668)	(34,327)
Net interest income	**30,978**	23,277	29,740
Fee and commission income	**1,878**	926	253
Fee and commission expense	**(1,244)**	(2,752)	(424)
Net fee and commission income /(expense)	**634**	(1,826)	(171)
Net trading income	**4,175**	5,267	1,799
Other operating income	28,028	27,534	48,931
Total operating income	**63,815**	54,252	80,299
Net impairment	**(2,081)**	(676)	(62,885)
Administrative and other expenses	**(17,186)**	(9,920)	(9,020)
Personnel expenses	**(13,785)**	(11,164)	(6,461)
Depreciation and amortisation	**(877)**	(945)	(772)
Operating expenses	**(33,929)**	(22,705)	(79,138)
Profit before income tax	**29,886**	31,547	1,161
Income tax expense	**(10,490)**	(11,064)	(453)
Profit for the year/period	**19,396**	20,483	708

* 15 month period from 1 January 2011 to 31 March 2012

STATEMENT OF FINANCIAL POSITION	**At 31 March 2014 €'000**	At 31 March 2013 €'000	At 31 March 2012 €'000
Assets			
Balances with Central Bank of Malta, treasury bills and cash	**18,091**	70,055	63,656
Loans and advances to financial institutions	**87,714**	20,131	27,804
Loans and advances to customers	**571,144**	402,174	27,666
Investments	**1,477,940**	1,564,034	1,415,493
Derivative assets held for risk management	**404**	1,152	2,572
Derivative assets held for trading	**404**	-	-
Investment in subsidiaries	**1**	65	63
Property and equipment	**1,908**	2,485	2,880
Intangible assets	**128**	228	351
Other assets	**18,889**	13,598	15,649
Prepayments and accrued income	**23,261**	27,996	19,442
Deferred tax assets	**3,764**	-	244
Total assets	**2,203,648**	2,101,918	1,575,820
Liabilities			
Amounts owed to financial institutions	**1,008,976**	1,368,995	1,093,753
Amounts owed to customers	**776,715**	566,047	379,555
Debt securities in Issue	**230,127**	15,664	19,672
Derivative liabilities held for risk management	**2,973**	-	-
Subordinated liabilities	**22,385**	12,341	-
Current tax	**10,794**	7,660	166
Other liabilities	**1,109**	1,100	682
Accruals and deferred income	**15,409**	9,966	6,606
Deferred tax liability	**-**	5,062	-
Total Liabilities	**2,068,488**	1,986,835	1,500,434
Equity			
Share capital	**98,050**	62,350	56,030
Share premium	**13,464**	13,464	13,464
Reserve for general banking risks	**91**	-	-
Retained earnings	**19,496**	21,191	7,029
Fair value reserve	**(5,691)**	9,578	(1,137)
Shareholders' contribution	**9,750**	8,500	-
Total Equity	**135,160**	115,083	75,386
Total liabilities and equity	**2,203,648**	2,101,918	1,575,820

During the financial year ended 31 March 2014, the Issuer continued to implement its business plan with the aim of sustaining the Issuer's long-term profitability by building its customer base in the mass affluent market both in Malta and Belgium and also through a selected corporate sector in Malta. The Issuer intends to continue to improve its banking, investment and wealth management services in Malta and Belgium.

During the year, the Issuer continued to make significant investment in technology that has allowed it to introduce new online banking and investment services, together with systems to support such services. The Issuer has implemented (i) an e-banking system that enables the Issuer's customers to execute banking transactions online and (ii) an e-brokerage system that enables the Issuer's wealth management customers to execute online brokerage transactions in respect of equities, bonds and funds. The Issuer offers online asset management services, research and market data as well as analytical tools and capabilities for customers through its wealth management platform.

The Issuer's total operating income for the year ended 31 March 2014 was €63.815 million (2013: €54.252 million). This was driven through the Issuer's treasury operations and its corporate credit investment portfolio which, combined with its low cost base and excellent customer service, have enabled the Issuer to position itself as a market leading provider of savings and term deposit products.

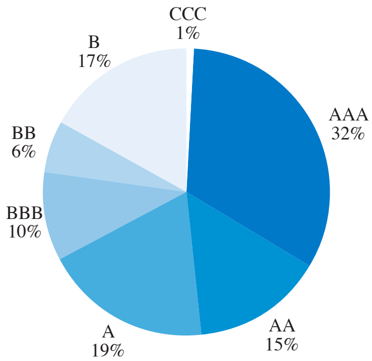
The Issuer recorded a profit after tax for year ended 31 March 2014 of €19.396 million (2013: €20.483 million).

As of 31 March 2014, the Issuer's investment portfolio stood at €1.478 billion (2013: €1.564 billion) consisting of held-to-maturity securities amounting to €984 million (2013: €357 million) net of collective impairment loss of €0.463 million (2013: nil), available-for-sale ("**AFS**") securities amounting to €492 million (2013: €1,207 million) and other equity instruments at fair value through profit or loss amounting to €2.474 million (2013: nil). The fair value of the AFS book was risk managed through interest rate derivatives such as interest rate swaps where the hedge accounting methodology under IAS 39 was adopted. A collective impairment loss allowance of €0.5 million (2013: nil) was accounted for.

The chart set out overleaf shows the ratings applicable to the securities in which the Issuer has invested in as at 31 March 2014 and 31 March 2013. The issuer of such securities may itself have a different rating to that ascribed by it to the said instrument. During the financial year between 31 March 2014 and 31 March 2013, the Issuer experienced ratings changes within the portfolio as indicated in the ratings distribution described overleaf.

The aggregate breakdown of the securities portfolio as at 31 March 2014 is as follows:

Bond Rating Distribution[1]



The above classification is categorised by highest assigned rating. The definition of each of the ratings provided in footnote 1 has been extracted from www.fitchratings.com. This information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by www.fitchratings.com, no facts have been omitted which would render the reproduced information inaccurate or misleading.

There have been no material changes in the Issuer's investment portfolio between 31 March 2014 and the date of this Prospectus.

The above described portfolio has been funded largely in the international wholesale banking markets. Simultaneous with this activity, the Issuer has sought to continue to broaden its funding sources by developing its deposit base in both the local and international markets, enabling it to broaden its product offering and nurture its client base.

As part of its funding strategy, on 6 June 2013, Grand Harbour I B.V., a Netherlands company which is consolidated for accounting purposes with the Issuer, issued €240 million Senior Secured Floating Rate notes maturing by 2026. During July 2013, the Issuer acquired €22 million of such Senior Secured Floating Rate notes.

During June 2013, the Issuer issued an additional euro equivalent of €10 million of 7.50% Subordinated bonds due 2019, which in December 2013 were merged with the Euro equivalent of €12.5 million Subordinated bonds that were originally issued on 21 November 2012.

The Issuer's corporate loan portfolio stood at €571.1 million (2013: €402.2 million) as of 31 March 2014, net of collective impairment loss allowances of €0.872 million (2013: €0.676 million) and specific impairment loss allowances of €1.422 million (2013: nil). The portfolio consists principally of senior secured loans and bonds which are designed to benefit from security over all or a substantial part of the assets of the borrower or issuer, as the case may be. All loans are denominated in Euro or Pounds Sterling. All of the loans are floating rate instruments and do not bear material interest rate risk. The portfolio is diversified geographically and across industries, with most lending focused on core European countries and the UK. The portfolio carries limited exposures to Ireland and Spain and no direct exposure to Greece and Portugal.

The fair value of the Issuer's financial assets and liabilities, which are measured at amortised cost and have a short re-pricing maturity, is not materially different from their carrying value in the statement of financial position, except for held-to-maturity investments with an amortised cost of €983.9 million as of 31 March 2014 (€356.5 million as of 31 March 2013). The fair market value of such held-to-maturity investments at year end amounted to €999.2 million as of 31 March 2014 (€338.6 million as of 31 March 2013).

The Issuer manages the risks to its financial position through, amongst other things, diversification of its portfolio on an issuer and geographic basis, maintenance of robust liquidity buffers, management and hedging of interest rate risks and maintenance and ongoing growth of a diversified funding base. During the financial year ended 31 March 2014, the Issuer acquired interest rate swaps to manage its exposure to changes in the fair value of fixed rate debt instruments as a result of changes in market interest rates. Such derivatives are not held for trading purposes, are classified at fair value through profit or loss and are designated in a fair value hedging relationship.

[1] **AAA rated** - 'AAA' rating is the highest rating assigned by credit rating agencies and is indicative that the issuer or the investment with exceptionally strong protection for the timely repayment of principal and interest.

AA rated - 'AA' ratings are of superior credit quality, and protection of interest and principal is considered high.

A rated - 'A' ratings are of satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than with AA rated entities.

BBB rated - 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

BB rated - 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

CCC rated - 'CCC' ratings are judged to be speculative of poor standing and are subject to very high credit risk.

CC rated – 'CC' ratings are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

For financial year ended 31 March 2014, the Issuer's operating income was €63.815 million, a net profit before tax of €29.886 million, and its net profit after tax was €19.396 million. As a result of the growth in its deposit base, the Issuer increased amounts due to customers from to €566.0 million as of 31 March 2013 to €776.7 million as of 31 March 2014.

There has been no material adverse change in the prospects of the Issuer since the date of the last published audited financial statements, that is 31 March 2014.

8.1 Capital Adequacy and Liquidity Ratios

The following provides the capital adequacy ratio and liquidity ratio with respect to the Issuer as at 31 March 2012, 2013 and 2014 (audited):

	At 31 March 2014	At 31 March 2013	At 31 March 2012
Capital Adequacy Ratio[1]	14.25%	15.66%	24.53%
Liquidity Ratio[2]	148.7%	90.13%	134.59%

[1] The minimum capital adequacy ratio imposed by the MFSA on credit institutions licensed under the Banking Act (Cap. 371 of the laws of Malta) is 8%.

[2] The minimum liquid-asset ratio imposed by the MFSA on credit institutions licensed under the Banking Act (Cap. 371 of the laws of Malta) is 30%.

The following provides information calculated as of 31 August 2014:

	As **At 31 August 2014**
Common Equity Tier One Ratio[3]	12.6%
Capital Adequacy Ratio	14.1%
Estimated CRD IV Liquidity Coverage Requirement Ratio[4]	280.0%
Estimated CRD IV Net Stable Funding Ratio[5]	118.9%

[3] Following the full implementation of CRD IV reporting in 2014, capital ratios for 31 August 2014 are based upon transitional rules of the CRR/ CRD IV capital framework. Prior periods are based upon the applicable MFSA banking rules at the time.

[4] The CRR states that "Institutions should hold a diversified buffer of liquid assets that they can use to cover liquidity needs in a short term liquidity stress", and the time horizon considered is 30 days. An institution's ability to cover such liquidity needs is expressed through its Liquidity Coverage Ratio (LCR), which must meet a minimum level of 60% from 1 January 2015, rising to 100% from 1 January 2018. The methodology for estimating the LCR is based on the current interpretation of the CRD IV standards, as implemented by the European Banking Authority, and includes a number of assumptions (based on discussions with the MFSA) which are subject to change prior to the finalisation of CRD IV rules on these metrics. The European Commission is expected to adopt further legislation during 2014 to specify the definition, calibration, calculation and phase-in of the LCR for implementation in 2015.The Bank will continue to monitor the new requirements and expects to meet them ahead of the implementation dates.

[5] The CRR states that "Institutions shall ensure that long term obligations are adequately met with a diversity of stable funding instruments under both normal and stressed conditions". An institution's ability to meet such long-term obligations is expressed through its Net Stable Funding Ratio (NSFR). Although minimum standards for this ratio are not set out in the CRR, the Basel Committee has recommended a minimum level of 100% from 1 January 2018. The methodology for estimating the NSFR is based on the current interpretation of the Basel III standards and includes a number of assumptions (based on discussions with the MFSA) since the Basel committee is still working on the calibration of the NSFR. Further changes to the rules are expected prior to the Basel Committee's finalisation of the rules and implementation by local regulators ahead of the target 2018 compliance date.

9 TREND INFORMATION

The global economy in 2014 got off to a bumpy start as a result of poor weather in the United States, financial market volatility and the conflict in Ukraine. Euro Area growth remains lacklustre, following its exit from recession in the first quarter of 2013 and it is still in the early phases of recovery. Encouragingly, Euro Area-wide manufacturing and service PMIs showed broadly based improvement in activity in the first quarter of the financial year ended 2015, while the labor market indicated that it may be bottoming out, with unemployment rates starting to creep downwards. These green shoots were reflected in the market, with peripheral sovereign debt spreads falling to pre-crisis lows.

The impacts of loose monetary policy from the European Central Bank and an extended period of historically low interest rates have driven capital toward riskier assets and the Issuer has observed a significant rally in peripheral European debt which has stabilised the funding situation of all programme countries and beyond, enabling them to achieve continued access to capital markets at attractive rates for the first time in a number of years. Through this period Ireland and Portugal have exited their respective programmes without the need for any back-stop facilities. Concerns remain however in Europe regarding sluggish economic growth with an increasing focus on the threat of pan European deflation, as the core European countries have so far failed to provide a robust economic engine. This has been compounded by the impact of the Euro which has continued to trade as a very strong currency. To negate these effects, in June 2014, the ECB loosened monetary policy substantially through cuts in its benchmark rate in tandem with an injection of liquidity and credit easing measures, which includes a Targeted Long Term Refinancing operation (TLTRO), in a bid to spur lending to both households and firms. Policy is not expected to tighten for the foreseeable future, with the ECB indicating in its June meeting that key rates would remain at current low levels for an extended period of time, with unconventional monetary policy an option if low inflation persists.

Within this context Malta itself continues to outperform economically with 2013 annual GDP growth of 2.4% in comparison with the European Union average of 0.1%. This strong performance continued into the quarter ended March 2014, with real GDP up 3.5% in annual terms, primarily reflecting developments in government consumption and spending. The Maltese banking system continues to operate with strong levels of capital and access to robust liquidity from the deposit-rich domestic market. Likewise, the Issuer continues to operate with prudent capital ratios of 14.25% and strong liquidity ratios of 148.7%.

The trends described above have had a positive effect on the Issuer's business. The increased stability of the European markets and the reduction of interest rates by the ECB have had an overall positive effect on the Issuer's funding cost and securities portfolios. Increased stability in the international capital markets is also expected to have a positive effect on the Issuer's wealth management and investment services businesses as greater investor confidence is expected to increase customer interest in investment products offered by the Issuer.

The above should be construed in light of the fact that the Eurozone macroeconomic environment remains challenging and that any reversal of the positive trends described above would have a corresponding negative effect on the Issuer's asset portfolios and businesses.

10 BUSINESS STRATEGY

The Issuer's primary strategic objective is to be a leading provider of savings, investment and wealth management products to the mass affluent market, both in Malta and in other European Union countries.

The Issuer's ongoing business strategy is based on:

a) development of a range of investment services products aimed at the mass affluent market;
b) expanding internationally to gain access to a broader potential customer base and to deliver cost effective investment solutions to a wider range of customers;
c) diversification of its funding sources and building of a stable customer base;
d) developing its corporate banking business;
e) continuing the Issuer's long-term value-oriented investment philosophy;
f) growing the Issuer's loan portfolio as a percentage of its overall asset base; and
g) maintaining or improving long-term profitability.

The Issuer has made significant investments in technology that have allowed it to introduce new online banking and investment services for its customers, together with systems to support such services. Investment services include online execution of brokerage transactions in respect of equities, bonds and funds as well as foreign exchange execution capabilities. The Issuer is also introducing online retirement and investment planning capabilities, analytical tools to enable customers to analyse portfolio and investment alternatives and a broad range of research and market data resources.

The Issuer's aim in building its online banking, investment and wealth management systems is to create a seamless, easy to use platform that delivers for the Issuer's customers cost efficient and transparent execution capabilities. The Issuer aims to create systems and processes that are scalable and can be deployed to new markets and products at relatively low incremental cost.

The Issuer is also diversifying its customer base internationally and last year established its first international branch in Belgium. Expansion of the Issuer's operations to international markets has the goal of gaining access for the Issuer to a broader customer base and enabling the Issuer to offer its products and services, particularly investment services, to a larger pool of potential customers. This strategy is also intended to allow the Issuer to deliver competitive investment solutions to a larger number of customers and to take advantage of the Issuer's relatively cost efficient existing back office and systems infrastructure in Malta. The Belgian branch is currently an online provider of savings and investment products Through its online platform for savings, e-brokerage and e-wealth management, it provides its Belgian client base with the following services, amongst others: online discretionary wealth management; low cost trade execution for funds, stocks, bonds and ETFs; access to online investment analysis and tools; and competitive savings rates.

As mentioned earlier in this document, the Issuer has applied to the National Bank of Belgium to convert its Belgian branch into a Belgian subsidiary of the Issuer.

In Malta, the Issuer continues to develop its customer base. Since setting up its first local branch in Sliema in August 2010, the Issuer has established a further six branch offices throughout Malta. The Issuer is also building its corporate banking business by expanding the range of payment, custody and foreign exchange services that it offers to its corporate customers.

Through its acquisition of Mediterranean Corporate Bank Limited (previously Volksbank Malta), the Issuer intends to develop the corporate banking platform of the Mediterranean Bank group in Malta and to broaden and deepen its relationships with corporate customers in the Maltese market.

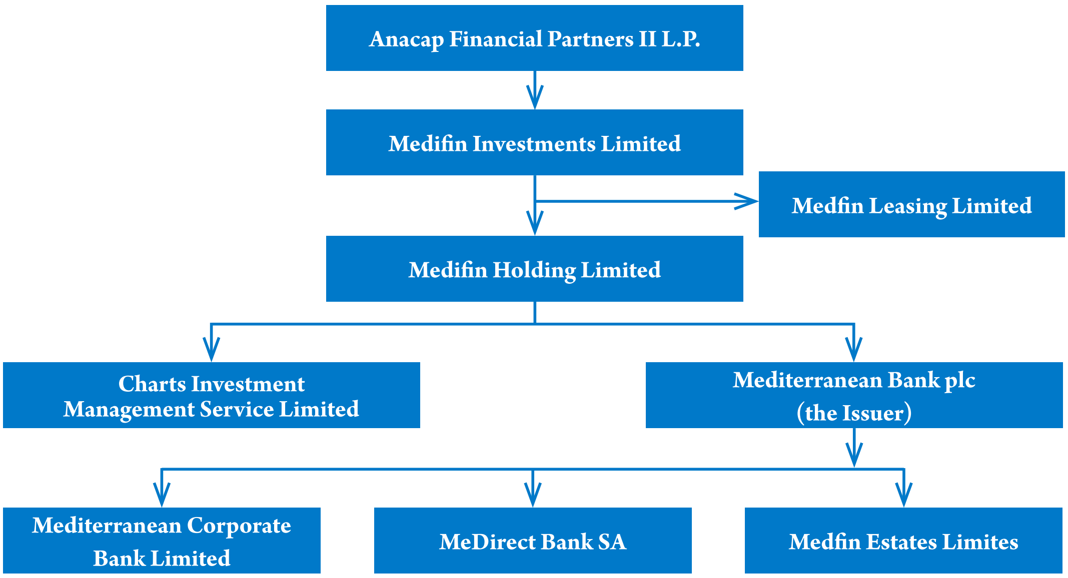
The Issuer also continues to diversify its range of funding alternatives in the international wholesale funding markets through bilateral repo lines, access to the Eurex repo platform and a secured three-year term funding facility with an international counterparty. In addition, to support the growth of its lending activities, the Issuer issued €240million of senior secured notes through a Netherlands funding vehicle, Grand Harbour I B.V.

In respect of its investment activities, the Issuer has maintained and intends to continue its policy of investing its treasury portfolio in highly-rated investment securities. In addition, it has continued its strategy of building a portfolio of senior secured loans to and bonds issued by European corporate issuers through its corporate credit platform.

During the past financial year and over the medium-term, the Issuer has grown, and plans to continue to grow, its corporate credit business as a percentage of its overall asset base. As corporate credit assets typically attract higher risk weightings than the highly-rated investment securities in which the Issuer has historically invested, the Issuer's capital adequacy ratio has decreased during the past two financial years. Notwithstanding the foregoing, the Issuer intends to continue to operate with a capital adequacy ratio in excess of the minimum capital requirements provided by the CRR and also any other guidance issued by the MFSA.

11 ORGANISATIONAL STRUCTURE

The Issuer forms part of a group of companies, the parent of which is AnaCap.



- AnaCap Financial Partners II L.P. - a specialist private equity firm focused on making investments in the financial services sector across Europe. AnaCap Financial Partners II L.P. is a limited liability partnership incorporated under the laws of Guernsey with company number 1027 and is managed by AnaCap Financial Partners LLP, a limited liability partnership incorporated under the laws of the United Kingdom with company registration number OC 314005.

- Medifin Investments Limited – a holding company organised under the laws of Guernsey with company number 68396. The majority of the issued share capital of Medifin Investments Limited (approximately 97.8% in terms of voting rights) is subscribed to by AnaCap. Medifin Leasing Limited – a company incorporated under the laws of Malta with company number C 53429.

- Medifin Leasing Limited was set up with the object of acquiring immovable or movable property and any rights or licenses relating to its business, including in particular software solutions and hardware. It is a 99.9% owned subsidiary of Medifin Investments Limited.

- Medifin Holding Limited – a holding company registered under the laws of Malta as a private limited liability company with company registration number C 34111. It is a fully owned subsidiary of Medifin Investments Limited.

- Charts Investment Management Service Limited – a company licensed under the Investment Services Act (Cap. 370 of the laws of Malta) to provide investment services, to hold and control clients' money and assets, and to deal for its own account or underwrite. Charts Investment Management Service Limited is a private limited liability company registered under the laws of Malta with company registration number C 7944. The majority of the issued share capital of Charts Investment Management Service Limited (65%) is held by Medifin Holding Limited.

- Mediterranean Corporate Bank Limited – a company licensed under the Banking Act (Cap. 371 of the laws of Malta) to carry on the business of banking. Mediterranean Corporate Bank (previously Volksbank Malta) is a private limited liability company registered under the laws of Malta with company registration number C 30432. The majority of the issued share capital of Mediterranean Corporate Bank Limited (99.9%) is held by the Issuer, with the remaining one share being held by Medifin Holding Limited.

- MeDirect Bank SA – currently a shell company, licensed under Belgian law bearing Belgian company registration number 0553851093. Upon receipt of approval by the National Bank of Belgium to convert its Belgian branch to a subsidiary with a full banking license, the Issuer intends to transfer the business of its Belgian branch to MeDirect Bank SA. The majority of the issued share capital of MeDirect Bank SA (99.9%) is held by the Issuer, with the remaining one share being held by Medifin Holding Limited.

The organisational structure set out above does not include Medifin Estates, a subsidiary of the Issuer which as at the date of this Prospectus does not constitute a material part of the Issuer's business. The financial statements of the Issuer are not consolidated to include this entity. Medifin Estates is a partnership en nom collectif registered under the laws of Malta with partnership number P1408, set up for the purpose of acquiring by way of lease, emphyteusis or other title immovable property for the purpose of investment, commercial speculation, development or sublease. It is a 96.7% owned subsidiary of the Issuer.

12 BOARD OF DIRECTORS AND BOARD COMMITTEES

12.1 Board of Directors

The Board of Directors of the Issuer is to consist of a minimum of two and a maximum of eleven members. Presently there are seven directors. 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 this Prospectus, the Board of Directors of the Issuer is composed of the following persons:

Francis J. Vassallo
Chairman & Non-Executive Director
Francis J. Vassallo occupied various senior positions with Chase Manhattan Bank worldwide in a career that spanned 28 years and which also included being on the Board of Directors of the bank's operations in the Channel Islands, Luxembourg and Spain. Mr Vassallo also occupied the post of Directeur General of Chase Manhattan Private Bank in Switzerland and later General Manager of Chase Manhattan Bank in Spain. In September 1993, Mr Vassallo was appointed Governor of the Central Bank of Malta. During his tenure as Governor, Mr Vassallo was a founding member of the Board of Governors of the MFSA at the time of the restructuring of this vital sector in Malta. Francis J. Vassallo is President of Francis J. Vassallo & Associates Limited and Chairman of FJV Fiduciary Limited and FJV Management Limited. Between 1999 and 2000, he also acted as Chairman of the Malta Development Corporation (MDC), a government corporation with a mandate to attract foreign direct investment to Malta. Mr Vassallo is a non-executive board member of various listed and un-listed companies. He is also a member of the Board of Directors of major international SICAVs registered in Malta, namely, the Celsius Fund (owned by Barclays Bank plc) and Altma Fund (owned by NBC). He is also a member of the International Tax Planning Association and the Institute of Financial Services Practitioners (IFSP), and is a member of the Sovereign Military Order of the Knights of St John.

Frederick Mifsud Bonnici
Non-Executive Director
Mr. Mifsud Bonnici has wide-ranging experience in the financial services sector and is a Fellow Member of Institute of Chartered Accountants in England and Wales. He is presently non-executive Chairman of Blevins Franks Trustees Limited and Blevins Franks Gamma Limited and a non-executive director and Chairman of the Audit Committee of Malita Investments plc. Mr. Mifsud Bonnici has been an elected member of the Council of the Malta Institute of Accountants uninterruptedly for over 32 years and its president for three years. He is a visiting senior lecturer in Auditing at the University of Malta. Mr. Mifsud Bonnici was formerly Chairman of Bank of Valletta plc Group, MSV Life plc and a member of the board of Middlesea Insurance plc. He was a Senior Audit Partner of PricewaterhouseCoopers in Malta, responsible for risk management for many years and Head of Assurance, before his retirement in 2011. Mr Mifsud Bonnici was Deputy Chairman and subsequently Chairman of the Malta Stock Exchange between 1990 and 1999.

Mark A. Watson
Executive Director – Chief Executive Officer
Mark A. Watson joined Salomon Brothers in 1985 and completed the New York training programme before returning to London to join the Eurobond desk. In London, he traded a variety of European credit and government bonds. In 1991, Mark joined Salomon Brothers Tokyo with responsibility for overnight trading of European products. In 1993, he returned to London to join the Syndicate Desk and later took responsibility for the European primary credit business. Starting in 1996, Mark was given responsibility for all credit trading in Europe and later also became co-head of European Origination functions. In 2004, he became head of European Fixed Income at Citigroup, in charge of all Origination and Markets functions for Europe, Middle East and Africa. Mark was a member of Citigroup's European Operating Committee and the Global Fixed Income Management Group. In 2007, he was appointed co-head of Global Credit Markets. Mark holds a BSc in Business Finance from Cass Business School.

Henry C. Schmeltzer

Executive Director - Director of Commercial Strategy and Head of Legal

Prior to Mediterranean Bank, Henry Schmeltzer founded and managed the European ABS and Illiquid Credit structuring and execution businesses at UBS, including development of the synthetic ABS and ABS derivatives businesses, non-recourse senior funding structures and asset origination strategies and structures. Before joining UBS, he ran credit structuring and origination businesses at Swiss Re London, Merrill Lynch London and Lehman Brothers London and New York. Prior to becoming a banker, Henry was an attorney in New York, leaving the law firm of Brown & Wood as a partner. Henry holds an MBA (Finance) from New York University, a Juris Doctor from the University of Chicago and a Bachelor of Arts degree (magna cum laude) from the Woodrow Wilson School of Princeton University. He was awarded CFA designation and is a member of the bar of the State of New York.

Joaquin Vicent

Executive Director - Head Credit & Investments

Prior to Mediterranean Bank, Joaquin established and built from scratch UBS London's integrated European residential real estate and ABS platform, including cash and derivative trading, structuring, whole loan servicing, hedging and asset origination. He was a member of UBS's European Fixed Income Management Committee. Before joining UBS, Joaquin was head of European ABS trading at Citigroup London and managed Citigroup's Spanish securitisation business in Madrid. Joaquin Vicent holds a Bachelor of Science in Economics from the Wharton School of the University of Pennsylvania.

Vincent Chatard

Executive Director - Chief Operating Officer

Vincent Chatard started his career at Credit Lyonnais International Operations where he was in charge of the worldwide implementation of corporate and private banking solutions. He then joined KPMG Peat Marwick as a Management Consultant prior to being appointed Head of IT at Robeco France. Vincent joined ING Direct in 2000 as the Chief Information Officer to launch the French operation, after which he moved to the UK as Chief Information Officer to start up the business there. He then returned to France where he was also responsible for business development. In 2008 he was hired as the Chief Operations Officer and Project Director to launch BforBank, the direct wealth bank of the Credit Agricole Group. Vincent holds an MSc in IT Project Management from AgroParisTech and an executive MBA from HEC Business School.

Benjamin Hollowood

Non-Executive Director

Benjamin Hollowood is an investment director at AnaCap Financial Partners LLP, a European private equity firm specialising in financial services, where he is the part of the Business Services team responsible for the development of AnaCap Financial Partners LLP's portfolio company investments. Prior to joining AnaCap Financial Partners LLP, Benjamin worked as a principal at Bain Company where he led a broad range of assignments across the financial service sector, where he advised senior management teams across Europe, US, and Africa on strategy, Mergers &Acquisitions, operational and organisational issues. Benjamin holds a MA in Neuroscience from the University of Cambridge.

The business address of each Director is that of the Issuer.

12.1.1 Conflict of Interest

The Bank's Articles of Association provide that any director who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with the Bank must (i) declare to the other directors the nature of such interest and ensure such declaration be minuted; (ii) not participate in or be present for any discussion relative to any such transaction or proposed transaction, and (iii) not vote in respect of any such transaction or proposed transaction.

On joining the Board and regularly thereafter, Directors are informed and reminded of their obligations in respect of dealing in securities of the Issuer within the parameters of law and the Listing Rules.

To the extent known to the Issuer as at the date of this Prospectus, there are no potential conflicts of interest between the duties to the Issuer and their private duties or other duties of the Directors and members of senior management of the Issuer.

12.2 Board and Management Committees

The Board of Directors has established the following Committees:

12.2.1 Board Committees

12.2.1.1 Audit Committee

As a result of the increased size of the Bank's product base and range of operations, on 27 November 2013 the Bank replaced the Audit and Risk Committee with an Audit Committee and a Risk Committee each distinct from the other.

The Audit Committee is primarily responsible for reviewing and approving specific matters relating to the audit of the Bank, internal control and risk management systems. In particular, the Audit Committee:

- reviews and approves the annual internal audit plan and subsequent revisions and monitors progress against the annual audit plan;
- ensures that the scope of work performed in accordance with the audit plan is adequate and appropriate;
- vets and approves related party transactions in accordance with Listing Rule 5.138;
- reviews work performed on all audit engagements; and
- reviews and interacts with external auditors on the annual statutory audit to obtain feedback on the internal control framework and financial reporting of the Bank.

The members of the Audit Committee as of the date hereof are:

Frederick Mifsud Bonnici	*Committee Chairman and Non-Executive Director*
Francis J. Vassallo	*Member and Independent Non-Executive Director / Chairman of the Board*
Benjamin Hollowood	*Member and Non-Executive Director*

Mr Frederick Mifsud Bonnici and Mr Francis J. Vassallo were appointed by the Board as independent directors who are competent in accounting and/or auditing in terms of listing rules 5.117 and 5.118. Each of Mr Mifsud Bonnici and Mr Vassallo is deemed (i) independent because he is free from any business, family or other relationship with the Bank or its management that may create a conflict of interest such as to impair his judgment and (ii) is competent in accounting and/or auditing in view of his experience in those areas.

Benjamin Hollowood was appointed on what was then the Audit & Risk Committee on 30 May 2013. On 26 February 2014, Peter B. Cartwright, a non-executive director, resigned from the Audit Committee. On 30 May 2014 Finlay S. McFadyen, the Independent Non-Executive Director and Chairman of the Audit Committee tendered his resignation from the Audit Committee with effect from 30 June 2014, and Frederick Mifsud Bonnici was appointed in his stead as Committee Chairman.

During the financial year ended 31 March 2014, four quarterly meetings of the Bank's Audit Committee were held. In addition, the Chairman of the Committee held regular discussions with the Bank's internal auditors without the presence of an executive director.

12.2.1.2 Nomination & Remuneration Committee

The primary purpose of the Nomination and Remuneration Committee ("**NRC**") is to review remuneration levels in the Bank and to consider whether to approve performance-related bonus awards and long-term incentive plan awards.

The NRC receives recommendations from the management of the Bank regarding remuneration levels and the awarding of bonuses. It may request market-related information from time to time to verify the recommendations made by management.

One of the NRC's primary functions is to ensure that the Bank is able to attract and retain suitable employees at all levels at an acceptable cost.

The members of the NRC are:

Francis J. Vassallo	*Independent Non-Executive Director (Committee Chairman)*
Benjamin Hollowood	*Non-Executive Director*

On 30 May 2013 Benjamin Hollowood was appointed as a member of the NRC. On 26 February 2014, Peter B. Cartwright, a non-executive director resigned from the NRC. During the financial year ended 31 March 2014, one meeting of the Bank's Nomination and Remuneration Committee was held.

12.2.1.3 Risk Committee

The Risk Committee represents the principal forum for overseeing all the risks of the Bank. In addition, it is responsible for recommending the Bank's risk appetite to the Board, and deciding risk-related policies and recommendations.

The members of the Risk Committee are:

Benjamin Hollowood	*Committee Chairman and Non-Executive Director*
Mark A. Watson	*Member and Executive Director*

The main objective of the Risk Committee is to ensure that the Bank adheres to the approved risk policy and procedures, and operates within the approved risk appetite of the Board.

The key Committee functions are:

- reviews and approves changes to the Bank's risk policy and procedures;
- ensures that the risk functions are appropriately resourced and structured to meet their obligations and are working effectively to maintain an effective control environment;
- reviews any violations to the lending limits;
- reviews the product distribution strategy, including product structure, pricing and targeting; and
- monitors:
  - the effectiveness of risk management processes implemented in support of risk policies;
  - portfolio risk and sector concentration risk, including evolution of the risk profile against plan;
  - credit quality trends;
  - provision levels;
  - interest rate, currency and other market risk;
  - liquidity risk;
  - operational risk; and
  - contingent exposures.

The Chairman of the Committee reports on all matters to the Board after each meeting and notifies the Board of decisions made. The Committee makes whatever recommendations to the main Board that it deems necessary.

Meetings are scheduled quarterly. During the financial year ended 31 March 2014, two quarterly meetings of the Bank's Risk Committee were held.

12.2.1.4 Board Executive Committee

The Board Executive Committee was established in order to facilitate the day to day activities of the Bank including approval of asset purchases, approval of the establishment and modification of bank accounts and banking relationships, waiver of specific provisions of compliance requirements, limitation of signatory authorisation, dealing with investment portfolio/trading/operational matters and issuance of certified extracts of Board resolutions.

The members of the committee are:

Mark A. Watson	*Committee Chairman & Executive Director*
Henry Schmeltzer	*Member & Executive Director*
Vincent Chatard	*Member & Executive Director*

This committee operated throughout the reporting period and met on an ad hoc basis when specific issues were to be considered.

12.2.2 Principal Management Committees

12.2.2.1 Executive Management Committee

The EXCO takes day to day responsibility for the efficient operation of the Bank. In addition, the EXCO is responsible for the formulation and implementation of Board-approved strategies and plans and for ensuring that the Bank's business is operated in accordance with such strategies and plans.

The members of the EXCO include the Bank's Chief Executive Officer, Head of Commercial Strategy and Legal Affairs, Head of Treasury and Investment, Chief Business Development Officer, Chief Financial Officer, Chief Risk Officer, Head of Operations, Chief Officer – MeDirect and Head of Administration and Human Resources. The EXCO meets three times each month. During the financial year ended 31 March 2014, 31 meetings of the EXCO were held.

12.2.2.2 Management Credit Committee

The Management Credit Committee is responsible for approving credit recommendations and making other credit decisions under its delegated authority - this includes decisions on individual credits; reviewing and recommending credit to the Board; monitoring adherence to large exposure limits; consideration of credit hedging strategies; and recommending other concentration limits for Board approval. It also establishes transactional authority for members of the Treasury and Investment Department. In addition, the Management Credit Committee reviews provisioning and lending policies; monitors the Bank's investment portfolios and reviews Management Information reports.

The members of the Management Credit Committee include the Bank's Chief Risk Officer (Committee Chairman), the Bank's Chief Executive Officer, and Head of Treasury. The committee meets regularly on an ad hoc basis. During the financial year ended 31 March 2014, approximately 100 meetings of the Management Credit Committee were held.

12.2.2.3 Asset and Liability Committee ("ALCO")

ALCO sets and reviews overall policies and objectives for asset and liability management, capital management and allocation; capital usage and efficiency; transfer pricing; risk management; and underwriting, dealing and trading activities according to the risk appetite set by the Board.

The members of ALCO include the Bank's Head of Treasury and Investment (Committee Chairman), Chief Executive Officer, Head of Treasury Operations, Chief Financial Officer and Chief Risk Officer. ALCO has scheduled meetings monthly but also holds additional ad hoc meetings. During the financial year ended 31 March 2014, 12 meetings of the ALCO were held.

12.2.2.4 Management Operations Committee

The Management Operations Committee considers day-to-day operating procedures of the Bank. Also the Committee follows up on the implementation of any audit agreed actions.

The members of the Management Operations Committee consist of Chief Business Development Officer, Head of Back Office and Settlements, Chief Risk Officer, Chief Financial Officer, General Counsel and Head of Compliance, Head of Risk Architecture, Head of Client Service Group, Head of IT, Head of Banking and Trading Services and Head of Administration.

The Management Operations Committee establishes, monitors and receives feedback in the form of management actions, from specifically created working groups (such as Authorisations working group, eBanking risk working group, Reconciliations working group, Physical security working group and Procedures and processes working group) as may be required in order to ensure that issues relating to operational issues are handled effectively and efficiently.

During the financial year ended 31 March 2014, no meetings of the Management Operations Committee were held.

12.2.2.5 New Customer Products Committee

The New Customer Products Committee has been established to analyse potential new products to be offered by the Bank from a risk, operations, reputation and legal/compliance perspective. The Committee provides its recommendations to the Executive Management Committee including the appropriate policies, procedures and controls that should be adopted in relation to any such new product.

The members of the New Customer Products Committee are the Chief Business Development Officer, Head of Project Management, Head of Client Service Group, Head of Treasury and Investment, Chief Risk Officer, Head of Risk Architecture, Chief Financial Officer, Head of Operations, Head of Back Office and Settlements, Head of Middle Office Operations, Head of Quality Control, General Counsel and Head of Compliance, Head of IT and Head of Business Administration.

During the financial year ended 31 March 2014, one meeting of the New Customer Products Committee was held.

12.2.2.6 Treasury Services Committee

The Treasury Services Committee has been established to analyse potential new treasury management products to be used by the Treasury department for liquidity, credit and market risk management from a risk, operations and legal/compliance perspective.

The members are Head of Treasury and Investment, Chief Business Development Officer, Head of Back Office and Settlements, Head of Operations, Chief Officer - MeDirect, Head of Risk Architecture, General Counsel and Head of Compliance, Head of Banking and Trading Services, Head of Project Management and Head of Middle Office Operations.

During the financial year ended 31 March 2014, three meetings of the Treasury Services Committee were held.

12.3 Compliance with Corporate Governance Requirements

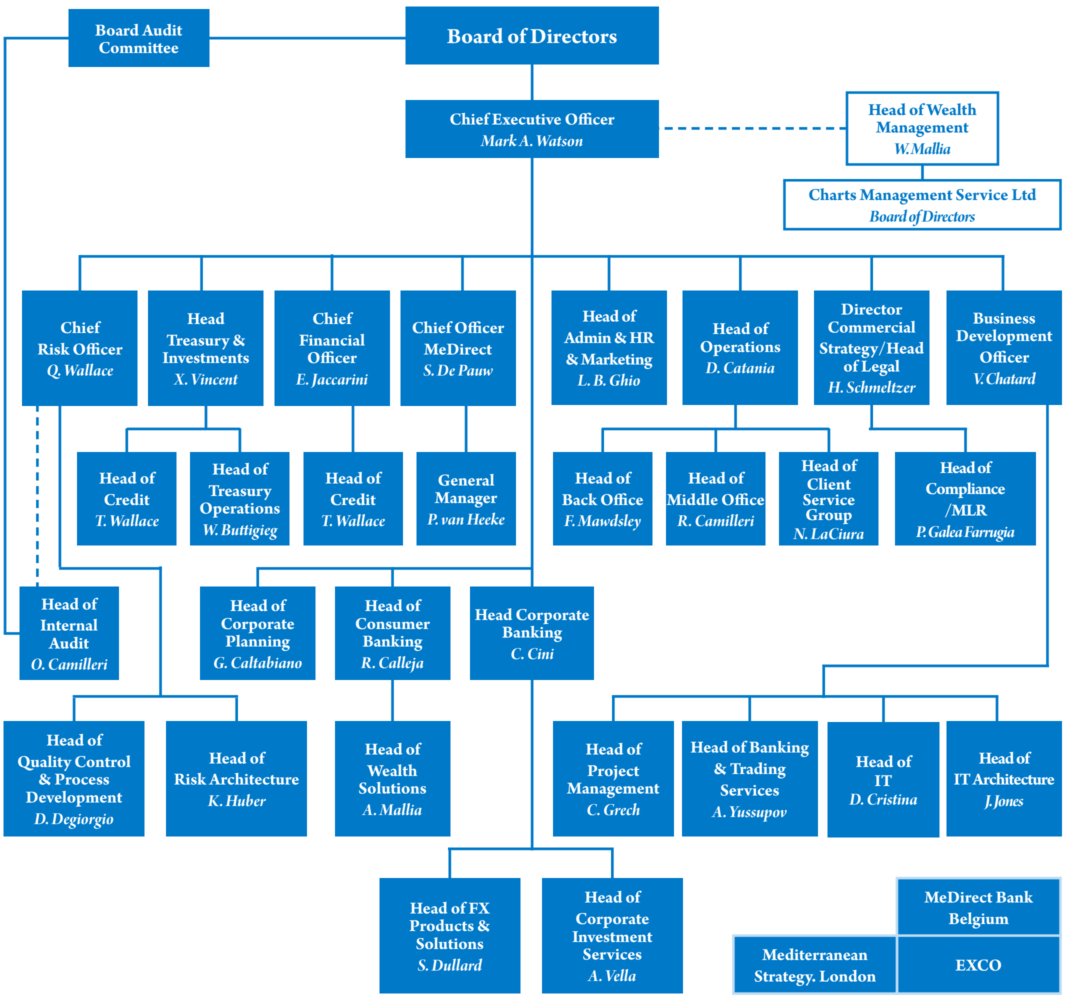
The Directors believe that the current organisational structures put in place by the Bank are adequate and shall continue to build the organisation's structure at this level on the same model adopted so far. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The statement of compliance with the Code of Principles of Good Corporate Governance (the "**Code**"), which indicates the extent to which the Issuer has complied with the Code, is set out in its entirety in the Issuer's annual report for the financial year ended 31 March 2014 under the heading "Statement of Compliance with the Principles of Good Corporate Governance".

The Issuer considers that it is fully compliant with the provisions of the Code of Principles of Good Corporate Governance.

12.4 Management Team

The day-to-day operation of the Issuer is managed by a management team which reports to the Chief Executive Officer of the Issuer and is organised as follows:



13 MAJOR SHAREHOLDERS

13.1 Shareholding of the Issuer

As at the date of this Prospectus, Medifin Holding Limited holds all of the issued share capital of the Issuer save for one share held by FJV Management Limited.

13.2 Shareholding of Medifin Holding Limited

As at the date of this Prospectus, Medifin Investments Limited holds all the issued share capital of Medifin Holding Limited save for one share held by Mark Watson Holdings Limited. Medifin Investments Limited holds 56,406,546 ordinary 'A' shares in the issued share capital of Medifin Holding Limited and Mark Watson Holdings Limited holds one ordinary 'B' share in the issued share capital of said company. Both ordinary 'A' and ordinary 'B' shares have a nominal value of one Euro each.

Pursuant to the memorandum and articles of Medifin Holding Limited, holders of the ordinary 'A' shares and of the ordinary 'B' shares are entitled to the right to receive notice of all general meetings. The right to vote at said meetings, the right to receive a dividend and the entitlement to surplus assets of the company on a winding up are restricted to the holders of the ordinary 'A' shares.

13.2 Shareholding of Medifin Investments Limited

The issued share capital of Medifin Investments Limited is held as follows:

- AnaCap Financial Partners II L.P. (a limited partnership registered under the laws of Guernsey with registration number 1027) holds 40,188,556 ordinary 'A' shares and 15,000,000 ordinary 'D' shares;
- Mark Watson Holdings Limited (a limited liability company registered under the laws of the British Virgin Islands with registration number 1570918) holds 627,855 ordinary 'B' shares and 1,200,000 ordinary 'C' shares;
- HCS Holdings Limited (a limited liability company registered under the laws of the British Virgin Islands with registration number 1568277) holds 224,233 ordinary 'B' shares and 450,000 ordinary 'C' shares;
- JVP Holdings Limited (a limited liability company registered under the laws of the British Virgin Islands with registration number 1570979) holds 362,903 ordinary 'B' shares and 870,000 ordinary 'C' shares;
- XDP Holdings Limited (a limited liability company registered under the laws of the British Virgin Islands with registration number 1673054) holds 180,000 ordinary 'C' shares;
- E-WealthS Ltd (a limited liability company registered under the laws of the British Virgin Islands with registration number 1676621) holds 90,000 ordinary 'C' shares; and
- Carey Pensions and Benefits as trustees of the Mediterranean Bank Employee Benefit Trust holds 210,000 ordinary 'C' shares.

Pursuant to the memorandum and articles of Medifin Investments Limited, holders of the ordinary 'A' shares and of the ordinary 'B' shares are entitled to the right to receive notice of, and to attend, speak and vote at all general meetings. The majority of such voting shares are held by AnaCap. Furthermore, in terms of the said articles of association, the holders of ordinary 'A' shares are entitled to nominate persons to act as directors of Medifin Holding Limited. Accordingly, indirect control of the Issuer is vested in AnaCap.

In the event that, as a result of the shareholding structure and resultant rights described above, potential conflicts were to arise at the level of the Issuer, through its Audit Committee and independent Non-Executive Directors the Issuer considers that it has the necessary measures in place to ensure the appropriate management and resolution of such conflicts in the best interests of the Issuer. Furthermore, in terms of the M&A of the Issuer, in the event that a Director has a material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such director is not entitled to vote on any decisions taken in connection therewith.

The Issuer is currently indirectly owned by a holding company, Medifin Investments Limited, which in turn is majority owned and controlled by AnaCap (a European private equity fund which specialises in investments in the financial services sector). As a private equity investor, AnaCap regularly undertakes strategic reviews of its investments, including its investment in Medifin Investments Limited, in order to assess its future options. In addition, AnaCap does, from time to time, receive approaches and/or expressions of interest from third parties that are interested in investing in, or acquiring, Medifin Investments Limited and/or the Bank. It is therefore possible that during the term of the Bonds, one or more of these approaches and/or expressions of interest could ultimately lead to a change in control of Medifin Investments Limited and/or the Bank. At present, however, the Issuer is not aware of any existing arrangements between the Issuer and any potential acquirer which may result in a change of control.

14 FINANCIAL INFORMATION

14.1 Historical Financial Information

Full historical financial information for the financial period ended 31 March 2012 and the financial years ended 31 March 2013 and 2014 are set out in the consolidated financial statements of the Issuer as audited by KPMG and are available for public inspection.

The latest audited financial information available in respect of the Issuer may be found in the financial statements for the financial year ended on 31 March 2014.

14.2 Legal and Arbitration Proceedings

There are, and in the previous 12 months there have been, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.

14.3 Significant Change in the Issuer's Financial or Trading Position

On 11 April 2014, the Issuer entered into an agreement to acquire the entire share capital of Volksbank Malta for a cash consideration of €35.3 million.

Between 31 March 2014 and the date of this Prospectus, the Issuer bought back a further €208,600 of its 6.25% Bonds due 2015 through market operations.

A final dividend of €19.4 million (2013: €21.0 million), equivalent to 20 cents per ordinary share, unanimously approved at the annual general meeting held on 28 May 2014, was paid by means of a bonus issue of shares of the Issuer to its shareholders.

There have been no other significant changes in the financial or trading position of the Issuer or the Group which has occurred since 31 March 2014. With respect to the preceding paragraph, however, it is pertinent to note that following the date of this Prospectus the Issuer may, from time to time, in accordance with its M&A, and subject to the provisions of the Banking Act (Cap. 371 of the laws of Malta), including provisions related to required regulatory approvals where applicable, declare dividends payable out of the distributable reserves of the Issuer up to the amount recommended by the Board of Directors. Similarly, the Board may from time to time resolve to effect a repayment of capital contribution in favour of shareholders, also subject to regulatory approval.

15 MATERIAL CONTRACTS

Other than the Share Purchase Agreement relating to the sale and purchase of all shares in Volksbank Malta (described below), the Issuer has not entered into any material contracts which are not in the ordinary course of business and which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

15.1 Volksbank Malta Share Purchase Agreement:

On 11 April 2014, the Issuer entered into an agreement for the sale and purchase of the entire share capital of Volksbank Malta for the final purchase price of €35.3 million (the "**Volksbank Malta SPA**"). The Issuer, as purchaser, is to receive from VB-Holding Aktiengesellschaft and Mithra Holding Gesellschaft m.b.H., as sellers, all the shares held in Volksbank Malta (save for one share to be allocated to Medifin Holding Limited) subject to the terms and conditions of the Volksbank Malta SPA at the date on which certain specified closing actions have been completed and the necessary clearances obtained in accordance with the terms of the Volksbank Malta SPA (the "**Closing Date**").

As part of the purchase of the Volksbank Malta shares, the Issuer agreed to refinance existing debt of Volksbank Malta due to Volksbank Austria as of the Closing date of the transaction. The amount of debt to be refinanced, which currently stands at approximately €30 million, is to be determined as at Closing Date. The Issuer does not expect any material divergence from such amount between the date hereof and the expected Closing Date.

The Volksbank Malta SPA is governed by Maltese law.

Shortly following closing of the above transaction, Volksbank Malta Limited was renamed Mediterranean Corporate Bank Limited.

16 DOCUMENTS ON DISPLAY

For the life of the Registration Document, the following documents (or copies thereof) may be inspected at the registered office of the Issuer:

16.1 The M&A of the Issuer; and

16.2 The consolidated and individual audited financial statements of the Issuer for the financial period ended 31 March 2012 and the financial years ended 31 March 2013 and 2014.